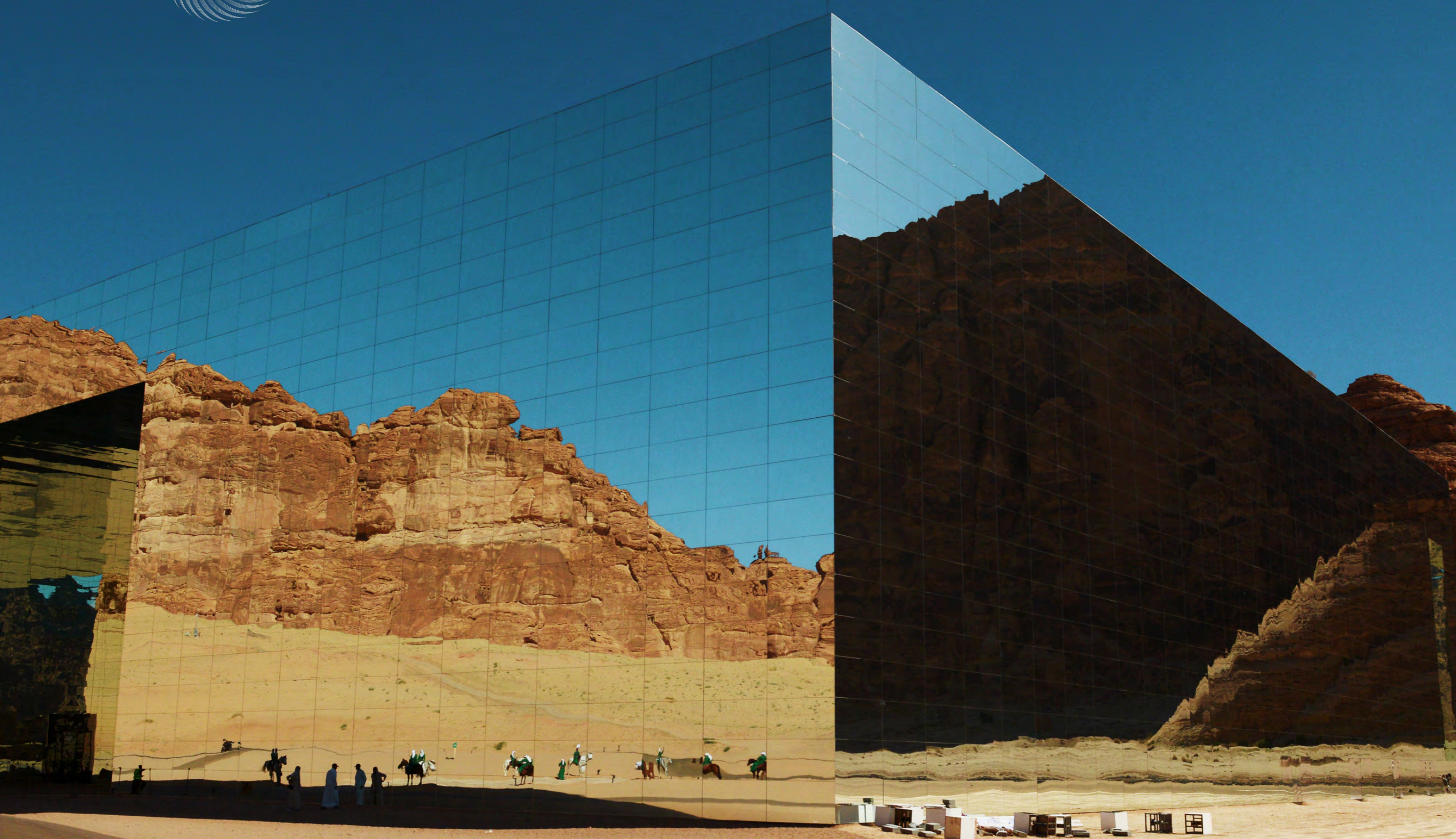




# The Gulf's Great Transition: Strategy Beyond Oil



# Content



## Vision and Foundations

Introduction - A New Role in a New World	03
From Energy Dependency to Strategic Autonomy	04
The Era of Hydrocarbon Dominance is reaching its Twilight - and the Gulf is preparing for what comes next	05
Vision 2030 (Saudi Arabia), Vision 2050 (UAE) and Other National Frameworks	08
Sovereign Wealth Funds as Global Shapers	23

## Infrastructure and Global Integration

Solar, Storage, and the Grid Parity Horizon	37
Infrastructure & Ports – Building the Trade Web	44
Vision Built – Megaprojects Reshaping the Gulf	64
Europe & The Gulf - a new strategic Axis	73
The Gulf as the New Silk Road Crossroads	89

## Influence and Strategic Positioning

Investment Diplomacy Without Rivalry	94
Talent, Education, and Workforce Transformation	100
AI & Automation as Levers of Leverage	115
Risks: Fragile Foundations	124
The Gulf as a Global Pivot Zone	131
The GCC as a Post-Western Mediator	133
Conclusion – The Gulf’s New Identity	140

# Patterns in Motion: Decoding the Gulf's Strategic Transition



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The Gulf is undergoing a transformation that will shape not only its own future but also the structure of global trade, capital, and diplomacy. This report is an attempt to identify the deeper patterns behind the region's decisions and to offer a framework for understanding where this transformation may lead.

The Gulf is not just reforming its internal systems. It is positioning itself externally, through capital flows, institutional influence, and the control of key global chokepoints and trade routes. From digital investment to the development of strategic ports and logistics corridors, Gulf states are building leverage into the infrastructure of global commerce.

At PatternTheories, we examine how systems respond to change; how economic, geopolitical, and institutional forces converge under pressure. The Gulf is a particularly clear case. Its actions are not random or reactive, but strategically consistent across domains.

**In this report, we observe six distinct patterns:**

## Resource Repositioning

*The Gulf is shifting its economic foundations by actively redirecting capital from hydrocarbons into sectors designed for long-term influence and value creation. This includes large-scale investments in logistics, industrial infrastructure, digital platforms, and tourism. Rather than waiting for external forces to dictate their trajectory, Gulf states are moving deliberately to reshape their domestic economies and future-proof their global standing.*

## Multi-Polar Stabilisation

*As the post-Cold War order fragments, Gulf states are positioning themselves as agile stabilisers between competing power centres. They are maintaining strong ties with the United States while deepening strategic and economic relationships with China, Europe, India, and other key actors. This approach enhances national resilience, maximises optionality, and allows the region to play a more influential role in shaping multipolar dynamics.*

## Emergent Global Stewardship

*Beyond domestic reform, Gulf nations are taking on broader responsibilities in the global system. Through investments, convening power, and strategic diplomacy, they are becoming architects of regional and global frameworks. Whether through*

*sovereign wealth funds, climate initiatives, or infrastructure leadership, this new form of stewardship reflects both ambition and capacity to shape global outcomes. This stewardship includes expanding control over trade routes and port infrastructure, investing in connectivity across Asia, Africa, and Europe, and embedding themselves into the operating fabric of global supply chains.*

## Decentralised Influence Building

*The Gulf is extending its influence not through overt control but through embedded presence. By investing in infrastructure, acquiring equity stakes, and structuring joint ventures, it is quietly establishing long-term influence across geographies and sectors. This approach allows for systemic impact without the exposure or resistance that comes with traditional geopolitical dominance.*

## Geoeconomic Hedging

*Rather than tying their future to one camp, Gulf states are diversifying their institutional, diplomatic, and investment engagements. They are active in BRICS and Belt and Road, while remaining deeply engaged with Western financial systems and multilateral forums. This broad engagement hedges risk, balances exposure, and ensures relevance across shifting global alliances.*

## Institutional Layering

*At the heart of the transformation is a methodical effort to build resilient institutions. From new sovereign wealth structures and regulatory frameworks to special economic zones and giga-project delivery vehicles, the Gulf is embedding capabilities that will endure beyond individual policies or leadership cycles. This layering of governance and delivery mechanisms strengthens state capacity and signals long-term intent.*

This report follows these patterns not to predict outcomes but to clarify trajectories. It offers decision-makers a lens through which to interpret what is changing, and why.

As the founder of PatternTheories, my focus is on decoding complexity through structure. The Gulf's transformation is not an exception. It is a case study in how intentional strategy, capital, and narrative can reposition entire regions within the global order.

## Introduction - A New Role in a New World

### The GCC's Evolution Beyond Energy

The Gulf Cooperation Council (GCC) is undergoing an unprecedented shift that redefines its position in the global order. While these nations have long derived influence from their vast hydrocarbon reserves—collectively accounting for over 40% of the world's proven oil reserves and nearly a quarter of its natural gas—the focus is rapidly broadening. The impetus behind this evolution includes fluctuating oil prices, the global pivot towards greener energy sources, and the region's own strategic aspirations to secure long-term economic stability.

Additionally, demographic realities—such as a majority population under 25—are fuelling demands for advanced digital infrastructure, job creation in high-tech fields, and a more globally engaged economic structure. In response, GCC governments are prioritising new engines of growth that range from cutting-edge renewable energy to complex financial markets, aiming to transform the Gulf into a global hub of innovation, trade, and diplomacy. This broad-based economic approach not only secures economic resilience against oil price volatility but also repositions the GCC from a historically reactive energy supplier to a proactive architect of policies, projects, and platforms that have international reach.

### From Capital Allocation to AI Leadership

Sovereign wealth funds across the GCC—such as Saudi Arabia's Public Investment Fund and the UAE's Mubadala—are rapidly diversifying their portfolios, channelling billions of dollars into global ventures spanning infrastructure, healthcare, and emerging technologies. Their stakes in megaprojects like NEOM underscore the ambition to create sustainable, tech-forward urban ecosystems that can serve as testbeds for AI and robotic solutions. At the same time, the region's commitment to neutrality in international affairs has made it an attractive mediator in conflict resolution, exemplified by Qatar's involvement in high-stakes negotiations. This dual strategy of economic assertiveness and diplomatic bridge-building empowers the GCC to exert influence in multiple spheres. AI investments are especially noteworthy; state-backed programmes aim to integrate artificial intelligence across governance, logistics, education, and finance. By partnering with global tech firms and funding R&D hubs, the GCC is positioning itself not merely as a consumer of innovation but as a significant contributor to the field, ready to define global standards and shape emerging market opportunities.

### Diversifying for Strategic Autonomy

The Gulf's journey from resource-based economies to multi-sector powerhouses is unfolding with a speed and scale that few anticipated. Governments are channelling surplus capital into industries like tourism, where iconic events—from Qatar's FIFA World Cup in 2022 to the UAE's Expo 2020—have drawn significant foreign investment and media attention. Similarly, regional stock exchanges are experiencing record growth in initial public offerings, reflecting broader confidence in the GCC's financial markets.

While hydrocarbons still provide a valuable backbone for many Gulf states, large-scale renewable projects—like gigawatt-scale solar parks and green hydrogen initiatives—signal a steadfast commitment to a future that is less exposed to oil price shocks. Logistics and transport infrastructure are also in the spotlight, with port expansions and integrated rail systems strengthening the Gulf's connectivity to Asia, Africa, and Europe. These changes underscore a deep-rooted drive towards strategic autonomy, where economic resiliency and global influence rest on a tapestry of diverse, future-oriented sectors.

### A Fusion of Capital, Connectivity, and Vision

Nowhere is the GCC's resolve more visible than in the sweeping visions charted out by regional leaders. Saudi Arabia's Vision 2030, the UAE's Vision 2050, and parallel frameworks in Qatar, Oman, Bahrain, and Kuwait collectively outline a profound reimagining of economic and social structures. Large sums from sovereign wealth funds and public-private partnerships fund new ports, rail links, and digital infrastructure, enabling the Gulf to become a high-speed conduit for global trade. This emphasis on connectivity extends beyond physical spaces: 5G networks, AI-driven governance, and advanced data centres are transforming how services are delivered and regulated.

Moreover, the integration of sustainability goals into these blueprints—through massive solar initiatives, innovations in hydrogen fuel, and investments in carbon capture—reflects a forward-facing philosophy. The region thus emerges as a uniquely well-financed laboratory where ambition, infrastructure, and policy converge, forging new models of growth that attract both regional and international players.

### Defining, Not Reacting to, Global Shifts

By leveraging capital, strategic neutrality, and a proactive stance on technology, the GCC has moved into a position where it increasingly helps set, rather than merely follow, international agendas. Its non-aligned diplomacy allows relationships with various global powers, from the United States to China, cultivating a balance of interests and partnerships that strengthens the Gulf's voice in multilateral forums.

Rapidly accelerating investments in renewables and AI underscore an eagerness to address pressing global issues—from climate change to digital governance—and to do so on the region's own terms. High-profile events, including future international expos, climate summits, and major sports competitions, serve as platforms for the GCC to demonstrate leadership, collaborate with global stakeholders, and reshape dialogue around security, sustainability, and economic development. In making these strides, the region no longer simply adapts to external changes; it increasingly directs them, cementing its status as a pivotal force in an evolving world order.



# From Energy Dependency to Strategic Autonomy

*In the realm of international economics, GCC comparative advantage has historically been tied to their abundant oil and gas reserves. These resources have enabled the region to produce and export hydrocarbons at a lower opportunity cost than many other countries, contributing to their economic prosperity. However, this reliance on a single commodity has also exposed them to vulnerabilities due to fluctuations in global oil prices.*

Competitive advantage can be achieved through various means, including technological innovation, superior management practices, strong branding, or access to unique resources. For the GCC economies, the pursuit of competitive advantage has become increasingly important as they seek to diversify their economies beyond oil and gas. This diversification strategy involves investing in new sectors such as tourism, finance, logistics, and renewable energy, leveraging their strategic location, skilled workforce, and financial resources.

In a sense the comparative advantage of GCC in hydrocarbon would remain – insofar as the conditions of production do not change (as hydrocarbon begin to run out and costs of extraction rise then comparative advantage diminishes). However, it is assumed that the global demand for hydrocarbon will decline (or at least grow more slowly), and the world price of hydrocarbons and/or revenue (in dollars) from hydrocarbon will decline.

Historically, the GCC's comparative advantage in oil and gas has been the primary driver of their economic growth. However, with the global shift towards renewable energy sources and increasing environmental concerns, the long-

term sustainability of this model is being questioned. The region recognises the need to move beyond its comparative advantage in hydrocarbons and develop competitive advantages in other sectors. This transition from comparative to competitive advantage presents a significant challenge for the GCC. It requires a fundamental shift in economic structure, a focus on innovation and human capital development, and a willingness to embrace competition and risk-taking. Moreover, it necessitates overcoming institutional constraints, improving governance, and fostering a culture of entrepreneurship. Understanding the distinction between comparative and competitive advantage is crucial for the GCC economies as they navigate the complexities of economic diversification. While comparative advantage has historically been their strength, the future lies in developing competitive advantages in new sectors that can drive sustainable growth and prosperity for the region. The evolving dynamics of rentier states, the increasing emphasis on state entrepreneurship, and the growing interest in transitioning towards a knowledge-based economy highlight the complex and multifaceted nature of the GCC's economic trajectory.

Understanding these theoretical frameworks is crucial for policymakers and researchers to design effective strategies for sustainable development and navigate the challenges of a post-oil future. [Source](#)

The Gulf Cooperation Council (GCC) is undergoing a profound economic transformation, moving decisively away from its historical reliance on hydrocarbon revenues towards a future defined by strategic autonomy and diversified growth. The era of oil dominance, while still a significant factor, is giving way to a new paradigm where technology, tourism, finance, and sustainable industries are taking centre stage.

This shift is not merely a reaction to the volatility of the oil market; it's a proactive strategy to secure long-term economic

sustainability and elevate the GCC's global standing. Countries like Saudi Arabia, the UAE, and Qatar are leading this charge, demonstrating remarkable progress in diversifying their economies. This is evidenced by their impressive non-oil GDP growth rates in 2024, with figures reaching 4% in the UAE, 3.7% in Saudi Arabia, and 4.7% in Kuwait, signaling a robust expansion beyond traditional energy sectors.

The GCC's ascent on the global stage is further underscored by its strong performance in international competitiveness rankings. According to the IMD 2024 Competitiveness ranking, these nations have positioned themselves among the world's top 20, surpassing established economies like Germany, Canada, and South Korea. This achievement is complemented by a surge in financial activities, most notably an "IPO Boom" that saw the region account for over 45% of all IPOs in the EMEA region in 2023, and raising 12.6\$US billion in 2024 with 54 IPOs.

Mega-events like Qatar's 2022 FIFA World Cup, the UAE's Expo 2020, and Saudi Arabia's upcoming hosting of Expo 2030 and the 2034 World Cup are strategic tools used to enhance global visibility and attract significant investments. The GCC's contribution of 12.5% of the Formula 1 races, within a €160 billion industry, also demonstrates its growing influence in the global sports and entertainment sectors.

The GCC's strategic geographic location, bordering burgeoning markets in India and Africa, offers unparalleled opportunities for growth. With over US\$4.3 trillion in sovereign wealth funds and substantial oil and gas reserves (over 40% and 25% of global reserves, respectively), the region is investing heavily in technology, particularly artificial intelligence, to build a knowledge-based economy. Initiatives like Saudi Arabia's Vision 2030 and the UAE's AI Strategy 2031 are pivotal in this transformation. [Source](#)

*The maritime industry is a core pillar of global trade, responsible for moving over*

**80%** of the world's trade by volume.

# The Era of Hydrocarbon Dominance is reaching its Twilight - and the Gulf is preparing for what comes next



*The literature on energy transitions in oil-dependent economies reveals both daunting challenges and promising opportunities. The challenges are multifaceted, stemming from economic, social, and political factors. Economic vulnerabilities are paramount, as these economies are heavily reliant on volatile oil revenues.*

The global shift towards renewable energy and decarbonization further exacerbates these vulnerabilities, raising concerns about the long-term sustainability of oil-dependent economies. This necessitates economic restructuring and diversification away from fossil fuels, a complex and often politically challenging process. Social challenges arise from the potential for job losses and social unrest during the transition, particularly in economies with large public sectors supported by oil revenues. Moreover, transitioning to a low-carbon economy requires significant investments in infrastructure and technology, posing financial constraints for many oil-dependent countries. Political challenges include vested interests in the oil and gas sector, resistance to change, and the need for strong governance and policy frameworks to manage the transition effectively. The literature highlights the importance of building consensus among stakeholders, ensuring a just transition for affected workers, and addressing potential social inequalities arising from the shift away from oil.

Despite these challenges, the energy transition also presents significant opportunities for oil-dependent economies. Investing in renewable energy infrastructure, energy efficiency, and green technologies can create new sources of economic growth, employment, and export potential. Moreover, the transition can spur innovation and technological advancements, positioning these economies for a sustainable future and potentially establishing them as leaders in new energy technologies. The existing infrastructure and expertise in the oil and gas sector can be leveraged for renewable energy projects, reducing transition costs and creating a smoother pathway towards a low-carbon economy.

Additionally, diversifying into other sectors such as tourism, manufacturing, and services can reduce dependence on oil revenues and enhance economic resilience. Successful energy transitions in oil-dependent economies require comprehensive policy frameworks that incentivize investment in renewable energy, promote energy efficiency, and support research and development. International cooperation and knowledge sharing are also crucial for accessing the necessary technology and expertise and learning from successful transitions in other countries. The literature emphasizes the importance of a holistic

*Economic vulnerabilities are paramount, as these economies are heavily reliant on volatile oil revenues.*

**80%**

of GCC government revenues are still tied to hydrocarbons

approach that considers economic, social, and environmental dimensions, ensuring a just and equitable transition for all stakeholders.

The recognition that GCC economies need to shift their production structures away from hydrocarbons (whether for reasons of the coming depletion of those resources or for environmental sustainability reasons) raises the immediate question: Diversity where to?

The development of many sectors of the GCC economies can be seen to be held back by the dominance of hydrocarbon sectors and the impacts on the exchange rate (in effect the 'Dutch disease'). An industrial strategy in practice would need to identify those sectors (potential or actual) which could possess comparative advantage as hydrocarbon declines and/or which could develop competitive advantage. We make some very provisional suggestions on what those sectors could be. These sectors include trade, tourism, technological innovation, and financial services, among others. Each sector presents unique opportunities and challenges that can help the GCC countries diversify their economies and reduce their dependence on oil revenues. Below, we explore these potential sectors in detail.

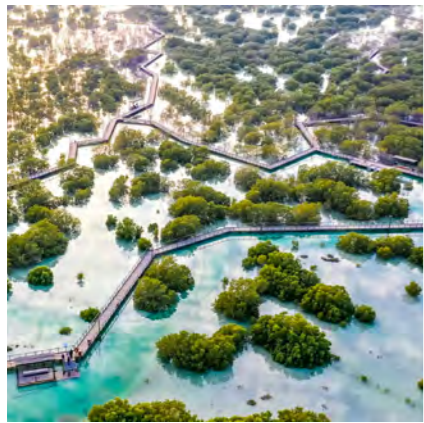
## Trade and Economic Integration

The GCC countries have made significant strides in enhancing their trade potential through the establishment of a customs union and free trade agreements with major global economies like the US and EU. These agreements are expected to open new trade opportunities and enhance the GCC's position in the global market. Despite the small share of intra-GCC trade, the region's trade with the European Union and the US is notably intensive, indicating a strong potential for further trade expansion. Tourism Industry The tourism sector is identified as a promising area for economic diversification in the GCC. The region's unique cultural and natural attractions, coupled with strategic investments in infrastructure, position it well to capitalize on global tourism trends. Dubai serves as a prime example of successful tourism development, showcasing the potential economic benefits and the challenges, such as dependency on foreign labour, that come with expanding this sector.



## Sustainable Tourism

The tourism and hospitality sector in the GCC is increasingly focusing on sustainability to gain a competitive edge. Digital leadership and eco-innovation are crucial in enhancing sustainable competitive advantage in this sector. Green Human Resource Management (GHRM) and eco-innovation are pivotal in driving green competitive advantage in the tourism industry. These practices not only improve environmental performance but also enhance the sector's market competitiveness. Technological Innovation and Knowledge Economy Technological innovation is another sector where the GCC can gain a competitive edge. The region has seen incremental growth in its technological capabilities, with Saudi Arabia leading in innovation efforts. Collaboration with advanced countries like the USA, France, and Germany has been crucial in enhancing the GCC's technological innovation capabilities, highlighting the importance of international partnerships.



Jubail Mangrove eco-tourism in Abu Dhabi



## Financial Services and Sovereign Wealth Funds

The GCC countries are significant players in global financial markets, primarily through their sovereign wealth funds (SWFs). These funds provide a platform for strategic investments that can enhance the GCC's global economic influence. The development of a robust financial sector, including deepening debt markets and improving corporate governance, is essential for sustaining economic growth and competitiveness. Intellectual Capital and Knowledge-Based Investments The emphasis on intellectual capital (IC) and knowledge-based investments is crucial for the GCC's transition to a knowledge economy. This shift is supported by reforms in corporate governance and ownership structures, which are vital for fostering innovation and competitiveness. While these sectors offer promising avenues for economic diversification and competitive advantage, the GCC countries face challenges such as labour market reforms, dependency on foreign labour, and the need for improved competitiveness in the private sector. Addressing these challenges will be critical for the GCC to fully realise the potential of these sectors and achieve sustainable economic growth.

## Green Hydrogen

The GCC countries are well-positioned to become leaders in the hydrogen economy due to their natural resources and strategic investments. The transition to a hydrogen economy is driven by the need to meet ambitious carbon emission targets, such as Saudi Arabia and Bahrain's net-zero emissions by 2060. Despite challenges like high production costs and infrastructure needs, the long-term prospects for green hydrogen are promising. The expected reduction in production costs by 2030 could make green hydrogen a viable alternative to fossil fuels, providing a significant competitive advantage for the GCC. Advanced Manufacturing The manufacturing sector in the GCC is exploring green innovation and entrepreneurship to redefine competitive advantage. By integrating green absorptive capacity and eco-innovation, manufacturing firms can enhance their competitiveness and sustainability. The development of the non-oil export sector, supported by robust macroeconomic conditions and infrastructure, is crucial for the diversification of the GCC economies. This sectoral development is essential for sustainable economic growth and competitive advantage.

## Digital Innovation and Intellectual Capital

The integration of artificial intelligence (AI) and intellectual capital in business strategies is vital for enhancing competitiveness in the GCC. Government intervention and R and D investments play a significant role in fostering innovation and competitiveness. Digital leadership in tourism and hospitality businesses, supported by green absorptive capability and eco-innovation, is essential for achieving sustainable competitive advantage. This approach aligns with the dynamic capabilities theory, emphasizing the importance of digital strategies and environmental initiatives (Hussein et al., 2024). Solar Energy The GCC region is well-positioned to harness solar energy due to its high solar insolation levels. This sector is gaining traction as part of the broader strategy to integrate renewable energy into the energy mix. Despite challenges such as oil dependence and climatic conditions, the potential benefits of solar energy, including scalability and ease of installation, make it a promising area for investment.

## Microchips and Technology

The development of a technology-based private sector is essential for the GCC's economic diversification. This includes the microchip industry, which can benefit from investments in innovation and technology transfer. The knowledge economy, supported by strong institutional frameworks and macroeconomic stability, provides a foundation for technological advancements and the growth of the microchip sector. While the GCC economies are making strides in these sectors, challenges remain. The transition to a green economy, for instance, requires overcoming significant obstacles such as high costs and infrastructure gaps. Additionally, the success of these sectors depends on global market dynamics and external factors beyond the control of the GCC countries. Nonetheless, by strategically investing in these sectors, the GCC can achieve sustainable economic growth and a competitive advantage in the global market. [Source](#)

## Conclusion

Despite potential temporary slowdowns in the energy transition due to geopolitical tensions, reduced investments, and slow progress in innovative solutions, the demand for fuel from the GCC is anticipated to surpass that of other fuel producers. Two main factors contribute to this advantage:

- Firstly, GCC countries have been harnessing solar and wind power to diversify into various renewable energy segments. Solar photovoltaic (PV) systems have emerged as the most cost-effective power production option in the region, surpassing natural gas, liquefied natural gas, oil, coal, and nuclear energy. Furthermore, the GCC has been implementing innovative solutions such as renewable-energy-based desalination, district cooling, desert agriculture, solar-powered data centres, biofuels for aviation, and the production of green and blue hydrogen, among others.
- Secondly, GCC countries have been investing in other countries to support energy transition and achieve energy security. These efforts not only aid economic diversification but also accelerates the shift towards a greener economy. According to World Bank estimates, implementing a green growth strategy in the GCC could boost GDP to over US\$13 trillion by 2050, compared to US\$6 trillion under a business-as-usual scenario.

In terms of taxation, the potential in hydrocarbon economies in the GCC ranges from 14 to 25 percent of non-hydrocarbon GDP, primarily due to extensive tax exemptions and low tax rates. This stands in contrast to an average of 48 percent in advanced economies and 30 percent in emerging market economies. The introduction of new revenue sources, such as the UAE's corporate tax and the implementation of VAT in Kuwait and Qatar, is expected to enhance the GCC's revenue diversification scores.

## Future Trends

Economic diversification remains a multifaceted process that requires a holistic approach. Through strategic efforts and learning from global best practices, GCC countries can mitigate economic vulnerabilities and build more sustainable futures. Reinvigorating the private sector and implementing broader reforms are crucial components in the future of economic diversification for GCC nations. Current development plans unanimously identify diversification as the key to securing stable and sustainable income levels in the years ahead. Nevertheless, structural barriers to diversification persist, including the replication of economic activities among GCC states and sizable obstacles to interregional trade. [Source](#)



**Implementing a green growth strategy in the GCC could boost GDP to over US\$13 trillion by 2050.**



**Solar photovoltaic (PV) systems have emerged as the most cost-effective power production option.**



**Current development plans unanimously identify diversification as the key to securing stable and sustainable income levels.**

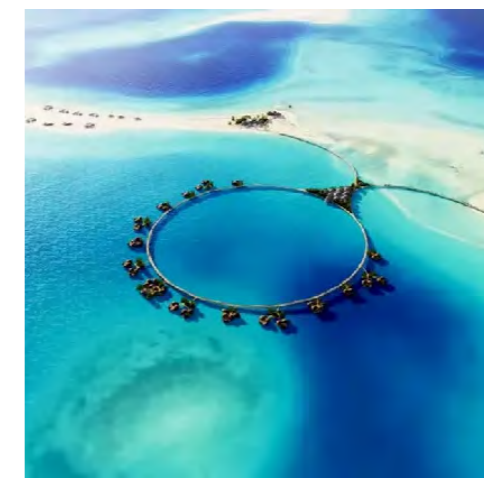
## Vision 2030 (Saudi Arabia), Vision 2050 (UAE) and Other National Frameworks



**Neom:**  
\$500B tech city in Saudi Arabia with 1M people, 4 projects.



**King Abdullah, or KAEC,** Modern Red Sea city with ports, industries, homes—2M people by 2030.



**Red Sea Project:**  
28,000 km<sup>2</sup> luxury tourism hub with 50 hotels.

## Vision 2030 (Saudi Arabia), Vision 2050 (UAE) and Other National Frameworks

**Over 50% of the population is under 25.**

This demographic advantage is a key asset in the region's transition.

*The overarching perspective is an environmentally sustainable industrial strategy which involves transition from oil and gas dependent economies to a sustainable alternative. There is potentially a wide range of policy regimes which could support such a transition, and the appropriate structure of policies would depend, inter alia, on the nature of the imagined transition and on the present policy frameworks. The industrial strategy approach would require the re-allocation of resources away from oil/gas dependent sectors towards the alternative sectors.*

The alternative sectors may not exist or be in the early stages of development. One consequence of being oil/gas dependent is the non-development of other sectors. As Ilyina et al (2024: IMF paper) argue, "Industrial policy directs a reallocation of resources towards certain domestic firms, industries or activities that market forces fail to promote in a socially efficient way". However industrial strategy is broader than that as will be illustrated below. Ilyina et al (2024) continue by saying that there "There is also some evidence that industrial policy can be captured by special interests". The quote from Dore cited above reveals the wide range of industrial style policies which can be pursued by the government, some of which are ineffectual.

In a broader setting, Mazzucato and Li argue that "situations where 'rent-seeking' behaviour in the business community leads to the government being captured by vested interests .... Rents arise when value is extracted through special privileges and when a company or individual grabs a large share of wealth that would have been produced without their input. The idea is that profit-maximising firms are likely to try to increase their profits through special policy-related favours and this often leads to success on their part, because strong governance frameworks are critical to ensuring transparency and minimizing risks associated with industrial policy implementation. Rent-seeking could arise from specific companies, or sectors, seeking extra funding from the government through either a subsidy or a tax credit of some sort."

A key asset in this transition is the GCC's youthful demographic, with over 50% of the population under 25. This demographic advantage, coupled with strategic investments and innovative economic models, positions the GCC not just as a participant in the global economy, but as a shaper of its future. The region's journey from energy dependency to strategic autonomy is a testament to its ambition and adaptability in a rapidly changing world. [Source](#)

### Vision 2030 (Saudi Arabia)



The Middle East is projected to be one of the world's regions most adversely affected by climate change, yet it remains resolutely opposed to policies that may impact their economic security – a trade-off that is difficult to understand in a region marked by instability. Saudi Arabia is one of the most powerful and influential countries in the world due to its vast oil reserves. As it fights to keep power in a shifting world, Saudi Arabia, one of the most influential energy leaders globally, has prioritized economic stability in global environmental talks, balancing traditional energy leadership with emerging sustainability efforts.

**Saudi Arabia is experiencing a significant economic transformation under its Vision 2030 plan to reduce the country's dependence on oil revenues by diversifying its economy.**

Saudi Arabia's plan for economic change and growth was launched in 2016 as a way to propel the country through 2030. The plan is cited in many analyses of Saudi Arabian environmental policy, though the primary focus is economic prosperity and there is no specific environmental programme. Mentions of environmental changes include mentions of climate change and investing in renewable energy, marking the increasing need to diversify the economy.

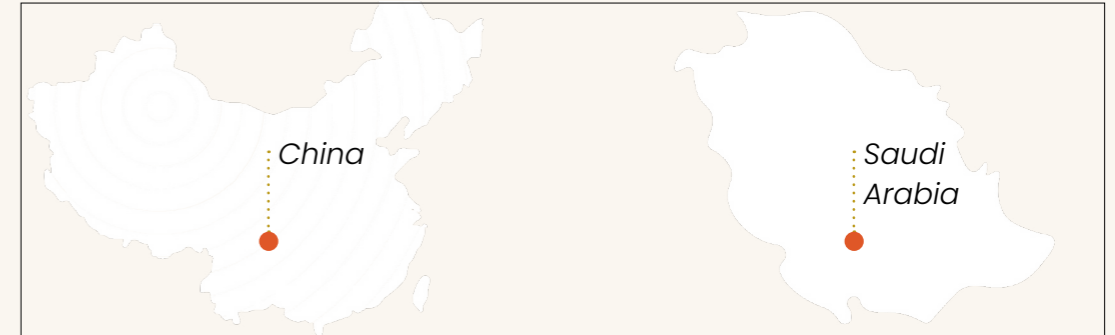
Government oversight programmes such as the Renewable Energy Project Development Office and the National Energy Efficiency Programme are meant to help the country add renewables to the electrical grid and reduce electricity use, especially as population growth adds demand to the electrical system.

The Saudi government's introduction of a value-added tax (VAT) and successful debt issuances have already diversified revenue sources, lowering oil's share of total revenue to below 70%, even during periods of high oil prices. But challenges remain. Saudi Arabia's fiscal break-even oil price—the price per barrel needed to balance the budget—has risen, indicating continued sensitivity to oil price fluctuations. Its external break-even oil price has also increased, reflecting ongoing reliance on oil exports to finance imports. These challenges underscore the need for policies that enhance fiscal resilience, particularly in the face of potential future oil shocks.

One approach Saudi Arabia has adopted is investing heavily in renewable energy, particularly through partnerships with China. This has had the effect of accelerating the country's progress in renewable energy, with far-reaching implications for global geopolitics and energy markets. Specifically, Saudi Arabia is increasingly becoming aligned with China while China is gaining greater access to Middle Eastern markets and greater regional influence.

Saudi Arabia intends to use the renewable capacity it develops from these initiatives not only to power the country but also to export renewable energy to the world.

Saudi Arabia has also been forming significant partnerships with leading Chinese renewable energy companies undergirded by substantial investments. [Source](#)



Jinko Solar Secures a contract for 600 tonnes of carbon-free hydrogen daily for Saudi NEOM Project



Sudair PV Solar Power Plant, Riyadh, Saudi Arabia



**The Red Sea Project in Saudi Arabia 1300 MWh, the world's largest PV+ESS microgrid project**  
The world's leading GW-level grid-forming PV+ESS plant  
Capacity: 400 MW + 240 MW / 1300 MWh

The Red Sea Project in Saudi Arabia is the world's largest PV+ESS microgrid project.



Goldwind signs MoU with Saudi Arabian authorities

**Chinese Company**

**JINKO SOLAR**

**Investment Amount**

NEARLY \$1 BILLION

**Saudi Partners**

**PUBLIC INVESTMENT FUND (PIF)**

**Project Details**

Establishing a facility with capacity to produce 3.5 GW of solar panels annually in Saudi Arabia, supporting local manufacturing and job creation

**LONGi GREEN ENERGY**

UNDISCLOSED

**ACWA POWER**

Collaborating on the Sudair Solar PV Project, one of the world's largest solar plants with a capacity of 1.5 GW

**HUAWEI DIGITAL POWER**

UNDISCLOSED

**SAUDI ARAMCO AND ACWA POWER**

Providing smart PV solutions and technologies to optimise the performance of solar projects across Saudi Arabia.

**GOLDWIND**

UNDISCLOSED

**EDF RENEWABLES**

Supplying wind turbines for the Dumat Al Jandal wind farm, enhancing wind energy capabilities in Saudi Arabia.

These partnerships provide Saudi Arabia with advanced technology and financing options while allowing China to secure vital energy resources, strengthen its Belt and Road Initiative, and gain greater access to Middle Eastern energy markets.

Saudi Arabia's new alignment with China on renewable energy could have powerful and lasting geopolitical implications. Through this relationship, China is expanding its influence in Saudi Arabia and the broader Middle East region. This poses a major strategic challenge to the United States, which has long been a key strategic partner and ally to Saudi Arabia and the dominant external player in the region. If the US intends to maintain its regional foothold going forward, US policymakers may want to consider how they can enhance economic engagement with and/or offer competitive partnerships to Saudi Arabia and other nearby countries.

Moreover, Saudi Arabia's localization efforts, supported by Chinese partnerships, could significantly alter global supply chains in the clean energy sector. The country aims to transition from a renewable technology importer to a renewable technology exporter, potentially making the Gulf region a central hub for renewable energy components. [Source](#)

### Environmental Policy

Saudi Arabia's initiatives to diversify the economy away from the oil industry, in compliance with its Vision 2030 plan, include groundbreaking urban developments designed to attract tourism, tourist initiatives to increase hospitality in the Red Sea region, and a new urban area, NEOM, that will be 100% powered by renewable energy.

Current environmental policy in Saudi Arabia is primarily centred on fostering a circular economy, emphasizing the concept of reusing and recycling resources rather than solely reducing the dependence on hydrocarbons like fossil fuels. This strategy aims to reintegrate resources back into the ecosystem, often through practices like planting trees and encouraging recycling. As president of the G20 in 2020, the nation emphasized this method of environmental protection as a primary solution to emissions.

While this approach shows promise, particularly in regions with diverse landscapes such as mountainous areas, ambitious projects like the Green Riyadh Project face challenges. The initiative, dedicated to augmenting green spaces in the capital city for healthier living conditions and cleaner air, relies heavily on sophisticated and expensive irrigation systems, which pose financial barriers for many developing Middle Eastern nations.

Furthermore, the Saudi Arabia and Middle East Green Initiative espouses clean energy adoption and regional collaboration as pivotal tools in the fight against climate change. But despite its noble objectives, the initiative's progress has been hindered by financial constraints, as evidenced by the lack of a summit since 2022.

### Global Influence

As Saudi Arabia's dependence on oil resources grew, so did its global power. With fossil fuels a clear contributor to climate change, the country's resistance to the term during the COP29 summit is related to a culture steep in tradition, resistant to increases in taxes, and seeking economic development through a historically dependable resource. Managing the global transition from traditional energy sources presents important challenges and opportunities for Saudi Arabia and the broader international community.

Saudi Arabia clearly has ideas to diversify its economy. Not only does it have beautiful, diverse landscapes and modern cities to appeal to tourists, the country is also uniquely suited to solar, wind, and hydropower. Instead of focusing on the ways fossil fuels may have contributed to developing economies (though that point is more complex than previously thought), influential countries like Saudi Arabia must look to the economic opportunities of the future. [Source](#)

### Conclusion

Saudi Arabia's aggressive investment in renewable energy and strategic partnerships, particularly with China, represent a significant development with global implications. The move aligns with the country's goal of economic diversification and positions it as a potential leader in the global energy transition. By challenging traditional geopolitical alliances, it may also lead to a more multipolar balance of power in the Middle East, which in turn could prompt global powers, especially the United States, to reconsider their strategic approach to the region. [Source](#)

But despite the acknowledgement of climate change mitigation measures, the vision still includes projects to develop the oil and gas industry, while adding renewable energy sources to the mix. Notably, foreign relationships are mentioned as well, highlighting the importance of foreign ties and expatriate workers to the Saudi Arabian economy. [Source](#)



***Saudi Arabia's aggressive investment in renewable energy represents a significant development with global implications.***

## Vision 2050 (UAE)



The UAE's Net Zero 2050 Strategy builds upon the UAE Net Zero by 2050 strategic initiative which outlines the UAE's ambitious journey towards net zero, and the National Net Zero by 2050 Pathway, which sets out the timeline and mechanisms for this transition.

This strategy is designed to act as a stimulus for economic and societal advancement by leading the transition to net zero emissions. It is expected to:

- create 200,000 job opportunities across the solar, battery and hydrogen sub-sectors
- contribute around 3 per cent to the national GDP
- enhance export opportunities.

It has over 25 programmes across the following 6 key sectors:

- power
- industry
- transport
- buildings
- waste
- agriculture

The programmes focus on enhancing efficiency, expanding the utilisation of renewable energy sources, implementing sustainable transportation and green building practices, incorporating nature-based solutions and employing carbon capture technologies.

The UAE identified several 'enablers' for empowering the ecosystem required for the Net Zero 2050 Strategy to thrive. These include:

- the implementation of climate finance mechanisms
- the development of new technologies supported by research and development (R&D)
- the establishment of a dynamic upskilling and capabilities plan.

[Source](#)

Recently the government of the UAE implemented amendments in the Vision 2050. The UAE Energy Strategy 2050 aims to triple the contribution of renewable energy and invest AED 150 to AED 200 billion by 2030 to meet the country's increasing demand for energy as a result of a rapidly growing economy.

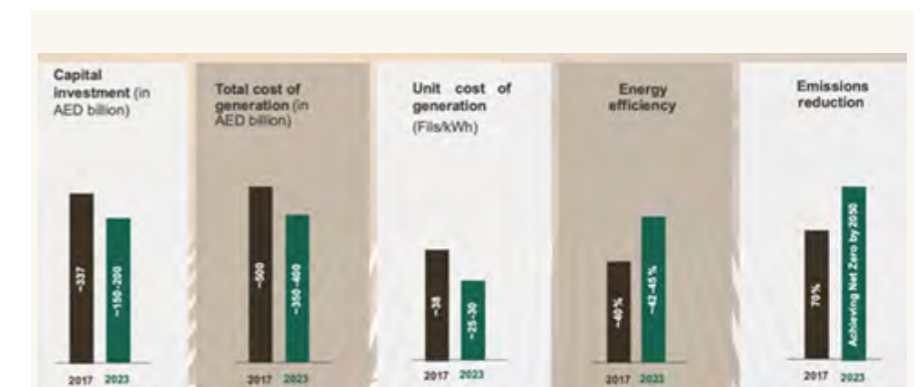


The UAE Energy Strategy 2050 was launched in 2017 as the first unified energy strategy in the country that is based on balancing supply and demand with environmental obligations and creating a conducive economic environment for growth.

Given the recent dynamic changes in the energy sector, the maturity of emerging low-emission energy technologies, and the country's commitment to the objectives of the Paris Agreement, the UAE Energy Strategy 2050 was updated, setting goals for 2030 and ambitions for 2050 to reach net zero.

The move aligns with the declaration of H. H. Sheikh Mohamed bin Zayed Al Nahyan marking 2023 as the Year of Sustainability, under the theme 'Today for Tomorrow'. [Source](#)

### Major Changes in the updated version of the UAE Energy Strategy 2050, Targets for year 2030



**2017**

General focus is on the transformation of the energy sector.

**2023**

Focus is on the specific enablers such as policies and regulatory, technical, and technological tools to facilitate transition in the power sector and achieve net zero by 2050.

**The UAE aims to triple the share of renewable energy and invest AED 150 to AED 200 (≈ USD 40.8 –54.4 billion) by 2030.**

**The UAE aims to achieve net zero by 2050 – with one of the world’s lowest grid emission factors.**

### Aim of the UAE Energy Strategy 2050

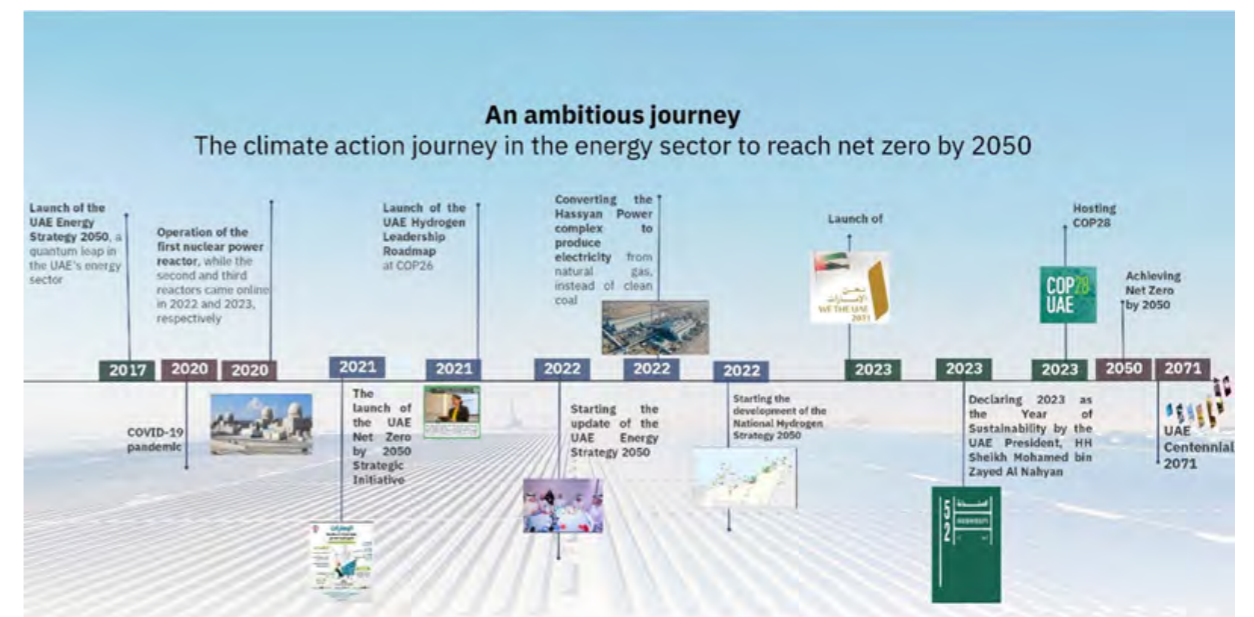
The updated strategy aims to promote the deployment of renewable and nuclear energies, enhance energy efficiency, drive R&D and innovation in energy technologies, increase local clean energy capacity, and encourage investments in the country’s renewable and clean energy sector.

It aims to triple the contribution of renewable energy and invest between AED 150 and AED 200 billion by 2030 to meet the country’s increasing demand for energy. The updated strategy outlines a long-term national programme to balance meeting the rising energy demand and sustaining natural resources for generations to come. In the first phase, which runs till 2030, the strategy aims to:

- **reduce emissions** from the water and energy sectors to ensure they achieve net zero by 2050
- **eliminate the contribution of clean coal** to the energy mix, ensuring the country’s leadership and achieving climate neutrality goals by 2050
- **increase individual and institutional energy consumption efficiency** by 42-45 per cent, compared to 2019
- **triple the share of renewable energy** by 2030
- **increase the installed clean energy capacity** from 14.2 GW to 19.8 GW by 2030
- surge the share of installed **clean energy capacity in the total energy mix to 30 per cent** by 2030
- **increase the contribution of clean energy generation** by 2030 to 32 per cent to ensure the country is on track to achieve its climate change mitigation goals
- **create 50,000 new green jobs** by 2030
- **achieve financial savings of AED 100 billion** and mobilise investments between AED 150 and 200 billion by 2030 to ensure the energy demand is met and to sustain economic growth in The picture below highlights the UAE’s journey to achieve net zero by 2050.

The picture below highlights the UAE’s journey to achieve net zero by 2050.

### An Ambitious Journey



### UAE Energy Market

The UAE has one of the lowest grid emission factors, compared to the global average. It aims to achieve a grid emission factor of 0.27 kg CO2/kWh by 2030. [Source](#)

The UAE, with its substantial solar PV capacity, is firmly positioned as a leader in the Middle East. The International Renewable Energy Agency reports that the UAE hosts 65% of the GCC’s solar PV installed capacity, highlighting its dominant role in driving global solar power innovation.

Reliable off-takers minimising financing risks, a pegged currency reducing currency risks, successful Independent Power Producers (IPPs) ensuring stability, and stringent prequalification stages attracting experienced and financially stable bidders all contribute to UAE’s success story here. This combination draws low-cost financing from local and international banks, highlighting the UAE’s leadership in the renewable energy sector. As of 2024, the UAE’s clean energy capacity has doubled to six gigawatts from 3.1 gigawatts (GW) in 2022, primarily driven by solar PV projects.

Key regions like Dubai, Abu Dhabi, and Sharjah lead the country’s solar energy initiatives. Dubai, with its ambitious Mohammed Bin Rashid Al Maktoum Solar Park—set to be the world’s largest single-site solar project with a planned capacity of 5,000MW by 2030—aims to produce 75% of its energy from clean sources by 2050, establishing itself as a global clean energy hub.



The AED 100 billion Dubai Green Fund, another big project, will provide low-interest loans for clean energy investments, with the aim of making Dubai the city with the lowest carbon footprint by 2050.

Additionally, Abu Dhabi's Vision 2030 focuses on renewable energy with projects like the Noor Abu Dhabi Solar Project (1.2GW) and the Barakah Nuclear Energy Plant, which is expected to fulfil 25 per cent of the UAE's electricity needs. Further projects like Al Dhafra (2GW) and Al Ajban (1.5GW) are also expected to boost Abu Dhabi's renewable capacity.

Sharjah's largest solar project is a 60 MW solar PV plant at the SNOC Sajaa Gas Complex, developed by Sharjah National Oil Corporation (SNOC) and Emerge—a joint venture between Masdar and EDF Group. This project will offset 66,000 tons of CO<sub>2</sub> annually, equivalent to removing over 14,600 cars from the road each year.

Leading companies in the UAE energy market include Masdar, ACWA Power, Yellow Door Power, Enviromena Power Systems, Total Energies, Nebras Power, EDF Renewables, RWE Renewables, TSK Group, and Enerwhere Sustainable Energy.

Significant opportunities on the UAE energy market lie in distributed generation (solar PV systems), energy storage integration with solar installations, and using solar energy for desalination.

With abundant opportunities, robust initiatives, and strategic plans in place, UAE is already on its way to realising its vision of a sustainable, green future, further consolidating its position as a global leader in renewable energy. [Source](#)



## Construction Sector

The UAE co-signed a significant MoU for an onshore wind farm with Egypt as part of the two countries' renewable energy targets. UAE is well on its way to making a significant contribution and progress towards this goal after detailing its net-zero emissions goal under Net Zero Vision 2050.

**The Paris Agreement**-aligned UAE's Net Zero Vision 2050 is a commendable endeavour that serves as a benchmark and source of inspiration for all significant regional players to embrace sustainable practices that will ultimately aid in its realisation.

To reach this crucial milestone, participants from many industries must work together to develop and incorporate sustainable production methods and solutions. Regionally, the construction of new infrastructure stands out as one of the most major and influential industries that can considerably advance the UAE's objective of achieving net zero emissions.

The construction industry, which is a major force in the infrastructure sector, is fundamental to advancing this important agenda. The building business, and consequently the real estate industry, is not only one of the major drivers of economic growth and development in the UAE, but it may also make a considerable contribution to emissions reduction.

Given the importance of the construction sector in the region, it is necessary for the sector to support the UAE's long-term goal of achieving net-zero. The UAE government said in October 2021 that more than 11,000 new homes were being built throughout the nation, and in November 2021, it approved housing projects totaling \$1 billion.

The sector, which is anticipated to increase by 4.2% in 2022, is well-positioned to contribute to the movement towards net zero emissions by making sure that it promotes the use of renewable energy and environmentally friendly raw materials in the development of its projects.

Following the UAE government's push for net zero emissions, the majority of industry participants have jumped on board and reaffirmed their dedication to using sustainable construction methods. A sign of the much-needed support from the corporate sector is that by the end of 2021, about 470% of businesses in the UAE alone had declared their intent to align their initiatives with the UAE's Vision 2050.

The construction industry has made a number of important initiatives, including using sustainable raw materials all through the project and utilising green energy in the construction phase. Another method the business is using is to include green spaces in every project. This is mainly because end users are becoming more and more concerned with their well-being.

By doing this, the UAE industry sets a **goal to lower its emissions and carbon footprint by up to 31% by 2030**. It also promotes the use of green energy and, most importantly, the adoption of environmentally friendly procedures by other businesses in the UAE and the Middle East as a whole. [Source](#)

## Centennial 2071 (UAE)



The UAE Centennial Plan 2071 is a long-term vision launched by H.H. Sheikh Mohammed bin Rashid Al Maktoum. Extending 50 years beyond 2021, it serves as a strategic roadmap to position the UAE among the best countries in the world by the time of its centennial anniversary.

This ambitious plan emphasizes future generations, aiming to equip them with the knowledge, values, and innovation capacity required to thrive in a rapidly evolving global landscape.

The UAE Centennial 2071 is structured around four foundational pillars:

### 1. Future-Focused Government

The plan envisions the UAE as a global model for governance — one that anticipates future challenges and inspires innovation. Core goals include establishing the UAE as the best government in the world, promoting societal happiness, and building long-term monitoring frameworks across all sectors.

### 2. Excellent Education

High-quality education is a central focus, particularly in science, technology, space, health, and innovation. Educational institutions are expected to act as incubators of entrepreneurship and research, while also nurturing students' talents from an early age.

### 3. Diversified Knowledge Economy

The UAE aims to transform into a globally competitive, knowledge-based economy. This includes boosting national productivity, supporting local enterprises, and investing in research, innovation, and advanced industries. The plan encourages the rise of Emirati scientists, inventors, and entrepreneurs.

### 4. A Happy and Cohesive Society

Community development is key to the plan, emphasizing tolerance, ethics, and social cohesion. It promotes women's participation, prepares future goodwill ambassadors, and aims to make the UAE one of the most livable and inclusive countries in the world.

**Centennial 2071 Serves as a strategic roadmap to position the UAE among the best countries in the world by the time of its centennial anniversary**

### Strategic Focus Areas:

- Strengthening the UAE's international reputation
- Reducing reliance on oil exports
- Building strong Emirati values for the next generation
- Enhancing productivity and economic diversification
- Investing in education and advanced technology

The UAE Centennial 2071 reflects the long-term thinking championed by the nation's leadership. It is inspired by a landmark lecture by H.H. Sheikh Mohammed bin Zayed Al Nahyan, who outlined strategies to ensure sustainable prosperity and happiness for future generations.



## Oman Vision 2040



*Oman Vision 2040 is a comprehensive national development strategy that aims to transform Oman into a developed nation with a knowledge-based economy, sustainable development, and enhanced quality of life for its citizens. The vision aims to leverage Oman's strategic location, rich cultural heritage, and natural resources while embracing innovation and sustainable development principles to create a knowledge-based, competitive economy..*

### Manufacturing for Wellbeing': the Sultanate of Oman's Manufacturing Strategy 2040

This Manufacturing Strategy is a nationwide sectoral document aiming at setting a vision for the manufacturing sector of 2040, where knowledge-driven industries focused on health and environmental clusters produce goods that will enhance the welfare of people and that will sustain diversification, innovation, and high-tech development in the Sultanate of Oman. This will be supported by an expanding, modern capital-intensive industry adopting the most advanced production and communication technologies and the accompanying cutting-edge sets of skills.

The manufacturing sector of 2040 will be able to compete globally and will thus not only serve the local Omani or GCC markets. Achieving the goals of Manufacturing for Wellbeing 2040 requires investing efforts

- in building the necessary **skills and technologies** and embracing the most efficient and effective forms of governance;
- generating sophisticated skills by **redirecting education towards creativity and application** and
- **integrating technical and vocational training system** more closely with the workplace
- a focused **expansion of research and development** and openness towards novel ideas and advanced technologies.

The 2040 Manufacturing Strategy pursues the following objectives to diversify the Sultanate of Oman's manufacturing into

- **technology and knowledge-driven activities;** to develop unique products focused on improving the health and welfare of people;
- **to expand Omani industry into regional and new market;**
- **to upgrade** the Sultanate of Oman's **manufacturing to the modern technologies;**
- to create an **industrial innovation culture;**



The Sustainable City - Yiti Sees Strong Demand In Phase Two, Boosting Oman's Vision 2040

Furthermore, Manufacturing for Wellbeing can generate synergies with economic sectors' strategies such as agriculture and fisheries inasmuch as it involves further processing and value addition over the natural resources. In fact, by emphasizing the development of healthy and nutritious products, the manufacturing strategy positions itself at the core of food security, which by definition involves healthy food. [Source](#)



## Qatar Vision 2030



Several initiatives and projects reflect Qatar's commitment to the nation's environment. Qatar has become increasingly significant due to its efforts to diversify its economy and address environmental concerns. As an oil-rich country, Qatar has historically depended on fossil fuels for its economic growth. However, in recent years, the nation has invested in sustainable energy sources and technologies to reduce its carbon footprint and promote environmental sustainability. This initiative focuses on sustainable development and environmental management, balancing economic growth with environmental stewardship. [Source](#)

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The Qatar National Vision 2030 builds a bridge between the present and the future. It envisages a vibrant and prosperous country in which there is economic and social justice for all, and in which nature and man are in harmony.

Reflecting Qatar's national targets and its commitment to environmental sustainability, the strategy includes a 25% reduction in greenhouse gas emissions by 2030, the restoration of 30% of affected natural habitats, the protection of 30% of land and coastal areas and the conservation of 17 endangered and endemic species to preserve biodiversity. [Source](#)

The Qatar National Vision 2030 sits alongside the UNSDG plan to develop Qatar as a sustainable country – Qatar Energy's Sustainable Strategy, which sets targets such as reducing methane intensity, carbon reduction intensity, zero routine flaring and adding between 2 and 4 gigawatts of renewables by 2030.

Environmental changes are also required to align Qatar with the Paris Agreement 2015 and the Net Zero 2050 initiative, pledging to cut greenhouse gas emissions by 24% and use 20% of its energy through solar power. As a peninsula in the Arabian Gulf, temperatures have risen more than 2°C above pre-industrial levels with very little rainfall and high temperatures. The dust and sandstorms add another dimension to Qatar's problems. As it sits on one of the world's most significant gas reservoirs, it has little incentive to promote renewable energy.



Doha, Qatar

The incentive is that the increasing temperatures will not attract businesses to the country. Education of the general population on the possible dire consequences of unsustainable practices is urgently required to encourage a movement towards a sustainable way of living in personal and business life. Qatar is a recognised water-scarce country dependent on desalination plants (Ras Abu Fontas plus two plants in Ras Laffan) and vulnerable aquifers, many of which are already affected by saltwater intrusion and overuse. The quality and levels of groundwater continue to be overexploited and polluted by industrial effluent discharge, the use of fertilisers in agriculture, and domestic sewage.

### Green Financing

Green financing and investment have become increasingly prominent in Qatar as the country seeks to align its economic growth with environmental sustainability, aligning with the Qatar National Vision 2030. Here are some of the ways Qatar is engaging with green finance:

- **Green Bonds and Sukuk** Qatar is exploring opportunities in green bonds and sukuk (Islamic financial certificates) to fund environmentally friendly projects. These instruments can provide capital for renewable energy projects, energy-efficient buildings, and sustainable water management systems.
- **Qatar Investment Authority (QIA)** Qatar's sovereign wealth fund is increasingly factoring environmental considerations into its investment decisions, focusing on sustainable and responsible investments. It has expressed intentions to strengthen green investment portfolios.
- **Commercial Bank of Qatar** Green Finance Some Qatari banks, like the Commercial Bank of Qatar, have developed green finance products to fund sustainable projects, including anything from green buildings to clean transportation.
- **Qatar National Bank (QNB)** Sustainability Bond QNB issued its first-ever sustainability bond in 2020, which suggests a growing interest in sustainable finance within the Qatari financial sector.
- This national energy conservation and efficiency campaign extends into **green financing by incentivising businesses to adopt energy-efficient technologies and practices**, potentially through financial products.
- **Energy Sector Investments** Significant investments are being made in renewable energy, such as the solar power project at Al Kharsaah, with financing structures likely favouring green principles.
- **Education and Research** Qatar invests in educational initiatives and research on sustainable development and climate change, which can lead to new green finance opportunities.

**As one of the top water-scarce countries in the world, Qatar is modernising its desalination with AI and nature-based operations.**

- **Qatar Green Building Council's** mission is to encourage the real estate sector to adopt sustainable practices, potentially through green mortgages and other green financial products.
- **Green Financing Frameworks:** There is a growing interest in developing frameworks for green financing, ensuring that investments meet environmental criteria and contribute to sustainable development goals.

Qatar's land is mostly desert, with only 21,000 hectares of arable land. Traditional farming uses a high level of water. The extreme lack of water and severe weather conditions have affected and will continue to affect agricultural efforts.

As food security is a critical issue in Qatar, the current geopolitical problems can interrupt the supply chain. The National Food Security Strategy aimed for less dependency on imports, and the first National Food Security Strategy 2018–2023 succeeded in meeting its targets, increasing self-sufficiency rates in fresh food, including vegetables, dairy and poultry products, meat and fish. Qatar has a food security programme with business opportunities encouraging aquaculture and vertical farming.

There are opportunities in this agricultural sector to improve technology and decrease the amount of electricity used to power vertical farms. Invest Qatar lists some of the Agri-Tech companies in Qatar. The Qatar Environment and Energy Research Institute (QEERI) sees the food security issues alleviated by hydroponics and aquaponics. Developing solid relationships between Qatar and Estonia's technology and innovation sectors should bring mutually beneficial business links. Educators in the green industry sector may interest Qatar government agencies, particularly if developing courses. As one of the top water-scarce countries in the world, Qatar's desalination programme to increase water production is expanding and being modernised, using more AI and technology-based operations. Qatar will need to speed up its forward movement in the sustainability sector, and Estonian companies will have opportunities to become partners offering quality services, products, and advice. [Source](#)

### Innovation Project and Initiatives

Besides the Qatar National Vision 2030 there are other projects and initiatives implemented to foster the sustainable development of Qatar.

- **Solar Energy Qatar** has been investing in solar energy projects to harness the vast potential of solar power in the region. The Qatar Environment and Energy Research Institute (QEERI) is actively involved in researching and developing sustainable energy solutions.
- **Renewable Energy Sector Development:** The MENA region, including Qatar, anticipates significant growth in renewable energy, with a projected compound annual growth rate of









8% from 2010 to 2035. Qatar's solar installed capacity alone will increase by almost 40 GW by 2025.

- **Energy-Efficient Technologies** There is an emphasis on incorporating energy-efficient technologies in buildings and infrastructure, including using green building materials and smart grid applications to optimise energy consumption.
- **Research and Development** Qatar Foundation and Qatar Science & Technology Park are hubs for research and innovation in Green Tech and Cleantech, supporting start-ups and international collaborations.
- **Transportation Investment in electric vehicle infrastructure** and public transportation is also part of the move towards cleaner technologies to reduce the transportation sector's carbon footprint.
- **Waste Management** Qatar has been developing waste-to-energy projects and recycling programmes to manage waste more sustainably and reduce the environmental impact of waste disposal.
- **Water Conservation** With water being a scarce resource in Qatar, significant investments are being made in water conservation technologies, including advanced desalination plants and wastewater treatment facilities that use less energy and are more environmentally friendly. [Source](#)



## All Vision Programmes in Brief

						
<b>Country</b>	<b>SAUDI ARABIA</b>	<b>UNITED ARAB EMIRATES</b>	<b>QATAR</b>	<b>OMAN</b>	<b>KUWAIT</b>	<b>BAHRAIN</b>
<b>Vision Plan</b>	Vision 2030	National Vision 2050	Qatar National Vision 2030	Oman Vision 2040	Kuwait Vision 2035	Economic Vision 2030
<b>Year of Launch</b>	<b>2016</b>	<b>2010</b>	<b>2008</b>	<b>2021</b> (Updated from 2020)	<b>2017</b>	<b>2008</b>
<b>Main Objectives</b>	<ul style="list-style-type: none"> <li>• Reduce dependence on oil</li> <li>• Diversify economy</li> <li>• Develop a vibrant society</li> <li>• Promote private sector investment</li> <li>• Develop tourism and entertainment industries</li> <li>• Improve education and health care</li> </ul>	<ul style="list-style-type: none"> <li>• Build a knowledge-based economy</li> <li>• Promote innovation and entrepreneurship</li> <li>• Enhance quality of life</li> <li>• Develop a world-class education system</li> <li>• Invest in renewable energy</li> <li>• Promote sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>• Transform into a leading advanced economy</li> <li>• Focus on human development, economic diversification, and environmental sustainability</li> <li>• Develop a knowledge-based economy</li> <li>• Invest in education and health care</li> <li>• Promote sustainable tourism</li> </ul>	<ul style="list-style-type: none"> <li>• Diversify the economy</li> <li>• Reduce dependence on oil</li> <li>• Improve quality of life</li> <li>• Develop tourism and manufacturing sectors</li> <li>• Promote innovation and entrepreneurship</li> <li>• Invest in renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>• Transform into a global financial and commercial hub</li> <li>• Diversify the economy</li> <li>• Promote private sector investment</li> <li>• Develop a knowledge-based society</li> </ul>	<ul style="list-style-type: none"> <li>• Diversify the economy</li> <li>• Reduce dependence on oil</li> <li>• Improve quality of life</li> <li>• Develop tourism and financial sectors</li> <li>• Promote innovation and entrepreneurship</li> <li>• Invest in renewable energy</li> </ul>
<b>Targets Include</b>	<ul style="list-style-type: none"> <li>• Increase <b>non-oil GDP to 50% by 2030</b></li> <li>• Create <b>1 million jobs</b> in the private sector</li> <li>• Achieve a <b>top 10 ranking in the Global Competitiveness Index</b></li> <li>• Enter the <b>top 15 world's largest economies</b></li> </ul>	<ul style="list-style-type: none"> <li>• Achieve a <b>top 10 ranking in the Global Innovation Index</b></li> <li>• <b>Reduce carbon emissions by 75%</b> by 2050</li> <li>• Increase <b>per capita gross income by 65%</b></li> <li>• Make the <b>UAE the safest place in the world</b></li> </ul>	<ul style="list-style-type: none"> <li>• Achieve a <b>top 10 ranking in the Global Competitiveness Index</b></li> <li>• Achieve a <b>top 10 ranking in the Human Development Index</b></li> <li>• <b>Reduce carbon emissions by 25%</b> by 2030</li> <li>• <b>Digitize 90% of government services</b> provided to citizens</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Increase non-oil GDP to 50%</b> by 2040</li> <li>• Create <b>100,000 jobs in the private sector</b></li> <li>• Achieve a <b>top 50 ranking in the Human Development Index</b></li> <li>• <b>Produce 30% of electricity from renewables by 2030</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Raise non-oil GDP to 50% by 2035</b></li> <li>• Increase <b>Kuwait's GDP by 1.5%</b></li> <li>• Increase <b>enrolment rate in higher education to 40%</b></li> <li>• Achieve a <b>top 10 ranking in the Global Competitiveness Index</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Reduce oil contribution to under 30%</b></li> <li>• Create <b>50,000 jobs</b> in the private sector</li> <li>• <b>Double household disposable income.</b></li> </ul>

## The Risk: Destabilizing before Alternatives are ready

**GCC countries are introducing new taxes to improve transparency and promote responsible corporate practices.**

- **Economic Diversification and Instability:** GCC countries face challenges in transitioning away from hydrocarbon revenues. Economic diversification is essential to reduce dependence on oil, but it requires robust private sector growth to sustain job creation and GDP growth. Many GCC economies remain reliant on government spending and public-sector employment, which complicates the shift to a market-driven economy. [Source](#)
- **Labour Market Reforms and Privatization:** Structural shifts like labour market reforms and privatization initiatives must be carefully managed to avoid social unrest. Saudi Arabia's Saudization policy, aimed at increasing local employment in the private sector, has encountered challenges such as businesses struggling to find qualified domestic talent. [Source](#)
- **Tax Reforms and Subsidy Reductions:** Tax reforms and subsidy reductions are critical for fiscal sustainability in GCC countries. However, these measures need to be implemented gradually to prevent economic shocks. For instance, GCC countries have introduced value-added tax (VAT) and other reforms to diversify revenue sources while managing the potential impact on their economies. [Source](#)

In its latest report on the Gulf region, the IMF suggested that GCC countries should continue reforming their tax regimes to mobilise additional tax revenue, and to reduce complexity to improve tax collection.

In addition to revenue generation and diversification, GCC countries are also introducing new taxes to improve transparency and promote responsible corporate practices through additional reporting and disclosures. Data collected from taxpayers and the tax administration can offer policymakers valuable insights into trends related to economic activity, consumption, employment and profitability.

Moreover, taxes have long been used to promote or discourage certain behaviours and achieve social and economic objectives, and this is increasingly being witnessed in the GCC as well. For example, most GCC countries have introduced excise taxes on unhealthy products, the UAE corporate tax regime has various sector-specific incentives and exemptions, and white land taxes in Saudi Arabia were introduced to incentivise urban land development. GCC countries are also exploring potential carbon taxes and tax incentives to encourage sustainable investments and business activity.

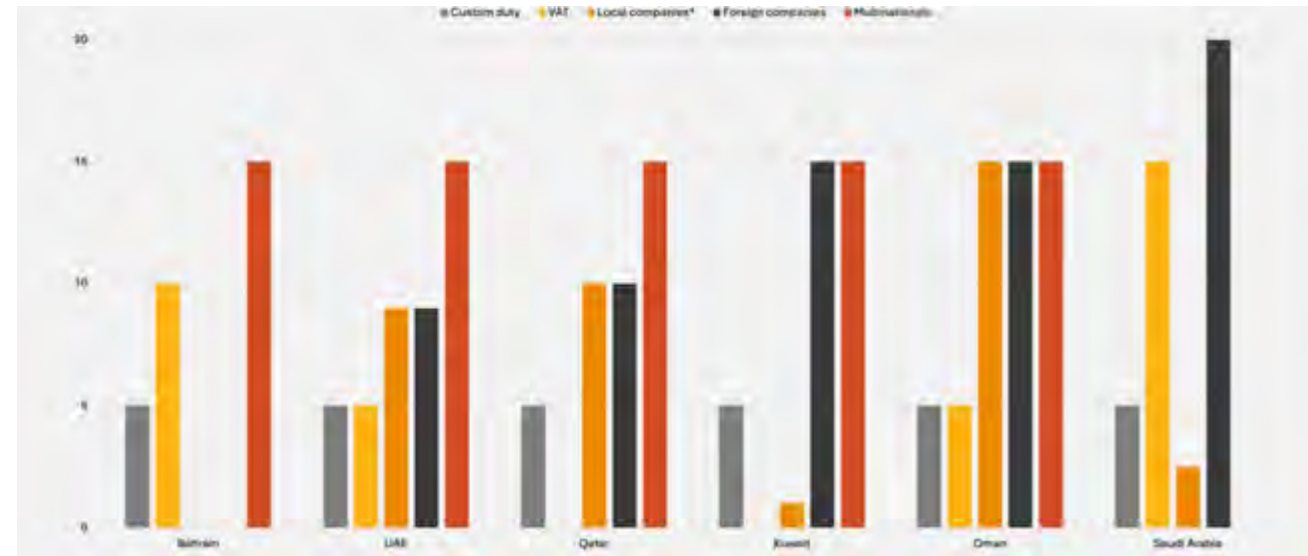
All of the GCC countries are members of the Inclusive Framework and, apart from Saudi Arabia, have taken steps to implement the GloBE rules starting 2025. Bahrain was the first to issue its Pillar Two legislation in September 2024,<sup>19</sup> and other GCC countries followed in quick succession. As a result, MNEs with global revenues over €750 million that are headquartered or operating in the GCC will be subject to a minimum 15% corporate tax rate in Bahrain, Kuwait,

Oman, Qatar and the UAE from 1 January 2025. Saudi Arabia has yet to announce its plans to implement the GloBE rules in the Kingdom.

The additional tax revenue the GloBE rules might raise in the GCC will vary significantly from country to country and will depend on many factors such as the effective tax burden under the existing corporate tax rules of the country, the number and profitability of the companies that will be subject to the GloBE rules, and how each GCC country decides to implement the GloBE rules.

- » As **the only GCC country without a comprehensive corporate tax regime, Bahrain may generate the most significant tax revenue gains from the application of a Domestic Minimum Top-up Tax (DMTT)** to large MNEs headquartered and operating in the Kingdom.
- » **The UAE introduced a broad-based corporate tax regime in 2023 with a headline rate of 9%**, but given the large number of UAE-headquartered MNEs and foreign MNE groups with operations in the UAE, it may also collect significant additional tax revenues under the DMTT regime that was announced in December 2024.
- » **In Kuwait**, media reports indicate that the **recently announced DMTT could generate additional tax revenues of about KD250m (c.US\$162m)** from predominantly 20 Kuwaiti MNEs, 20 which is equivalent to c.0.5% of GDP and about half of the existing tax revenue collected from foreign companies that are subject to 15% corporate tax.
- » **Oman already levies a 15% corporate tax on most businesses**, but the implementation of a Pillar Two top-up tax through the Income Inclusion Rule may generate additional tax revenues for the Sultanate on profits generated outside of Oman by Omani headquartered MNEs or MNE group entities in Oman that hold foreign operations.
- » In Saudi Arabia, the adoption of the GloBE rules may not have a significant financial impact on foreign MNE groups which are already paying 20% corporate tax. However, **Saudi headquartered groups that are currently subject to Zakat at 2.5% may face a significant change in their effective tax burden.** [Source](#)

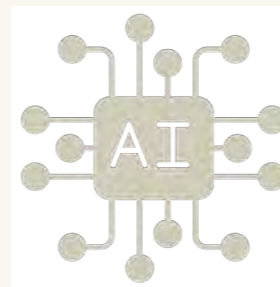
## Main Tax Rates in the GCC Region



- Workforce development for a digital economy:** The success of the fourth industrial revolution in the GCC hinges on developing a highly skilled workforce capable of thriving in the digital economy. As automation and AI replace low-skill jobs in sectors like construction and oil extraction, reskilling and upskilling the workforce is essential. The GCC nations are investing in lifelong learning programmes and vocational training to prepare citizens for emerging fields such as AI development, data science and cybersecurity.
- Saudi Arabia's Digital Skills Initiative and the UAE's Artificial Intelligence Academy are prime examples of efforts to provide advanced digital skills training to the population.** These initiatives are supported by partnerships with global technology companies like Microsoft, IBM and Google, which are helping to foster knowledge transfer and workforce development. By building a resilient workforce, the GCC can ensure that its citizens are equipped to compete in the global digital economy.
- Regulatory challenges in the era of the fourth industrial revolution:** As the GCC embraces digital transformation, regulatory frameworks must evolve to address the legal, ethical and social implications of new technologies. Cybersecurity, data privacy and the ethical use of AI are key areas where updated regulations are needed. Saudi Arabia's National Cybersecurity Authority and the UAE's National Cybersecurity Strategy are examples of efforts to protect critical infrastructure and safeguard sensitive data.
- In addition, **the regulatory landscape for blockchain and fintech technologies requires careful development.** Blockchain offers opportunities for enhancing transparency and efficiency in sectors like finance and logistics – but without comprehensive regulatory frameworks, it also poses potential risks. Bahrain's Regulatory Sandbox provides a controlled environment for fintech start-ups to innovate while ensuring compliance with financial regulations. Clear governance structures are crucial to ensure that technological advancements are both secure and ethical. [Source](#)



*The UAE introduced a broad-based corporate tax regime in 2023 with a headline rate of 9%.*



*The GCC nations are investing in lifelong learning programmes and vocational training for AI, data science, and cybersecurity.*



*Saudi Arabia's Digital Skills Initiative and the UAE's Artificial Intelligence Academy are prime examples of efforts to promote advanced training.*

## Success Hinges on Transforming State-led Economies Without Fracturing the Political Compact Economic Diversification and Instability:

### Innovation Project and Initiatives

GCC countries have historically relied on state-led economic models, which have provided stability through extensive social benefits funded by hydrocarbon revenues. However, as these nations transition to open markets, maintaining the social contract is critical. For example, fiscal pressures and demographic changes are prompting GCC nations to reshape welfare models to ensure sustainability while addressing economic divides. [Source](#)

### Privatization Efforts

Privatization initiatives, such as Saudi Aramco’s IPO in 2019, which raised \$29.4 billion, and Dubai’s plans to list government-owned entities, highlight the shift towards economic diversification and resilience. These efforts aim to enhance capital markets and create liquidity for further economic projects. [Source](#)

### Social Programmes and Inclusivity

Policymakers in the GCC are focusing on social programmes and digital economy initiatives to maintain inclusivity and citizen engagement. For instance, the Gulf Cooperation Council countries have pursued ambitious digitalization strategies as part of their broader economic transformation agenda, which includes improving financial inclusion and fostering entrepreneurship. [Source](#)

## Acting Before the World Moves Beyond Oil - Pre-emptive Transformation

Recognising that the global energy market is evolving, GCC countries are taking proactive steps to stay ahead of the curve.

- **UAE’s Clean Energy Targets:** The UAE has set ambitious goals to derive 50% of its energy from clean sources by 2050. This includes significant investments in renewable energy projects, such as solar and wind power. [Source](#)
- **Saudi Arabia’s Hydrogen Investments:** Saudi Arabia is heavily investing in hydrogen production and electric mobility. For instance, the NEOM Green Hydrogen Project is set to produce 600 metric tons of green hydrogen daily by 2026, aligning with the Kingdom’s Vision 2030. [Source](#)
- **Additionally, Saudi Aramco has acquired stakes in blue hydrogen ventures,** further solidifying its position in the hydrogen market. [Source](#)
- **Qatar’s Carbon Capture Technologies:** Qatar is leveraging its expertise in LNG and developing carbon capture technologies to ensure natural gas remains viable in a low-carbon future. The country has commissioned the largest carbon dioxide recovery and sequestration facility in the Middle East, with plans to expand its capacity to 11 million tons per year by 2035. [Source](#)

**The NEOM Green Hydrogen Project is set to produce 600 metric tons of green hydrogen daily by 2026.**

These efforts indicate that the GCC is not waiting for external pressures to dictate economic policy. Instead, these nations are investing in new industries and forging international partnerships to secure their positions in a rapidly changing global economy. By embracing technological advancements and sustainable development, the Gulf states aim to redefine their economic identities beyond oil.



Saudi NEOM’s \$8.4 billion largest green hydrogen plant solidifies Kingdom’s sustainable future. The plant is set to provide clean energy on a large scale globally, marking a major milestone in sustainable energy production.

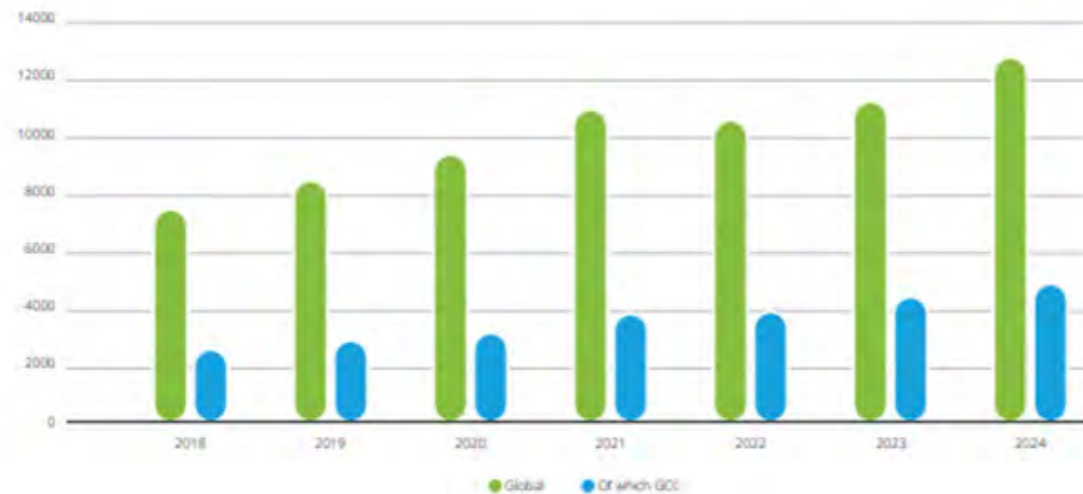
# Sovereign Wealth Funds as Global Shapers

## The Gulf Sovereign Wealth Funds as the new Geopolitical Tools

**The Gulf Sovereign Wealth Funds (SWFs)** continue to dominate the global investment landscape, spearheading an industry-wide expansion that has pushed total assets under management globally to US\$12 trillion by the end of 2024 and forecast to reach US\$18 trillion by 2030. The Sovereign Wealth Fund (SWF) landscape has witnessed tremendous growth over the past two years, with new SWFs established around the world, high-profile acquisitions by existing firms, and value of assets under management hitting fresh highs. Gulf funds, which control approximately 40% of global SWF assets and represent six of the ten largest funds worldwide by Assets Under Management (AUM), are reshaping investment strategies amid increasing regional competition and evolving market dynamics. The total number of SWFs globally has roughly tripled since 2000, reaching approximately 160-170 funds, with 13 new entities established between 2020 and 2023.

Gulf SWFs have maintained an aggressive investment pace, deploying US\$82 billion in 2023 and an additional US\$55 billion in the first nine months of 2024. Five major players – the Abu Dhabi Investment Authority (ADIA), Abu Dhabi’s Mubadala and Abu Dhabi Developmental Holding Company, Saudi’s Public Investment Fund (PIF), and the Qatar Investment Authority (QIA) – continue to dominate activity in the region.

**Total SWF assets under management, worldwide and locally in the GCC region.**



Julie Kassab, Sovereign Wealth Fund Leader at Deloitte Middle East, commented: “The Gulf region continues to be the epicentre of sovereign wealth fund activity, with its major players driving innovation in investment strategies and operational excellence. We are witnessing these funds not only expand their geographical footprint but also significantly enhance their internal capabilities, setting new standards for the industry in terms of performance and governance.”

Deloitte reveals several significant trends reshaping the regional SWF landscape, as GCC funds look increasingly towards fast-growing countries outside traditional Western markets. Gulf funds are strategically pivoting towards Asia, with many establishing new offices throughout Asia-Pacific and substantially increasing allocations to high-growth economies including China, India, and Southeast Asia.

The sovereign funds have been particularly active in China, investing an estimated US\$9.5 billion in the year ending September 2024. Both Abu Dhabi Investment Authority (ADIA) and Kuwait Investment Authority (KIA) have been ranked in the top 10 shareholders in Chinese A-Share listed firms. This represents a strategic opportunity as Western investors reduce their exposure, allowing Middle Eastern funds to leverage their strong political and trade relationships with Beijing.

According to the Deloitte report, Africa is also an area of interest, with the mining sector yielding new opportunities. The UAE and Saudi Arabia have shown willingness to invest in high-risk extractives ventures in Africa this year, both directly and through their holdings in multinational mining firms.

This comes alongside the emergence of new investment vehicles, particularly “Royal Private Offices,” which now control an estimated US\$500 billion in assets.

With more entities and more assets now being actively deployed, funds are under increasing pressure to gain a competitive edge, with a stronger focus on internal performance, risk oversight and investment management, to ultimately deliver better returns. Many Gulf SWFs are now adopting a more proactive approach, becoming more open to divest, demanding better reporting from portfolio companies and more willing to exert influence at board level.

This drive for excellence has also sparked fierce competition for human capital, with high demand for national talent. Gulf SWFs now employ an estimated 9,000 professionals across their operations. Gulf funds are offering increasingly attractive packages to senior professionals, particularly those with experience at established funds like Singapore’s Temasek or Canada’s Maple Eight.

Deloitte also notes a growing trend towards protectionism globally, particularly in developing economies, where governments are reassessing their approach to strategic assets. This shift has led to the creation of new domestically focused funds, often designed to co-invest alongside international partners rather than compete directly with established Middle Eastern players.

Looking ahead, while geopolitical uncertainties and potential commodity price fluctuations may create headwinds, these pressures could drive greater efficiency and innovation in fund management practices. [Source](#)

### Selected new SWF announcements since 2021

Name	Country	Initial estimated AUM US \$ (bn)	Announced
National Wealth Fund	UK	7.2	2024
Future Fund Oman	Oman	5.5	2024
Ireland Strategic Investment Fund (ISIF)	Ireland	8.4	2023
Dubai Investment Fund (DIF)	UAE	80	2023
Ciyada Fund	Kuwait	200	2023
Sarawak	Malaysia	1.75	2023
Maharlika	Philippines	9.2	2023
Sovereign Fund of Mozambique	Mozambique	0.6	2023
Pakistan Sovereign Wealth Fund	Pakistan	8.0	2023
Ethiopian Investment Holdings	Ethiopia	150	2022



National Wealth Fund, UK



Ciyada Fund, Kuwait



Future Fund Oman



Dubai Investment Fund (DIF)

A driver of new SWF creation has been the establishment of additional or parallel entities in states where funds already existed. This is most evident in the GCC, where new funds linked to specific individuals or extended families – sometimes described as “Royal Private Offices” or RPOs – have emerged in recent years.

While the line between ruling family offices or state-controlled funds is blurred, these entities can wield significant assets and their remits often appear to overlap partly with the established players. Global SWF estimated this year that such family offices in the Gulf controlled some \$500bn in assets.

Parallel or spin-off funds have also been set up. Dubai, which already controls a SWF called the Investment Corporation of Dubai (ICD), has created a new entity called the Dubai Investment Fund (DIF). This will hold the Emirate’s stakes in utilities and road toll operators, and be responsible for “investing Dubai government funds, surpluses and the general reserve, domestically and abroad”.

In neighboring Abu Dhabi, the International Holding Company (IHC) and Royal Group this year added a new holding entity called 2PointZero to their web of interests. All are ultimately controlled by members of the Emirate’s ruling family, under Sheikh Tahnoon bin Zayed Al Nahyan, who has become a key figure in the Gulf’s SWF landscape since becoming IHC chairman in 2020.

## Performance Drive spurs Competition



With more entities and more assets now being actively deployed, funds are under increasing pressure to gain a competitive edge. This has played out in the Gulf against the backdrop of lower oil prices – and, in the case of several GCC states, widening budget deficits.

One noticeable effect has been a stronger focus on internal performance, risk oversight and investment management. Funds are being asked to tighten up operations, be more selective on transactions, improve internal processes and ultimately deliver better returns.

Many Gulf SWFs are now adopting a more proactive approach, being more open to divest than would have been the case a decade ago, demanding better reporting from portfolio companies and more willing to exert influence at board level.

Some are also pushing through major structural changes and mergers within holdings, particularly on the domestic front, where overspends and missed deadlines by portfolio companies have prompted action such as management overhauls. In other cases, inefficiencies and duplication of functions have prompted consolidation in a bid to cut costs and streamline.

Saudi's PIF, for example, carried out several consolidations of state-controlled companies this year. In April it merged two state-controlled telecom towers firms, followed a month later by the merger of entertainment and sports companies Seven and Qiddiya. The fund is also in talks to purchase the national carrier, Saudia, as part of a wider streamlining plan within the aviation sector.

Competition is also playing out overseas, as GCC funds look increasingly towards fast-growing countries outside of the traditional Western markets.

The African continent continues to be an area of interest, with the mining sector in particular yielding a flow of new opportunities. The UAE and Saudi Arabia, for example, have shown willingness to invest in high-risk extractives ventures in Africa this year, both directly and through their holdings in multinational mining firms.

Even more noteworthy, perhaps, has been an increasing allocation to Asia since 2022, especially to high-population countries including China, India, and Indonesia. While overall Gulf assets in Asia are still far below their holdings in US or Western Europe, this pivot is significant.

On the ground, Middle East funds are now competing directly in the region, setting up new offices in key Asia-Pacific markets to help source and execute deals more effectively. In October, ADIA established a new entity in Gujarat to hold its investments in India, shortly after committing some US\$750 million to GMR Group, a major airport operator in India and Indonesia. This summer, it hired the ex-CFO of Jingdong Investments, a Chinese private equity fund, to head up its Beijing-based PE unit.

The QIA set up a subsidiary in Singapore in 2021 and plans to boost its physical presence elsewhere in the region. "For Australia and

*Key Strategic Shifts by GCC Wealth Funds:*

**Investment oversight tightened**

**Divestment acceleration**

**Domestic mergers & streamlining**

**Global market expansion**

**Africa extractives investment**

**Asia-Pacific pivot**

**\$975M to Indian airports**

**Chinese tech bond deals**

Korea, we are going to start hiring people," Abdulla Ali Al-Kuwari, the fund's head of Asia Pacific, told a conference in September. "We started Japan with the team maybe three years ago, now we are doubling it, we are going to hire more and more people so it is a market to focus for us."

China specifically has emerged as a key destination this year. Funds have spotted opportunities to take advantage of the geopolitical decoupling between China and the West, moving in as Western investors look to exit, and benefiting from the closer political and trade ties between Beijing and the GCC.

Gulf funds invested an estimated US\$9.5 billion into the country in the year ending September 2024, according to Global SWF, a sharp rise on previous flows. This year both ADIA and the Kuwait Investment Authority (KIA) have been ranked in the top 10 shareholders in Chinese A-Share listed firms, for example, and have significantly increased their allocations to the Chinese mainland.

Saudi's PIF has already established an office in Hong Kong and according to the Chinese ambassador to Saudi Arabia (al Eqtisadiyah newspaper 10/09/2024) is thought to be eyeing offices in Beijing, Shanghai, and Shenzhen, and in May bought US\$2 billion of convertible bonds from China's Lenovo Group, part of a wider deal involving technology exchange. The Kingdom's overseas push may be tapered back, given its recent announcement to refocus on domestic investment, but higher allocations to high-growth developing markets are nonetheless likely. [Source](#)

## PIF, ADIA, Mubadala, QIA and other SWF - Investment Portfolios and Strategies

*GCC SWFs are powerful, state-controlled vehicles with vast resources. The five major players that dominate the activity in the region are the Abu Dhabi Investment Authority (ADIA), Abu Dhabi's Mubadala and Abu Dhabi Developmental Holding Company, Saudi's Public Investment Fund (PIF), and the Qatar Investment Authority (QIA).*

### The Public Investment Fund (PIF)

The Public Investment Fund (PIF) was originally founded in 1971 to pursue the development of Saudi's economy. In 2015, King Salman rose to the throne and assigned PIF to report to his son, the now Crown Prince, Mohammad bin Salman (MbS). Since then, PIF has adopted a new strategy and played a more active role both at home, with Saudi's Vision 2030, and abroad, with multi-billion investments in Softbank or Uber. The Fund has the ambition of growing into the world's largest SWF, with AuM of US\$2 trillion.

PIF's GSR' 24 is 96% (10/10 Governance, 9/10 Sustainability, 5/5 Resilience), up from 92% in 2023. [Source](#)

PIF plays a pivotal role in driving the kingdom's economic diversification efforts under Vision 2030. Unlike other SWFs, the bulk of PIF's investment (nearly 79% of its total) is domestic, indicating a strategic interest in supporting and influencing key sectors within the Saudi economy, including fostering new industries like gaming, and supporting giga-projects like the planned high-tech urban area NEOM. [Source](#)

#### Key Activities of Public Investment Fund (PIF)

- **Strategic Investments:** The PIF has been making strategic investments both domestically and internationally. Within Saudi Arabia, it focuses on developing sectors such as tourism, entertainment, healthcare, and technology to diversify the economy away from oil dependence. Notable projects include NEOM, a futuristic city that will serve as a hub for innovation and sustainability. Internationally, the PIF invests in a variety of industries and companies across the globe.
- **Infrastructure and Development Projects:** The PIF plays a significant role in funding large-scale infrastructure projects within Saudi Arabia. These projects aim to transform the kingdom into a global investment hub and support Vision 2030's goals. Initiatives like the Red Sea Project and Qiddiya—a massive entertainment and cultural destination—are examples of the PIF's commitment to developing world-class infrastructure.
- **Promoting Innovation:** As part of Saudi Arabia's Vision 2030, the PIF is driving innovation by investing in emerging industries such as artificial intelligence, renewable energy, and biotechnology.
- **Job Creation and Economic Growth:** The PIF is committed to creating new employment opportunities for Saudis, particularly

in non-oil sectors by supporting startups, SMEs, and large projects.

- **Sustainable Development:** The PIF is also focusing on sustainability initiatives as part of Saudi Arabia's Green Initiative. It is actively investing in renewable energy projects, including solar and wind energy, to reduce the kingdom's carbon footprint and promote environmental sustainability. [Source](#)

### Abu Dhabi Investment Authority's (ADIA)

Abu Dhabi Investment Authority's (ADIA) is the flagship investor of the Emirate of Abu Dhabi, and the world's third largest SWF. It is funded from the budgetary surpluses that originated from oil exports. Due to its size and significant allocation to private markets, ADIA is one of the world's largest investors in real estate, infrastructure and private equity. For the past eight years, it has been on a path to reduce its dependency to external managers, and it mostly invests in minority stakes in leading businesses outside of the Gulf. ADIA's GSR' 24 is 56% (6/10 Governance, 4/10 Sustainability, 4/5 Resilience), up from 52% in 2023. [Source](#)

#### Assets

As of December 2024, ADIA, estimated by SWFI to have US\$1.057 trillion in AUM, retains its position as the fourth-largest sovereign wealth fund globally. [Source](#)

#### Investments

ADIA manages a diversified global investment portfolio across more than two dozen asset classes and sub-categories. We invest directly in global financial markets, alongside trusted partners and through a network of carefully selected external managers.

With a long tradition of prudent investing, ADIA's decisions are based solely on its economic objectives of delivering sustained long-term financial returns.

ADIA has a disciplined investment strategy that aims to generate stable returns over the long term within established risk parameters, supported by a comprehensive, institution-wide planning process

ADIA's strategy and planning activities work in tandem, aligning organisational priorities with investment objectives through the ADIA Wide-Planning (AWP) process. Our approach ensures that ADIA's investment activities are closely tied to its short, medium and long term goals.

Investment strategy at ADIA begins with a clearly defined appetite for risk. This has been calibrated through a blend of publicly traded securities, known as the Reference Portfolio, developed to define the desired amount of market risk that should be accepted over the long term.

The Strategy & Planning Department (SPD) plays a central role in ADIA's investment process, with responsibility for developing, maintaining and periodically reviewing ADIA's Strategic Asset Allocation (SAA) across more than two dozen asset classes and sub-categories. The SAA is intended to add value to the Reference

### Relationship with the Government of Abu Dhabi and Source of Funds

Portfolio by diversifying across this richer set of asset classes, using weightings based on ADIA's long-term view of the world. This results in a higher expected return for a similar level of risk.

ADIA is a public institution established by the Government of the Emirate of Abu Dhabi in 1976 as an independent investment institution. ADIA carries out its investment activities independently and without reference to the Government of the Emirate of Abu Dhabi.

ADIA has no visibility on either the spending requirements of the Government of the Emirate of Abu Dhabi or the activities of other Abu Dhabi-owned investment entities. ADIA's assets are not classified as international reserves.

Under the UAE Constitution, the natural resources and wealth of the Emirate of Abu Dhabi are the public property of Abu Dhabi. The Government of the Emirate of Abu Dhabi provides ADIA with funds that are allocated for investment and surplus to its budgetary requirements and its other funding commitments.

### Mubadala

ADIA is required to invest and reinvest these funds and make available to the Government of the Emirate of Abu Dhabi, as needed, the financial resources to secure and maintain the future prosperity of the Emirate. In practice, such withdrawals have occurred infrequently. [Source](#)

Mubadala Investment Company PJSC (Mubadala) is a Sovereign Wealth Fund and was founded in 2017. Mubadala is investing and partnering at the leading edge of global growth and innovation to create opportunities for future generations. Mubadala continues to support its leadership's vision, as it was built upon the legacy of the late Sheikh Zayed bin Sultan Al Nahyan, who envisioned a free, stable and dignified life for the people of this country.

Today, in line with HH Sheikh Zayed bin Sultan Al Nahyan's vision, Mubadala is a US\$302 billion (AED 1,111 billion) business that spans six continents with interests across multiple sectors and asset classes. Headquartered in Abu Dhabi, Mubadala also has offices in London, Moscow, New York and Beijing. [Source](#)

Mubadala has a deep focus on capital intensive industries such as aerospace, real estate, semiconductors, healthcare and renewable energy, including a number of portfolio companies.

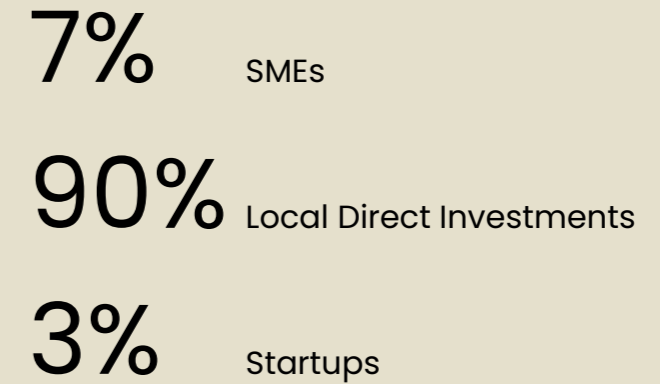
Mubadala's GSR'24 is 92% (9/10 Governance, 10/10 Sustainability, 4/5 Resilience), up from 88% in 2023. [Source](#)

### Future Fund Oman

Established by Oman Investment Authority as per directives from His Majesty Sultan Haitham bin Tarik, the Fund comprises a capital totaling OMR 2 billion. The Fund offers an array of funding opportunities for selected investors and partners looking to play a role in enhancing and stimulating Oman's economic landscape.

[Source](#)

#### Fund Allocation



### Investment Portfolio

Oman's sovereign wealth fund is putting money into projects across ten sectors: tourism, industry and manufacturing, fisheries, green energy, agriculture, port and logistics, mining and ICT. The investments will focus on small and mid-sized enterprises and startups, the Oman Investment Authority (OIA) says in a statement on November 20, 2024.

OIA, the government's investment arm, established the US\$5.2 billion wealth fund in January 2024. According to Mulham Al Jarf, OIA's deputy president for investments, the projects "underscore the fund's dedication to fulfilling its strategic objectives", including stimulating economic growth, fostering collaboration with the private sector and drawing foreign investments. OIA expects the investments to create more than 1,600 direct employment opportunities. [Source](#)

## Evolving GCC Equity Markets

*GCC equity markets have evolved from limited access to greater global integration. The inclusion of GCC countries in the MSCI Emerging Markets (EM) Index and MSCI All Country World Index (ACWI) is testament to this progress. While the GCC's representation in the EM index has increased considerably, the region remains underrepresented in global indices, suggesting potential for further growth.*

- By sector, financials are dominant in GCC equity markets. However, we expect this sectoral concentration to shift as diversification efforts gain momentum and developments in areas such as healthcare, education, smart infrastructure, renewable energy, and technology present investors with a wider array of growth opportunities.
- GCC equities have consistently outperformed the broader emerging markets index over the past decade, despite various global challenges. What may be surprising for some is that GCC equities actually exhibit a lower-than-expected correlation with oil prices – relative outperformance is attributed to the region's resilience and strategic efforts to diversify its economic base and equity markets.
- A key draw for global investors is the low correlation of GCC equities with both developed and emerging markets, as the region's distinct sectoral exposure differs significantly from technology-heavy global markets. Furthermore, lower currency risk stemming from the stability of its dollar-pegged currencies enhances GCC's attractiveness in a volatile global economic environment.
- A key attraction for investors is the outperformance of GCC bonds versus the broader JP Morgan EMBI Global Diversified Index over the long term. They have also exhibited lower volatility and drawdowns compared to their emerging market counterparts.
- The Vision plans are key drivers of the GCC's transformation. These plans encompass a wide range of objectives, including developing non-oil sectors, promoting private sector investment, and enhancing social and environmental sustainability.
- Initial public offerings (IPOs) are playing a crucial role in the diversification efforts, providing opportunities for investors to participate in the growth of new sectors. We expect that the development of exchange-traded funds focused on GCC equities and bonds will further enhance investor access and liquidity.
- Looking forward, the GCC region offers growth potential, diversification benefits, and evolving sector dynamics. Challenges such as liquidity constraints and a volatile geopolitical landscape should be noted but the GCC's ongoing transformation and integration into the global financial system make it an investment destination worth considering for any well-diversified portfolio. [Source](#)

For investors, the underrepresentation of GCC equities in the global indices presents an opportunity. As the region continues to integrate into the global financial system and its markets deepen, early movers could potentially benefit from the anticipated rebalancing of global portfolios towards GCC equities over the long term. Furthermore, the ongoing reforms and economic diversification efforts across the GCC suggest that these markets are on a path towards greater sectoral breadth, providing new thematic opportunities in a number of asset classes, as we show in the next section. [Source](#)

### Rising Weight of GCC Markets in EM and World Indexes

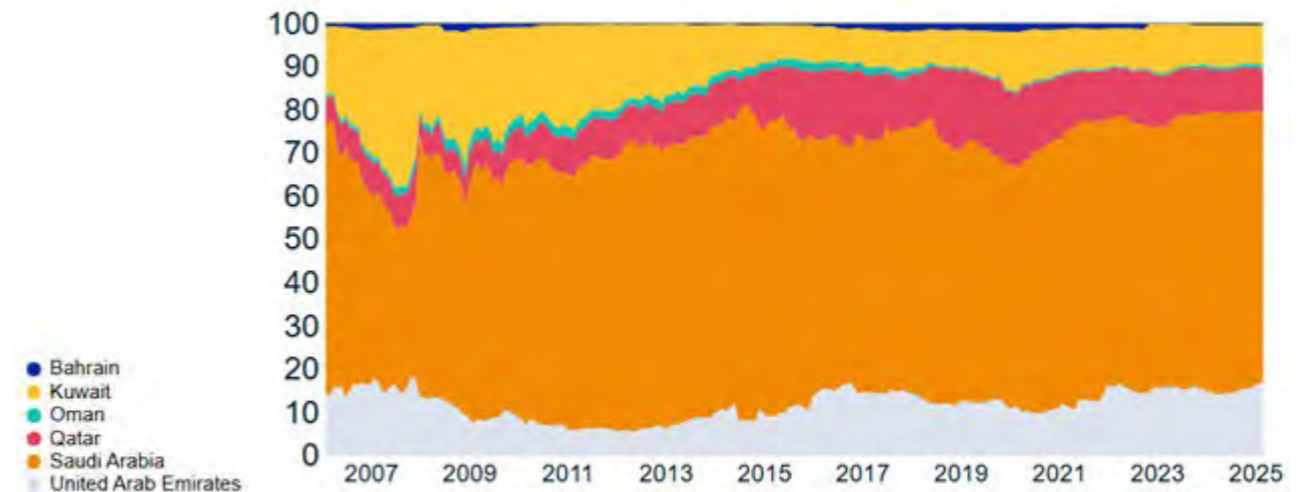
The MSCI GCC Countries Combined Index reflects the equity market performance of the six country markets it includes. The inclusion of Saudi Arabia in the MSCI Emerging Markets Index in 2019 and of Kuwait a year later marked milestones for the GCC region. Since year-end December 2014, GCC representation in the MSCI ACWI Index grew to 0.7% at year-end December 2024 from 0.2%, and in the MSCI Emerging Markets Index to over 7% from 1.5%. [Source](#)

### GCC Markets are less diversified – by Sector and Country – than broader EM

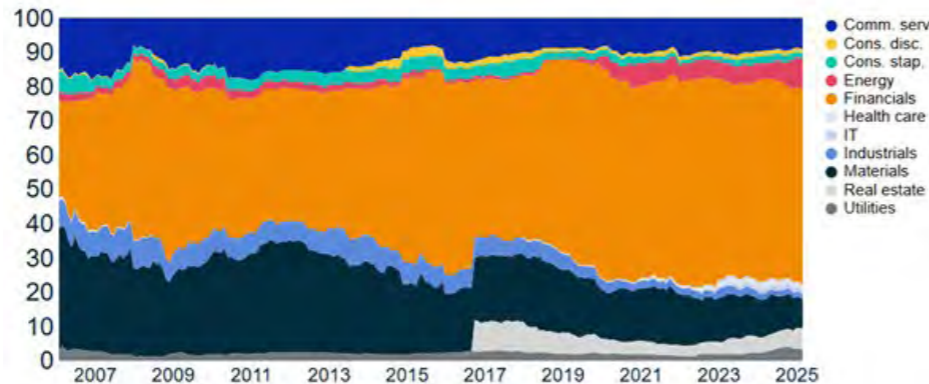
Financials accounted for over 57% of the market-cap weight of the MSCI GCC Countries Combined Index at the end of February 2025, followed by materials and energy, at 9% and 8.5% respectively. The energy sector's weight increased markedly following the Saudi Aramco IPO in 2019, accompanied by higher weights in real estate, utilities and information technology (IT). In contrast, the broad EM universe has a more balanced sector distribution, with IT holding the largest weight, followed by financials.

Saudi Arabia had the highest country weight by market cap in the MSCI GCC Countries Combined Index at 62%, and with the UAE (16.9% weight) and Qatar (9.6% weight) accounted for a significant 89%. By comparison, the MSCI Emerging Markets Index had a more diversified country allocation, with the largest representations being China (30.6%), Taiwan (19%) and India (16.8%) for a combined 66% of the index.

### Financials and Saudi stocks had largest weights in MSCI GCC Countries Combined Index



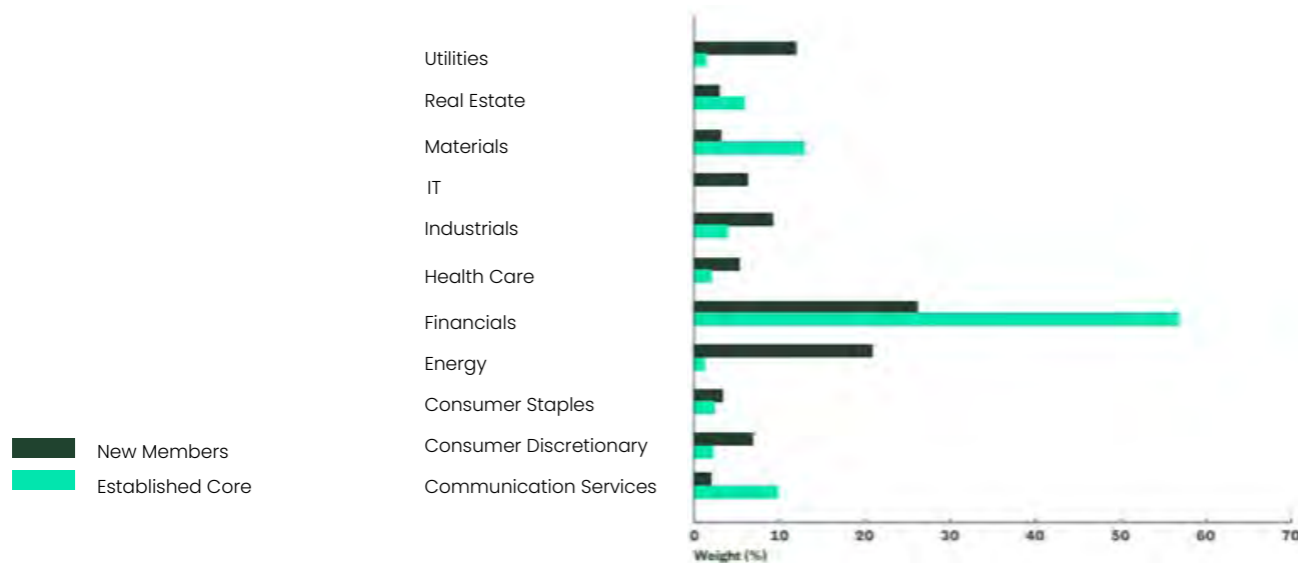
### Financials and Saudi stocks had largest weights in MSCI GCC Countries Combined Index, Sector Weights



The current landscape of GCC equity markets is dominated by the financial sector, which accounts for more than 50% of the region's weight in the MSCI EM index. [Source](#)

However, this sectoral concentration is poised for a shift as the GCC economies continue to diversify away from the traditional sectors. This diversification is not just a policy objective but a structural transformation that is already reshaping the region's equity markets. A closer look at the MSCI GCC IMI index reveals the early stages of this broadening. Over the past five years, more than 120 new companies (referred to as "New Members") have been added to the index. This has nearly doubled the total number of listed entities from five years ago (referred as "Established Core"). This influx of new members, many of which come from sectors outside of traditional finance and energy, is beginning to alter the sectoral composition of the index. These new entrants now constitute 48% of the index, bringing with them significant sectoral diversity, as shown in the next graphic.

### Sector Diversification Among New Members in the GCC IMI Index



### GCC countries less correlated with MSCI EM Index and major EM

The implications of this trend are profound. As GCC governments continue to implement their Vision plans – policy frameworks aimed at economic diversification and sustainability – the equity markets are expected to reflect these broader economic changes. The newer sectors of the economy – health care and education, smart infrastructure, renewable energy, and technology – are likely to gain prominence, reducing the dominance of financials and offering investors access to a wider array of growth opportunities. New thematic offerings may provide investors exposure to include these emerging sectors that are likely to benefit from ongoing government initiatives. [Source](#)

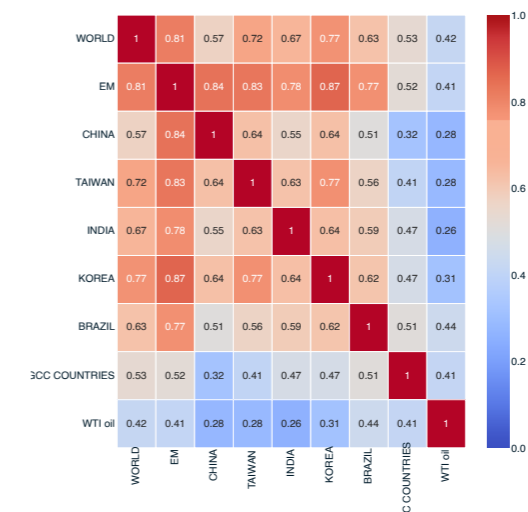
### GCC Markets have differed from EM in Performance and Correlations

The MSCI GCC Countries Combined Index has underperformed the MSCI ACWI and MSCI Emerging Markets Indexes in absolute and risk-adjusted returns since its inception in 2006, but outperformed the latter over the last decade. A return decomposition shows that valuation changes were a major drag on its performance, whereas earnings growth and dividends contributed positively. Currency impacts were minimal in the GCC markets because of their dollar peg, unlike the full EM universe, whose returns were significantly dampened by currency depreciation.

### USD pegs supported returns in the GCC countries



The combined GCC markets have posted lower correlations than those of key individual EM, such as China (0.32) and Taiwan (0.41), as well as against the MSCI Emerging Markets Index (0.52). And, considering oil prices, the correlation of the GCC countries (0.41) was not markedly different from those of the MSCI World and MSCI Emerging Markets Indexes – which were 0.42 and 0.41, respectively – challenging the perception that their performance is heavily tied to oil's price movements. [Source](#)

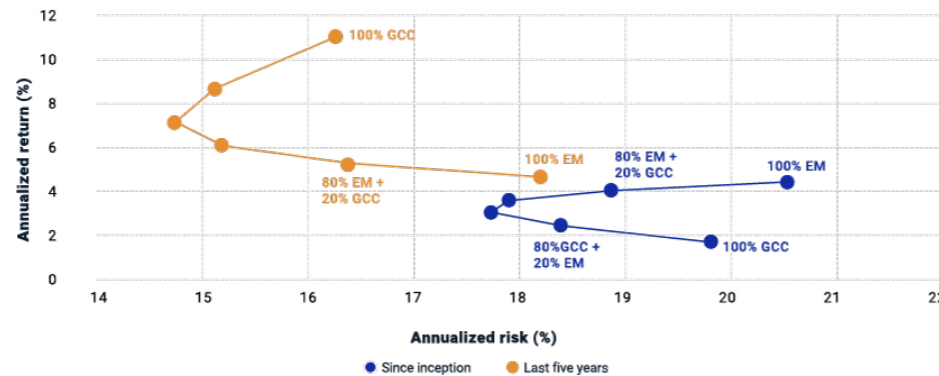


### A GCC Markets Allocation has helped reduce Risk in EM Portfolios

A 20% overlay of the MSCI GCC Countries Combined Index in an EM portfolio has historically reduced risk because of the two markets' low correlation. Since Jan. 31, 2006, an allocation of this size would have lowered annualized risk by 166 basis points (bps) and reduced return by 40 bps.

In recent years, structural reforms and government initiatives in the GCC countries have reshaped the region's market dynamics. These changes have helped GCC markets outperform EM over the last five years by an annualized active return of over 630 bps, while maintaining a lower risk profile by 193 bps. Over this five-year period, an EM portfolio with a 20% GCC overlay would have improved return by 61 bps and reduced risk by 180 bps. [Source](#)

#### A GCC Markets Allocation has helped reduce Risk in EM Portfolios



**GCC markets have outperformed EM over the last five years by over 630 bps annually.**

**Another strategic advantage of investing in GCC equities is the region's lower currency risk.** Most GCC economies have their currencies pegged to the US dollar or a basket of major world currencies, providing stability and reducing the foreign exchange risk that typically accompanies investments in emerging markets. However, it is important to acknowledge that GCC markets still face challenges, particularly in terms of liquidity. While the region has made significant strides in improving market access and attracting foreign investment, liquidity remains lower compared to major emerging markets. That said, liquidity is on an upward trajectory as the region continues to integrate into the global financial system and attract institutional investors. The ongoing market reforms and efforts to enhance transparency and regulatory frameworks are likely to further improve liquidity, making GCC more accessible and attractive to a broader range of investors.

The transformation of GCC equity markets over the past decade is nothing short of remarkable. The region has evolved from a collection of markets heavily influenced by oil prices, into a more diversified and resilient investment destination. Today, we see a region where markets are increasingly open to foreign investors, with a growing presence in global indices. The sectoral landscape is expanding, reflecting broader economic reforms aimed at reducing dependence on hydrocarbons. Despite these advancements, the GCC's equity markets remain underrepresented in global indices relative to their economic contributions, and challenges such as liquidity still persist. However, the trajectory of growth and integration into the global financial system is clear.

Moreover, the region's lower currency risk, underpinned by the stability of dollar-pegged currencies, adds an additional layer of appeal in a volatile global economic environment. The ongoing transformation of the GCC economies necessitates a fresh perspective on the region's equity markets, challenging traditional investment approaches and mandates. As the region continues to mature and evolve, GCC equities present a unique opportunity for investors seeking growth and diversification, making GCC equities a valuable addition to any well-diversified investment portfolio.

[Source](#)

### Index Futures, a new Tool to manage GCC Exposure

Investors can now use index futures linked to the MSCI GCC Countries Combined Index to help support tactical asset allocations to the region in response to macroeconomic shifts, such as oil-price fluctuations or regional policy changes. Using futures in lieu of trading individual securities or rebalancing funds reduces liquidity constraints and operational complexities.

Given the lower volatility and correlations with broader EM and world equity universes, GCC futures may also serve as a key risk-management tool in global portfolios. With the tightening of the Uncleared Margin Rules, investors seeking exposure to GCC countries, but desiring to avoid over-the-counter (OTC) derivatives, may consider centrally cleared GCC futures as an alternative. [Source](#)

### GCC Investment Attractiveness

As the GCC region progresses with its remarkable transformation, its equity markets are becoming increasingly relevant for global investors seeking growth, diversification, and resilience.

#### GCC Markets Exhibit Low Correlation with Global Equities

06/30/2005 to 07/31/2024	S. Arabia*	UAE	Kuwait	Qatar	Bahrain	Oman	DM	EM
Correlation with GCC	0.52	0.51	1.00	0.42	0.55	0.42	0.49	0.44

## GCC Region - a Magnet for Global Capital

The GCC has increasingly become an attractive region for banks and investors,” says Antoine Chemali, CEO of BNP Paribas Wealth Management Middle East, which has over 600 employees in the UAE, Saudi Arabia, Bahrain, and Qatar. “The rise of the financial sector in the region creates demand for not only individual needs but also corporate banking and financial solutions.

Beyond its oil wealth, the GCC is boosting its attractiveness with a commitment to diversifying its economies. Each state has outlined its ambitions: Saudi Arabia, Qatar, and Bahrain with Vision 2030; Kuwait with Vision 2035; and the UAE with We the UAE 2031.

**“The rise of the region is spearheaded by the UAE and Saudi Arabia,”** says Chemali, both of which are attracting talent and capital with ambitious projects backed by strong support and investments from governments.

One facet of this drive is **heavy investment in infrastructure projects.** Notable examples include **Neom, Saudi Arabia’s \$500 billion futuristic city; Diriyah, Qiddiya, and Al-Ula, the Kingdom’s tourism megaprojects; the UAE’s vast solar farms; Qatar’s North Field gas expansion, and the Gulf Railway,** slated to connect all six GCC states.

“The region’s minimal funding requirements and significant inflows of foreign investment enhance its stability and allure for investors,” Abu Manneh notes.

In contrast to other parts of the world, the GCC’s **transformation is powered for the most part by the Gulf states themselves** through their large sovereign wealth funds. Often referred to as the **“Oil Five,” Saudi Arabia’s Public Investment Fund; the Abu Dhabi Investment Authority, Mubadala Investment Company and ADQ in Abu Dhabi; and the Qatar Investment Authority** are among the world’s largest and most active SWFs. **The combined assets of the GCC’s 19 sovereign funds will reach \$7.6 trillion by 2030,** doubling from 2023 and the equivalent to the combined annual GDPs of the UK and Germany, according to industry tracker GlobalSWF’s 2024 annual report.

The GCC states are also leveraging deep financial-sector reforms to attract global investors. Many have introduced structural changes to their capital markets, leading to a surge in initial public offerings.

“The launch of innovative investment products, enhancements in post-trade infrastructure, and an increase in IPO activities have rendered the market more vibrant and approachable,” Abu Manneh says.

According to EY, the **entire MENA region saw 48 IPOs in 2023, raising a total of US\$10.7 billion.** The most significant market debut was **ADES, the Saudi oil and gas drilling firm, which drew US\$1.2 billion,** followed by **Abu Dhabi’s Pure Health with \$986 million. Saudi Aramco’s 2019 IPO** remains the largest in history, **raising US\$25.6 billion.** Tens more companies are expected to list in 2024 and several GCC members are planning to privatize state assets; Oman, for one, aims to sell shares in at least 30 state-owned companies over the next five years.

Promisingly, financial-sector reforms have spurred investment across more sectors than just energy, including tourism, new technologies, and artificial intelligence, the latter of which the GCC economies aim to be at the forefront. **Saudi Arabia plans to create a US\$40 billion fund to invest in AI,** and in April, **Microsoft committed US\$1.5 billion to G42 following the announcement of the Emirati AI firm’s partnership with OpenAI.** This flurry of activity promises to add legs to the GCC states’ robust non-oil sector growth of 4.3% in 2023.

There is more work ahead on the financial front, Lahsini says. “Local capital markets are still very dominated by the equity story,” he says, “and I believe more can be done to develop fixed income and credit markets and to provide local actors with more options to fuel the growth.”

That said, the GCC states are solidifying their position as an attractive destination for foreign capital, while consistent government support and substantial financial resources are paving the way for a growing influx of international financial institutions. [Source](#)



Diriyah, Saudi Arabia's tourism megaproject



Aramco, Saudi Arabia

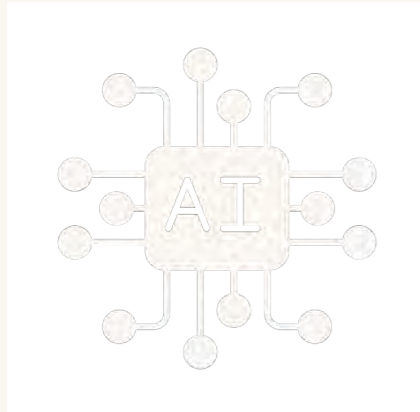


Abu Dhabi's Pure Health



ADES, the Saudi oil and gas drilling firm

## AI Investments



The survey, featuring input from 1,803 C-level executives across 19 markets and 12 industries, highlights widespread optimism about AI's potential, tempered by significant challenges in realising its full value.

### AI as a Tool for Productivity and Innovation

Leading companies in the GCC are focusing their AI investments on two strategic priorities: reshaping core business functions and creating entirely new AI-powered business models. This involves fundamentally transforming existing operations for greater efficiency while creating new AI-powered business models that enable offerings that weren't possible before AI.

This strategic approach is reinforced by the fact that 81% of GCC companies plan to increase their investments in technology in 2025 and 72% of GCC companies rank AI/generative AI (GenAI) as a top-three strategic priority. This approach begins with deploying AI for immediate productivity gains in everyday operations, then moves towards reshaping critical business functions to achieve substantial efficiency improvements, and ultimately focuses on developing entirely new AI-powered business models that create lasting competitive advantages.

At the country level, executives in Qatar (88%), the UAE (72%), and KSA (69%) rank AI/GenAI among their top three strategic priorities, compared to the global average of 73%.

In the GCC, 66% of executives expect AI to boost productivity; however, they agreed that more research and development (R&D) is needed to ensure that current workforce talent is ready to meet AI demands. Overall, this positive outlook on workforce retention in the GCC and the broader Middle East stands out as a key finding from the survey, with only 7% of executives in the Middle East anticipating headcount reductions due to AI automation—an even lower percentage than the global average of 8%.

The GCC's efforts also emphasize practical AI applications rather than limited experimentation. For successful AI implementation, the region's organisations are increasingly adopting the "10-20-70 principle" (a proven framework for AI value creation). Entities are dedicating 10% of their efforts to algorithms, 20% to data and technology, and 70% to people, processes, and cultural transformation. This strategic balance suggests that technology alone isn't enough; organisational and cultural changes are essential for AI success.

This commitment is evident in the UAE, where 27% of organisations have already trained more than a quarter of their workforce on AI tools. While the UAE is currently leading in AI workforce development within the region, this comprehensive training approach represents a model that other GCC countries are working to adopt, recognising that employee upskilling is critical for maximizing AI's potential.

While the GCC leads in AI adoption, regional executives are also keenly aware of the risks of scaling AI. Data privacy and security, lack of control over AI decision-making processes, and regulatory challenges are top concerns for regional executives, aligning closely with global risk perceptions. Addressing these concerns is crucial to ensuring AI's practical and ethical adoption.

### AI and GenAI Investments in the GCC

To maximize the return on their significant AI investments, forward-thinking GCC organisations are moving beyond technology acquisition to focus on strategic value creation. This evolution reflects a mature approach to digital transformation across the region.



Qatar Computing Research Institute

## Biotech Industry



The Gulf Cooperation Council (GCC) region is witnessing a significant surge in demand for quality healthcare services, driven by a growing population, increasing life expectancy, and a rising incidence of lifestyle diseases.

As a result, the healthcare and biotechnology sector is emerging as a lucrative investment opportunity in the region. The GCC governments are actively investing in modernizing their healthcare infrastructure, and there is a growing need for specialized medical facilities, equipment, and services.

In particular, there is a significant demand for specialized care in areas such as cardiology, oncology, and orthopedics. Additionally, the region is also seeing a growing interest in preventive healthcare, medical tourism, and holistic wellness.

The Gulf countries aspire to establish themselves as leaders in the medicine and biotech sectors. They plan to improve research and expand their pool of skilled workforce. Moreover, these nations are diligently revising regulatory frameworks and adopting progressive methodologies for facilitating the seamless dissemination of knowledge. Such endeavors are geared towards incubating innovative ventures, while creating a collaborative environment between esteemed academic institutions and existing pioneers in pharma and biotech.

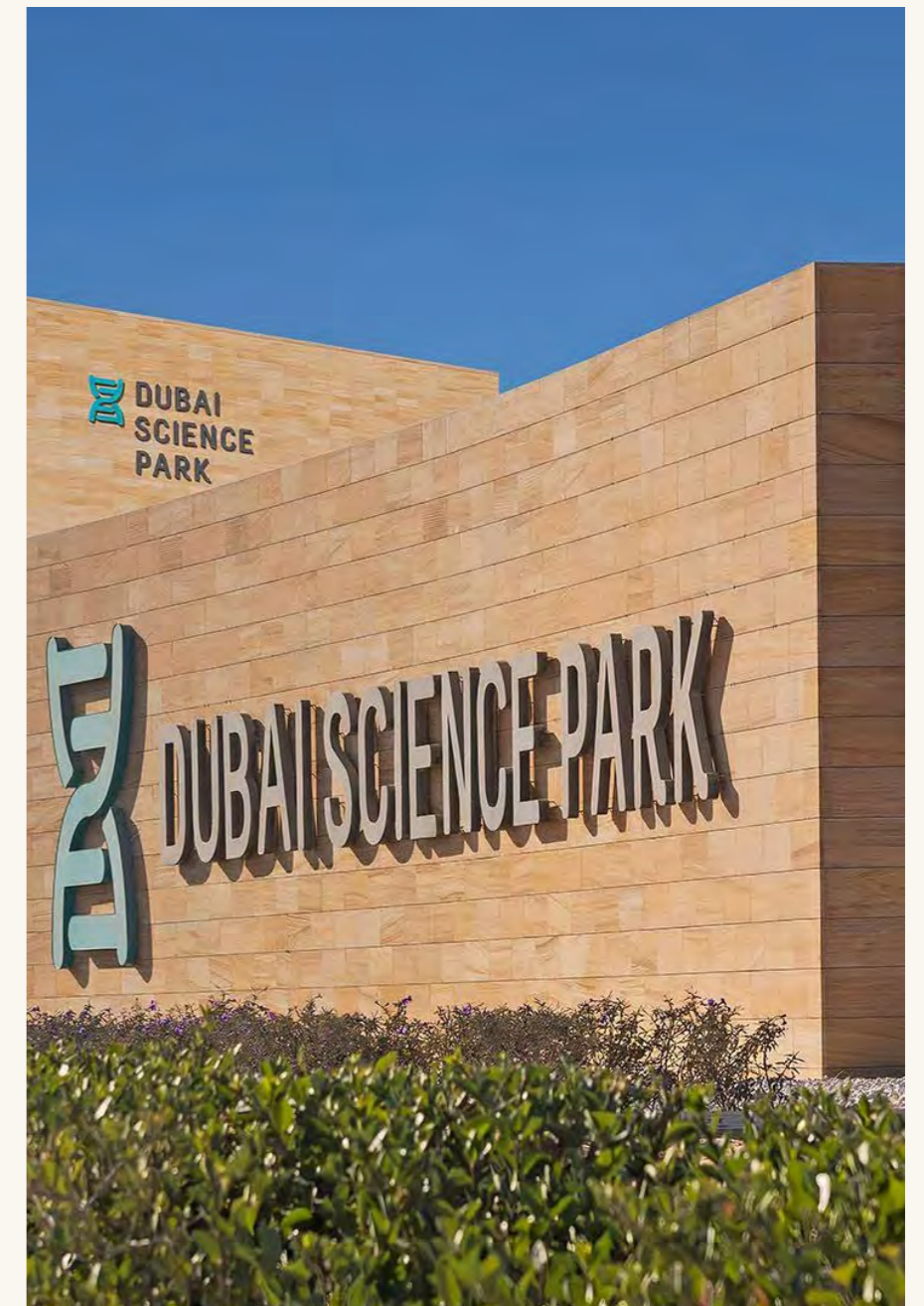
As the GCC pharmaceutical and biotechnology market is valued at around US\$17 billion in 2023 and an expected growth rate of 7% to 8%, the region is ripe for innovation.

The biotechnology sector is also gaining traction, with a focus on research and development in areas such as genomics, precision medicine, and regenerative medicine. Investing in the healthcare and biotechnology sector in the GCC region can provide a high return on investment (ROI) due to the growing demand for quality healthcare services, the need for modernisation of existing infrastructure, and the potential for innovation and R&D in the biotechnology space. [Source](#)

Moreover, the scientific impact of the GCC is currently modest when compared to global leaders. The H-index, which measures the productivity and citation impact of published research, shows that GCC countries lag behind nations like the US and Germany. Yet, within the GCC, Saudi Arabia and the UAE stand out with the highest H-indices of 567 and 329 respectively, indicating a strong foundation for future growth in research.

The GCC nations have taken a resolute stance to elevate their investment in research and development and potentially surpass global benchmarks. For example, the United Arab Emirates has set forth an ambitious objective to allocate a greater proportion of their funds towards R&D. Presently, standing at 1.5% of the national GDP, there is a concerted effort to bridge the gap and align with the United States' commendable allocation of 3.5% of GDP to R&D.

Furthermore, by creating collaboration between academia, research institutions, and industry, the GCC aims to create an ecosystem for drug discovery and development. This includes providing sufficient funding for scientific research, encouraging public and private investment in R&D projects, and supporting research grants, fellowships, and scholarships. [Source](#)



Dubai Science Park

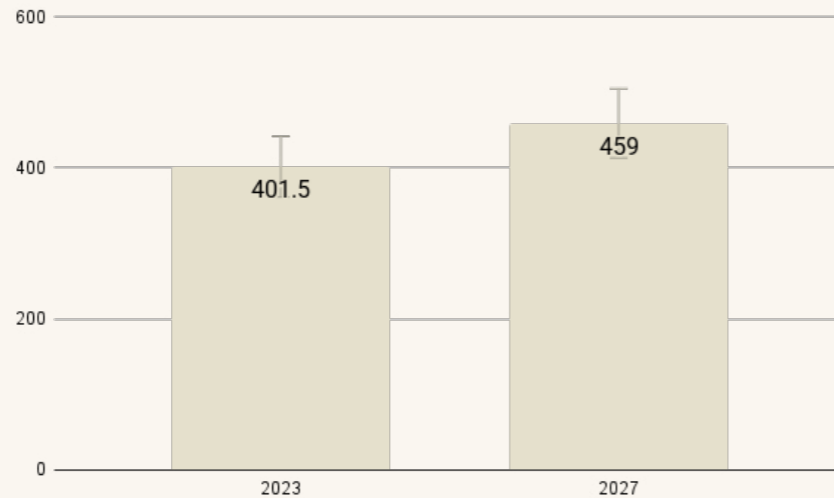
## Sport Sector



The Gulf Cooperation Council (GCC) countries have strategically leverage the power of sports to drive economic diversification, promote cultural change, and enhance their international reputation. This report delves into the dynamic landscape of the GCC sports sector, highlighting how Qatar and Saudi Arabia, in particular, have emerged as key players, steering investments and fostering change. We also examine the evolving priorities, policy reforms, and investment opportunities within the GCC sports sector, alongside the challenges. The GCC's sports sector promises a dynamic future with significant economic and cultural impacts.

GCC total revenue in the sport events market is expected to show an annual growth rate (CAGR 2023–2027) of 3.40%, resulting in a projected market volume of US\$459.00m by 2027. [Source](#)

### GCC total revenue in the sports events market, Million US\$



The Gulf states boast top-tier training facilities attracting world-class athletes. These facilities cater to athletes globally with amenities from FIFA-standard pitches to sports science labs. This growth offers business opportunities in healthcare and well-being, especially in injury prevention and rehabilitation. As the Gulf becomes a premier training destination, opportunities arise for travel and accommodation packages for teams and athletes. Additionally, demand for constructing advanced sports infrastructures is set to rise. The UAE's long-standing emphasis on sports, evident since 1971, is reinforced by its National Agenda promoting societal cohesion and preserved identity. The Gulf states have become a prime location for major sporting events. Beyond the World Cup, they host events like the Dubai Desert Classic golf tournament and the Dubai World Cup horse race. With diverse offerings, including the rising sport of padel tennis which will have the WPT Middle East Master in Abu Dhabi, the region caters to fans of all preferences. Boasting over 350 paddle courts in the UAE alone, coupled with the UAE Sports Sector Strategy 2032 and investments in global sports, the Gulf is a hotspot for health and fitness entrepreneurs and investors.

In the Sport Events market, the number of users is expected to amount to

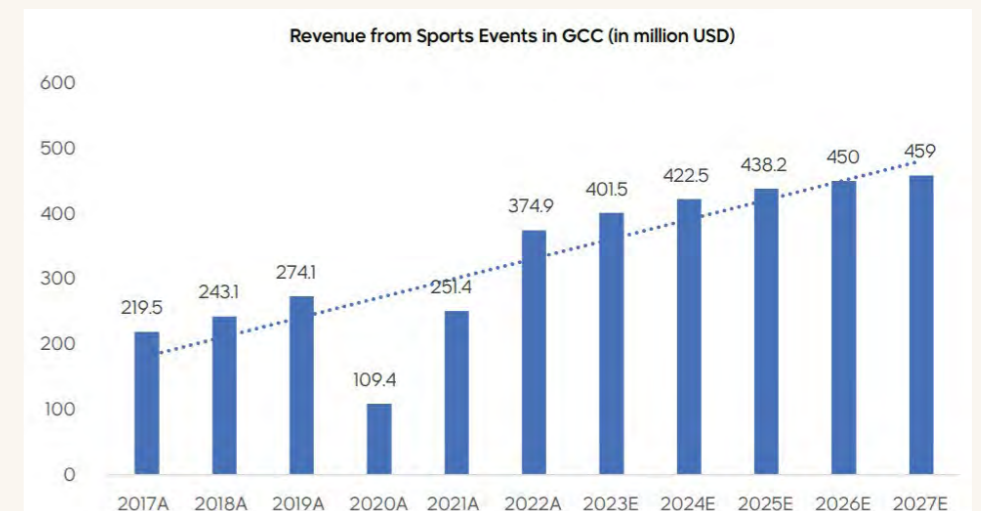
**3.6 Million** users by 2027.

### GCC's Sports Tourism Industry and the Evolving Sports Events Market

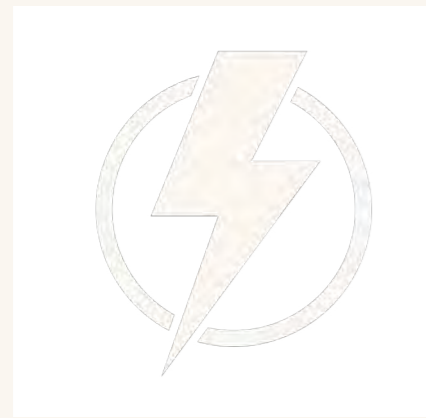
Sport tourism and the regional leisure industry have become increasingly important drivers for international arrivals to the GCC over recent years. Sport generates 25% of all tourism receipts globally, according to data from the World Travel and Tourism Council (WTTC), with 76% of trips planned around a sporting event. The Middle East, particularly the Gulf Cooperation Council (GCC) countries, has been experiencing an exciting surge in the sports market. This surge is exemplified by the monumental 2022 Qatar FIFA World Cup, which showcased the region's capability to host world-class sporting events. Furthermore, the GCC will continue to be a focal point on the global sporting map in 2023 as it hosts four Formula 1 races across Bahrain, Saudi Arabia, Qatar, and Abu Dhabi. Many countries throughout the region host numerous sporting events such as grands prix, international golf tournaments, swimming, horse racing, sailing, tennis and cricket, with the UAE and Qatar leading the way.

The GCC is ideally located for athletes from around the world to compete in a number of world-class sporting events. The region boasts the very best in sporting facilities and first class accommodation with excellent air links to major cities on every continent, encouraging international and regional competitors, officials and fans to participate. As seen from the graph below, the revenue from Sports events in GCC is estimated to be about US\$459 million by 2027. [Source](#)

### Revenue from Sports Events in GCC (in million USD)



## Energy Sector



### The green Power Sector and the Dependency from China

The geopolitical environment surrounding renewable technology and essential minerals is changing dramatically as the globe speeds up its journey to sustainable energy. China, which has become the main actor in the global supply chain for clean energy, is at the heart of this change. In 2025, Beijing's strategic location in renewable technology and vital minerals has taken centre stage in international affairs, especially in respect to its relations with the Gulf Cooperation Council (GCC) nations.

Energy diplomacy, economic diversification initiatives, and the worldwide competition for technological leadership in the clean energy sector are all being reshaped by the dynamic interaction between China and the GCC states. In addition to affecting bilateral relations, the complex web of dependencies, rivalries, and partnerships in vital minerals and renewable technologies is also having an impact on international initiatives to fight climate change and ensure sustainable energy futures.

Due to shared goals in energy security, economic diversification, and technical cooperation, China and the GCC countries' energy alliance is developing quickly. China is the largest energy consumer in the world and has few domestic petroleum reserves; consequently, it has become a major purchaser of GCC gas and oil. However, Beijing has attempted to lessen the costs of its oil addiction by also making investments in the region's supply chain integration, infrastructure, and renewable energy initiatives.

Recognising the changing nature of the world's energy markets, the GCC countries are strengthening their ties with China by establishing long-term energy agreements, partnering on clean energy technology, and making strategic investments in vital mineral supply chains to help them achieve their own energy transition goals.

Benefits from the China-GCC energy partnership flow both ways. By supplying state-of-the-art technology, capital, and infrastructure development to the nations of the Gulf, Chinese businesses are significantly contributing to the GCC's renewable energy shift. By 2027, Trina Solar, one of China's top solar energy companies, plans to build the world's largest photovoltaic plant in the United Arab Emirates, reaffirming China's position as a key collaborator in the growth of solar energy in the region.

As seen by the high rise in lithium battery shipments to the GCC—which rose by 26 percent between 2021 and 2022 and nearly doubled in the first three quarters of 2023—China's impact goes beyond solar power to energy storage solutions. In line with their long-term sustainability objectives, this trend shows the GCC's growing use of energy storage devices and electric mobility options.

In line with their long-term sustainability objectives, the GCC states see collaboration with China as a crucial part of their economic diversification plans and initiatives to lessen reliance on oil. GCC leaders have reasoned that their ambitious clean energy goals—notably Saudi Arabia's Vision 2030 and the UAE's Net Zero by 2050 effort—can be enhanced by China's enormous manufacturing



**By 2027, Trina Solar plans to build the world's largest photovoltaic plant in the UAE.**



**Battery shipments to the GCC rose by 26% between 2021 and 2022—and nearly doubled in early 2023.**

capacity in renewable energy technology, such as solar panels, wind turbines, and battery storage.

With the GCC becoming a major arena for energy and resource dominance in the global energy transition, these developments underscore the growing rivalry between China and the West.

The GCC still confronts several obstacles in obtaining vital minerals from China, even with the expanding energy ties. As the United States looks to create alternative supply chains, geopolitical competition is a crucial element that puts the GCC in a precarious balancing act between two powerful nations.

Market volatility is still an issue since China's hegemony in mineral processing might result in erratic price swings, making procurement plans more difficult for GCC countries. Export limits increase unpredictability even more, and China has shown that it is prepared to use these controls as a geopolitical tool. The GCC countries that depend significantly on Chinese commodities can see the risks of this approach, and will plan accordingly.

Beyond resources, China dominates the whole clean energy supply chain, including solar panels, wind turbines, and batteries—making the GCC technologically dependent. The GCC's capacity to obtain vital minerals at reasonable costs may be hampered by worries that China may manipulate pricing on global markets. The GCC needs to invest in its own processing capabilities, diversify its supply of essential minerals, and exercise prudence when navigating the intricate geopolitical environment to meet these difficulties. Prudence would dictate that the GCC states find alternatives to Beijing in case of an emergency. For instance, supply security could be improved by establishing alliances with alternate suppliers, encouraging joint ventures in areas with abundant resources, and using financial and diplomatic clout. Long-term stability in their energy transition and economic diversification initiatives will also depend on encouraging innovation in clean energy technology and minimizing dependency on a single provider.

A key component of the global energy transition is the changing energy relationship between China and the GCC nations. China is a vital partner for the GCC, which is working towards ambitious sustainable energy targets. China's financial ability to fund extensive mineral extraction and renewable energy projects further strengthens this alliance, allowing the GCC to diversify its economies and promote its climate objectives.

But there are risks associated with this relationship as well. Over-reliance on China for essential minerals presents the GCC with difficulties, such as possible supply chain interruptions and geopolitical pressures from the rivalry between the United States and China. Furthermore, the GCC is vulnerable as it looks to establish autonomous and sustainable supply chains due to China's near-monopoly on downstream and processing technologies. The GCC must investigate diversification tactics, like establishing alliances with other international entities and making investments in regional mineral processing capacities, to reduce these risks. This link will continue to play a significant role in determining the overall course of the global energy transition, as well as the resilience of the local economy.

## Capital as a Soft Power and Ownership as Geopolitical Leverage

### Capital as a Source of Soft Power Win



The concept of soft power was first introduced by political scholar Joseph Nye, who described it as the ability to attract and influence others without force or payment. In contemporary times, the Gulf member states use soft power as a vital approach to expanding their markets and raising their international position. [Source](#)

For Saudi Arabia, the United Arab Emirates, and Qatar, the dominant and richest among the Arab Gulf monarchies, the accumulation of soft power is central to their preparation for the expected decline in global dependence on their energy exports. While each state has its own emphases, this paper identifies the pursuit of soft power by all of them as attempts to safeguard their global importance and, thus, their national security. It offers an original and holistic examination of the soft power strategies of the three states across the media, academia, sport, culture, tourism, religious tolerance, and diplomacy. The analysis outlines how those strategies are designed to reshape the states' negative image and legitimize their values internationally, particularly within the West, thereby sidestepping external demands for changes in their internal conduct. By these means, they continually challenge Western moral superiority, which, at least in the case of Qatar, harms material Israeli interests.

Saudi Arabia, the UAE, and Qatar actively leverage soft power as part of their strategy to maintain global relevance and national security in anticipation of declining fossil fuel exports. Their investments—funded by their vast wealth—are not merely financial moves but serve to reshape their international image, attract foreign investment and tourism, and create influence through media, academia, sports, culture, tourism, diplomacy, and religious tolerance.

Despite being authoritarian, they adopt tools of soft power—such as international media and cultural diplomacy—similarly to China and Russia, proving that economic strength can be converted into influence.

Empirical evidence supports this: the 2024 Brand Finance Soft Power Index ranks the UAE (10th), Saudi Arabia (18th), and Qatar (21st) above many Western nations, demonstrating their success in using capital as a vehicle for soft power. Their approach aligns with the concept of “smart power,” blending economic strength with strategic persuasion to safeguard their regimes and long-term influence. [Source](#)

### GCC total revenue in the sports events market, Million US\$

	Global Rating	Soft Power Index
United Emirates	10	57.7
Saudi Arabia	18	56.8
Qatar	21	54.5
Israel	32	48.7

### Ownership as Geopolitical Leverage

The Gulf Cooperation Council (GCC) countries have strategically utilised ownership—whether in **energy resources, sovereign wealth funds, or infrastructure**—as a tool for geopolitical leverage.

GCC countries have become assertive players in the Middle East and North Africa, using their financial resources and political networks to influence regional dynamics. Their strategic alliances and rivalries have reshaped the balance of power in the region. [Source](#)

A report by the IMF says that the Gulf Cooperation Council (GCC) countries have leveraged their economic policies and fiscal reforms to strengthen their geopolitical position. Their focus on non-hydrocarbon growth, fiscal sustainability, and economic diversification has helped them navigate geopolitical turbulence and maintain favourable economic prospects. [Source](#)



# Solar, Storage, and the Grid Parity Horizon



**Noor Abu Dhabi:** World's largest single-site solar plant—1.2GW capacity powering 90,000 homes.



**Saudi Arabia's Grid Plan:** Massive investment to connect solar to smart grid under Vision 2030.



**Battery Storage Boom:** UAE & KSA rapidly scaling storage to stabilize clean energy supply.

## Clean Energy in the Gulf is no longer a PR Exercise but a National Strategy



Clean energy is indeed a central pillar of national strategy in the Gulf Cooperation Council (GCC) countries, moving beyond mere public relations. This is evident in several key aspects highlighted in our report so far as follows:

- Economic Diversification:** The GCC nations recognise the approaching “twilight” of hydrocarbon dominance and are proactively pursuing economic diversification as a means to secure long-term economic sustainability. Investing in renewable energy sectors like solar and green hydrogen is a crucial part of this strategy to reduce reliance on oil and gas revenues.
- Ambitious Renewable Energy Targets:** Countries like the UAE and Saudi Arabia have set ambitious targets for clean energy production. The UAE aims to derive 50% of its energy from clean sources by 2050, and its updated Energy Strategy 2050 targets tripling the contribution of renewable energy by 2030. Saudi Arabia’s Vision 2030 also includes investing in renewable energy and even aims to export it. Qatar aims to use 20% of its energy through solar power by 2030 .
- Significant Investments:** The GCC countries are making substantial financial investments in clean energy projects and technologies. The UAE plans to invest between AED 150 and AED 200 billion in clean energy by 2030. Saudi Arabia is investing heavily in hydrogen production, exemplified by the NEOM Green Hydrogen Project.
- Development of New Industries:** The focus on clean energy is driving the development of new industries within the GCC, such as green hydrogen production, solar technology, and related infrastructure. This signifies a strategic intent to become leaders in the future energy landscape.
- Leveraging Existing Strengths:** The GCC is looking to leverage its existing infrastructure and expertise in the oil and gas sector to facilitate the transition to renewable energy .
- International Partnerships:** The GCC nations are forming strategic international partnerships to advance their clean energy goals, particularly with countries like China for technology and investments in renewable energy.
- Focus on Sustainability:** The pursuit of clean energy aligns with broader national visions that emphasize environmental sustainability alongside economic growth. Initiatives like Saudi Arabia’s Green Initiative and the UAE’s Net Zero 2050 Strategy demonstrate a long-term commitment to reducing carbon emissions.
- Anticipating Future Global Demand:** The GCC recognises the global shift towardss renewable energy and decarbonization and is acting preemptively to secure its future in a world less reliant on oil. They anticipate that demand for their fuel might even surpass other producers due to their investments in renewable energy segments.

### Conclusion

The concerted efforts, ambitious targets, and substantial investments across the GCC clearly indicate that the transition to clean energy is a fundamental component of their national strategies for economic diversification, long-term sustainability, and securing a prominent role in the evolving global energy market.



The UAE aims to derive

**50%** of its energy from clean sources by 2050.



Qatar aims to use

**20%** of its energy through solar power by 2030.



Saudi Arabia plans to export clean energy

**by 2030**



The UAE plans to invest between

**AED 150–200 billion** in clean energy by 2030.

## GCC's Rise as a Global Renewable Energy Hub



The GCC region is actively positioning itself as a significant producer and exporter of renewables, leveraging its vast solar capacity, engaging in green hydrogen pilots, and formulating plans for intercontinental energy exports.

- Vast Solar Capacity:** The GCC region is indeed characterized by vast solar capacity due to its high solar insolation levels. The UAE stands out with 65% of the GCC's solar PV installed capacity. Dubai's Mohammed Bin Rashid Al Maktoum Solar Park is planned to be the world's largest single-site solar project. Abu Dhabi also has significant projects like the Noor Abu Dhabi Solar Project and future developments like Al Dhafra and Al Ajban. Saudi Arabia has recognised solar photovoltaic (PV) systems as the most cost-effective power production option in the region and is actively harnessing solar power. Qatar is also investing in solar energy projects with a target of 20% of its energy coming from solar power by 2030. These examples illustrate the significant existing and planned solar capacity within the GCC.
- Green Hydrogen Pilots:** The GCC is actively involved in green hydrogen pilots and production. Saudi Arabia is making heavy investments in hydrogen production, with the NEOM Green Hydrogen Project aiming to produce a substantial 600 metric tons of green hydrogen daily by 2026.
- Furthermore, the GCC countries are generally **engaged in the production of green and blue hydrogen**, signifying their commitment to exploring hydrogen as a future energy source. These initiatives demonstrate that the region is moving beyond conceptualization to practical implementation in the green hydrogen sector.
- Plans for Intercontinental Energy Exports:** The ambition to become a significant exporter of renewables is clearly present in the GCC's strategies. Saudi Arabia explicitly intends to use the renewable capacity it develops not only to power the country but also to export renewable energy to the world.
- Additionally, a section in the sources specifically mentions the **GCC's plans for "intercontinental energy corridors and power diplomacy"** in the context of becoming a producer and exporter of renewables. This indicates a strategic vision that extends beyond regional energy needs to potentially supplying clean energy to other continents.



### Conclusion

This positioning as a renewable energy producer and exporter aligns with the GCC's broader national strategies for economic diversification and long-term sustainability, as we discussed previously. Recognising the approaching end of the hydrocarbon era, these nations are proactively investing in renewable energy to not only meet their domestic energy needs in a sustainable manner but also to establish themselves as key players in the future global energy market. Their vast financial resources, strategic geographic location, and proactive government policies are all contributing to this ambitious transformation.



High-speed green hydrogen refuelling pilot station, Masdar City

## The Race for Renewable Leadership



Noor Abu Dhabi

The UAE and Saudi Arabia appear to be at the forefront of the race for renewable leadership within the GCC. While other GCC nations are also making strides, the significant investments, and large-scale projects in these two countries are more prominently.

### UAE's Strong Position:

- The UAE boasts having 65% of the GCC's solar PV installed capacity .
- Its updated Energy Strategy 2050 aims to triple the contribution of renewable energy by 2030.
- Dubai's Mohammed Bin Rashid Al Maktoum Solar Park is planned to be the world's largest single-site solar project.
- Abu Dhabi has significant solar projects like Noor Abu Dhabi and future projects like Al Dhafra and Al Ajban, alongside the Barakah Nuclear Energy Plant contributing to clean energy.
- The UAE has set ambitious goals to derive 50% of its energy from clean sources by 2050.
- The UAE is well on its way to making significant progress towards its net-zero emissions goal under Net Zero Vision 2050.

The UAE's success in the renewable energy sector is attributed to reliable off-takers minimizing financing risks, a pegged currency reducing currency risks, successful Independent Power Producers (IPPs) ensuring stability, and stringent prequalification stages attracting experienced and financially stable bidders.

### Saudi Arabia's Ambitious Initiatives:

- Saudi Arabia is making heavy investments in hydrogen production, with the NEOM Green Hydrogen Project aiming for large-scale daily production by 2026.
- The Kingdom intends to use its developed renewable capacity for both domestic consumption and export .
- Saudi Arabia recognises solar photovoltaic (PV) systems as the most cost-effective power production option.
- It has formed significant partnerships with leading Chinese renewable energy companies undergirded by substantial investments, providing access to advanced technology and financing.
- Saudi Arabia aims to transition from a renewable technology importer to a renewable technology exporter, potentially making the Gulf region a central hub .
- NEOM, a new urban area, will be 100% powered by renewable energy .

While the UAE and Saudi Arabia demonstrate strong leadership, other GCC countries are also participating in the race:

- **Qatar:** Aims to use 20% of its energy through solar power by 2030 and is investing in solar energy projects.
- **Oman:** As part of its Vision 2040, aims to produce 30% of electricity from renewables by 2030 .
- **Bahrain and Kuwait:** While their specific leadership initiatives in renewables are less detailed in the provided excerpts compared to the UAE and Saudi Arabia, they are also part of the broader GCC trend towards economic diversification and exploring renewable energy sources.

The factors contributing to the perceived leadership of the UAE and Saudi Arabia include:

- **Scale of Investment:** Both nations are committing substantial financial resources to renewable energy projects and related technologies.
- **Clear and Ambitious Targets:** They have set well-defined and ambitious goals for renewable energy adoption and production.
- **Innovative and Large-Scale Projects:** Initiatives like the Mohammed Bin Rashid Al Maktoum Solar Park and the NEOM Green Hydrogen Project showcase their commitment to groundbreaking developments.
- **Proactive Government Policies and Strategies:** Their national visions (Vision 2030 and Vision 2050) explicitly prioritise the development of renewable energy sectors.
- **Strategic International Partnerships:** Collaborations, particularly those of Saudi Arabia with China, facilitate technology transfer and investment.

### Conclusion

While the entire GCC region is moving towards renewable energy, the UAE and Saudi Arabia currently stand out as frontrunners in this race for renewable leadership due to their more prominent and ambitious initiatives, supported by significant investments and strategic planning. Their efforts are positioning the entire GCC region as a significant future player in the global renewable energy landscape, as we discussed regarding the region's ambition to become a producer and exporter of renewables.

## Clean Energy Leadership as a Hedge Against Market Irrelevance

### Clean Energy Leadership as a Hedge Against Market Irrelevance

As global energy markets evolve, nations and businesses are increasingly recognising the necessity of transitioning to renewable energy. However, with unpredictable variables influencing supply and demand, the renewables market remains volatile. To maintain leadership in this sector and hedge against economic obsolescence, effective financial strategies—such as hedging—are essential for ensuring long-term stability and competitiveness.

### The Role of Hedging in Renewable Energy Stability

Renewable energy markets, while promising, face challenges that traditional fossil fuel markets have largely avoided. The inherent intermittency of renewable sources like solar and wind creates fluctuations in energy production, making it difficult for producers and investors to maintain stable revenue streams. Unpredictable factors such as weather patterns, geopolitical developments, and policy shifts further contribute to price volatility.

Hedging strategies provide a financial buffer against these fluctuations, offering energy producers and investors a degree of certainty. By securing long-term agreements, such as Power Purchase Agreements (PPAs) or futures contracts, stakeholders can stabilize cash flows and mitigate the risks associated with renewable energy's variability. This financial security ensures that clean energy projects remain viable and attractive to investors, thus safeguarding the sector's growth and global relevance.

### Hedging as a Competitive Advantage

As nations race to lead in the renewable energy transition, hedging mechanisms play a crucial role in determining which players will emerge as frontrunners. Structured financial instruments help renewable energy producers secure predictable revenue, allowing them to reinvest in innovation and infrastructure.

For example, PPAs enable energy buyers and sellers to agree on fixed prices over an extended period, shielding both parties from market fluctuations. Similarly, futures contracts allow stakeholders to lock in energy prices today for future delivery, reducing exposure to unexpected market changes. These tools not only enhance market stability but also position countries and corporations as resilient leaders in the clean energy revolution.

### The Investment Appeal of Stability

One of the key benefits of implementing hedging strategies is the increased attractiveness of renewable energy projects to investors. Financial stability ensures that projects secure necessary funding, reducing risk for lenders and encouraging long-term capital allocation to the sector. Investors are more likely to fund projects that offer predictable returns, leading to sustained growth in renewable energy infrastructure and innovation.

Hedging also fosters improved project financing by enhancing confidence in a project's profitability. Stable revenue streams increase the likelihood of securing additional funding, allowing for continuous expansion and modernisation of renewable energy facilities. This cycle of investment and reinvestment strengthens the position of leading clean energy nations and companies, ensuring they remain at the forefront of the industry.

### Conclusion

In a rapidly changing energy landscape, clean energy leadership requires more than just technological advancements – it demands financial foresight. Hedging strategies provide the stability needed to navigate market volatility, ensuring that renewable energy remains a viable and dominant force in global markets. By leveraging financial mechanisms that mitigate risk and secure investment, energy leaders can hedge against market irrelevance and solidify their position in the sustainable economy of the future. [Source](#)



## Green Hydrogen, Solar Mega-fields, and Battery Innovation

### Green Hydrogen



- The GCC countries are actively involved in the production of green and blue hydrogen as part of their broader energy transition strategies .
- Saudi Arabia is making substantial investments in hydrogen production. The NEOM Green Hydrogen Project is a prime example, aiming to produce 600 metric tons of green hydrogen daily by 2026 .
- Saudi Aramco has also acquired stakes in blue hydrogen ventures, further solidifying its position in the hydrogen market .

These efforts demonstrate the GCC’s commitment to exploring hydrogen as a key component of their future energy mix and a potential export commodity, aligning with their goals to become producers and exporters of renewables.

### Solar Mega-Fields



The GCC region, with its high solar insolation levels, is ideally positioned for solar energy development.

- Solar photovoltaic (PV) systems have emerged as the most cost-effective power production option in the region, surpassing traditional fuel sources .
- The UAE has taken a leading role with 65% of the GCC’s solar PV installed capacity.
- Dubai’s Mohammed Bin Rashid Al Maktoum Solar Park is planned to be the world’s largest single-site solar project with a planned capacity of 5,000MW by 2030 .
- Abu Dhabi has significant solar projects including the Noor Abu Dhabi Solar Project (1.2GW) and planned projects like Al Dhafra (2GW) and Al Ajban (1.5GW)..
- Saudi Arabia is actively harnessing solar power and intends to use its developed renewable capacity for both domestic consumption and export .
- Qatar is also investing in solar energy projects with a target of 20% of its energy coming from solar power by 2030.

These large-scale solar projects, or “mega-fields,” underscore the GCC’s commitment to leveraging their natural advantages to become major producers of solar energy, a key aspect of their race for renewable leadership.

### Battery Innovation/ Energy Storage



- The significant rise in lithium battery shipments to the GCC (26% increase between 2021 and 2022, and nearly doubled in the first three quarters of 2023) demonstrates the region’s growing use of energy storage devices .
- This trend is linked to their long-term sustainability objectives and the increasing adoption of electric mobility options.
- The integration of energy storage with solar installations is identified as a significant opportunity in the UAE energy market .



### Conclusion

The GCC region is making substantial progress in green hydrogen production with ambitious projects like NEOM, deploying large-scale solar mega-fields across various countries with the UAE leading in installed capacity, and increasingly adopting battery storage solutions to support their renewable energy goals and electric mobility initiatives. These efforts are crucial for their transition away from hydrocarbon dependence and their ambition to become global leaders in the renewable energy sector.

## Export Ambitions: Intercontinental Energy Corridors and Power Diplomacy

### China and India Take the Lead

### Asia accounts for 30% of total GCC energy exports

GCC countries are shifting energy export focus towards Asia, with major deals involving China and India as the top buyers of Gulf oil and gas.

### ASEAN and South Korea Rising

### ASEAN and South Korea account for 20% of GCC exports

Regional trade ties are deepening as the GCC diversifies its export markets beyond the West, strengthening energy partnerships across East Asia.

The GCC countries are not only aiming for domestic renewable energy production but also see themselves as future exporters of renewable energy to the world. Saudi Arabia explicitly states its intention to export its renewable energy capacity.

- **Intercontinental Energy Corridors:** The strategic vision that goes beyond regional energy supply included plans for infrastructure and agreements that could facilitate the transfer of renewable energy across continents.
- **Power Diplomacy:** The transition to renewable energy leadership is seen as a way for the GCC to hedge against the obsolescence of oil and maintain its global standing. By becoming significant players in the clean energy sector, they can leverage their resources and infrastructure to exert influence in the global energy landscape, a form of power diplomacy.
- **Strategic Investments and Partnerships:** The GCC's proactive investments in renewable energy technologies and their formation of international partnerships, such as Saudi Arabia's collaboration with Chinese renewable energy companies, can be seen as steps towards realising these export ambitions and building the necessary relationships for future energy diplomacy. These partnerships can provide access to technology, financing, and potentially future export markets.
- **Geopolitical Implications:** Saudi Arabia's focus on becoming a renewable technology exporter could significantly alter global supply chains in the clean energy sector, potentially making the Gulf region a central hub. This shift could give the GCC greater leverage in international energy discussions and strengthen their geopolitical position.
- **Sovereign Wealth Funds as Geopolitical Tools:** The vast Sovereign Wealth Funds (SWFs) of the GCC provide them with significant financial muscle that can be used to invest in renewable energy infrastructure, both domestically and internationally, potentially facilitating the development of intercontinental energy corridors and securing future market access. These SWFs are increasingly looking towards fast-growing economies outside traditional Western markets, including Asia and Africa, which could be potential partners and recipients of future GCC renewable energy exports.

The Gulf Cooperation Council has shifted its energy export focus to Asia, particularly India and China. This is part of a broader shift as GCC members look to expand their geopolitical alliances away from the West. Traditionally reliant on the West for security, leading GCC countries Saudi Arabia and the United Arab Emirates (UAE) are now expanding their geopolitical alliances. The trend is unlikely to slow. If anything, it will probably accelerate. GCC countries seem keen to continue to decrease their reliance on the U.S. dollar for trade transactions and international assets. In parallel, they are

poised to foster closer financial relations with the BRICS nations. These changes present new opportunities as well as potential risks for GCC member states. And the member states of the South Asian Association for Regional Cooperation, which includes India, absorb 15% of total GCC oil and gas exports. Japan accounts for another 15%. The Association of Southeast Asian Nations (ASEAN) and South Korea each absorb around 10 percent of total GCC energy exports. [Source](#)

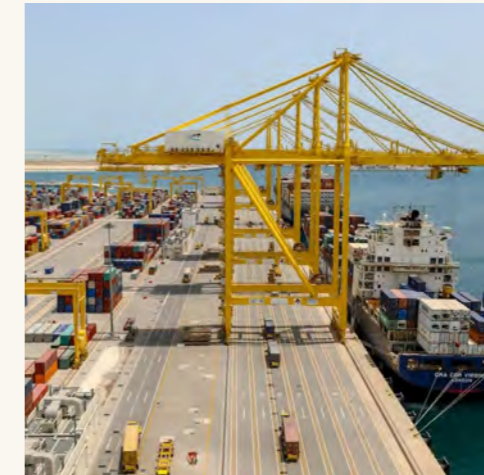
Also, the relationship between Asia's large energy consumers, such as China, and the Gulf states has transitioned gradually from transactional trade to large-scale reciprocal foreign direct investment in conventional fossil fuel assets and renewable energy assets. For example, Saudi Aramco, the world's largest oil exporter, is pursuing refining and chemical deals in Asia to expand its business and secure long-term buyers for its crude. This involves joint ventures in China with oil-refining and petrochemical companies, both private and state-owned, including Huajin Aramco Petrochemical Co., Fujian Refining & Petrochemical Co., and Sinopec. [Source](#)

### Conclusion

The GCC region harbors significant export ambitions in the renewable energy sector, with a strategic vision that includes the development of intercontinental energy corridors. This ambition is closely linked to the concept of power diplomacy, where the GCC aims to leverage its future role as a clean energy provider to maintain and enhance its global influence as the world transitions away from hydrocarbons. Their substantial investments, strategic partnerships, and the sheer scale of their renewable energy projects suggest a serious commitment to realising this vision.



## Infrastructure & Ports – Building the Trade Web



**Hamad Port: Qatar's Maritime Powerhouse**



**Mesaieed Port: Qatar's Industrial Hub**



**Ras Laffan Port: LNG Exporting Giant**

## The GCC is transitioning from the Periphery of Global Trade to a Central Hub in the Global Economy

### The GCC: From the Edge of Global Trade to the Nexus of the Global Economy

The global order is undergoing unprecedented shifts, driven by geopolitical realignments, economic transformations, and the ambitions of emerging powers. The Gulf Cooperation Council (GCC) has become a focal point in this transformation, with Saudi Arabia and the UAE positioning themselves as dynamic players within an increasingly multipolar world. Their ability to balance relationships with the United States—especially under the return of Donald Trump to the White House—while simultaneously deepening strategic and economic ties with Europe raises critical questions: Can these Gulf nations sustain their momentum as the linchpins of a multipolar world? Will their vision for economic diversification and geopolitical assertiveness foster long-term global influence? And how will Europe navigate these developments, balancing energy security needs with new strategic alliances?

### The Evolving Europe-GCC Relationship

For decades, the Europe-GCC relationship has followed a predictable pattern: oil and gas flowing from the Gulf, while Europe provided capital and technology. However, this dynamic is no longer sufficient to describe the growing partnership between the two regions. In response to the Ukraine war and the need to reduce reliance on Russian energy, the GCC has emerged not only as a vital energy supplier but also as a strategic partner in energy security and economic resilience. Countries like the UAE and Qatar have rapidly expanded their LNG exports to European markets, reshaping global energy flows.

Yet, energy is just one aspect of the evolving economic relationship. The GCC, increasingly determined to diversify its economy, is positioning itself as a technology hub, financial centre, and global investment powerhouse. Saudi Arabia's Vision 2030 and the UAE's Centennial Plan 2071 are clear indicators of this shift. These plans have opened doors for deeper collaboration with Europe in sectors like renewable energy, artificial intelligence, and infrastructure. European companies are increasingly viewing the Gulf not just as a market, but as a gateway to Africa and Asia, leveraging its advanced logistics and trade networks.

However, the question remains: Can the GCC and Europe move beyond a transactional relationship to build a deeper strategic alliance? The long-awaited EU-GCC Free Trade Agreement, currently under negotiation for nearly two decades, will be a key test of this. If finalized, this agreement could unlock billions in trade and investment, fostering deeper economic integration. However, lingering issues—such as human rights concerns in Europe and regulatory complexities in the Gulf—continue to slow progress.

### Saudi Arabia and UAE's Strategic Moves in Europe

As Europe and the GCC continue to grow closer, Saudi Arabia and the UAE are employing distinct but complementary strategies to increase their presence on the continent. Saudi Arabia, with its vast oil wealth and ambitious economic transformation plans, has aggressively pursued European investment in its megaprojects, including the US\$500 billion NEOM smart city and growing tourism and entertainment sectors. High-level delegations between Saudi and European officials have intensified, resulting in over €10 billion in deals in 2024 alone, particularly in renewable energy and infrastructure.

Meanwhile, the UAE is using its position as a global financial hub to embed itself more deeply into Europe's economic fabric. Through its sovereign wealth fund, Mubadala, Abu Dhabi has made significant investments in key European industries, including a €1.4 billion stake in Siemens Healthineers and multi-billion-dollar projects in London's real estate market. Additionally, Dubai's DP World has expanded its operations in major European ports, solidifying its role as a critical player in global trade logistics. These actions are not just about profit—they are about influence, positioning the UAE as an indispensable partner in Europe's economic future.

However, these expanding investments could face scrutiny. European regulators are increasingly focused on foreign investments, particularly those linked to authoritarian regimes. As Saudi Arabia and the UAE seek deeper economic integration with Europe, they may face not only boardroom negotiations but also political challenges in Brussels, where concerns about energy dependence, security, and governance are growing.

### The Impact of Trump's Return on US - GCC - Europe Relations

The return of Donald Trump to the White House has introduced a new layer of uncertainty in global geopolitics, with implications for both the GCC and Europe. Trump's speech at the 2025 World Economic Forum in Davos signaled a shift towards an "America First" approach, putting pressure on oil-producing nations—especially Saudi Arabia—to lower oil prices and take a more active role in resolving global crises, such as the Ukraine war. This rhetoric suggests a potential realignment in the long-standing US - Saudi partnership.

For the Gulf states, Trump's re-election is both an opportunity and a challenge. While they are familiar with his leadership style—having secured lucrative deals during his first term—the unpredictability of his policies could create tensions, particularly if he demands greater energy concessions or challenges the growing Gulf ties with China and Russia.

Europe faces its own dilemma. As Trump seeks to reduce U.S. involvement in the Middle East, will Europe be forced to take on more responsibility for regional security? The GCC, recognising this shift, has already increased its engagement with European defence initiatives, including joint military exercises and counter-terrorism collaborations. Should Trump follow through on his pledge to scale back U.S. involvement in NATO and global security, Europe may have little choice but to rely more heavily on the GCC for stability in key regions.

## The economic Trajectory of Europe - GCC Cooperation

The economic prospects for Europe - GCC cooperation are promising, with bilateral trade expected to surpass €200 billion by 2030. This growth is driven by Europe's increasing demand for Gulf energy, alongside the GCC's strategic investments in European technology, infrastructure, and healthcare. With sovereign wealth funds in the Gulf managing assets worth over US\$3.5 trillion, substantial portions of this capital are expected to flow into European markets, further integrating the two economies.

Beyond trade and investment, tourism plays a pivotal role. The GCC represents one of the largest outbound travel markets for Europe, with annual spending exceeding US\$60 billion. From luxury shopping in Paris to medical tourism in Switzerland, Gulf tourists are essential in supporting Europe's hospitality and retail sectors. This cultural exchange is indicative of a broader, evolving relationship between the regions, transcending business dealings and political summits.

### Conclusion: The GCC at the Heart of a Multipolar World

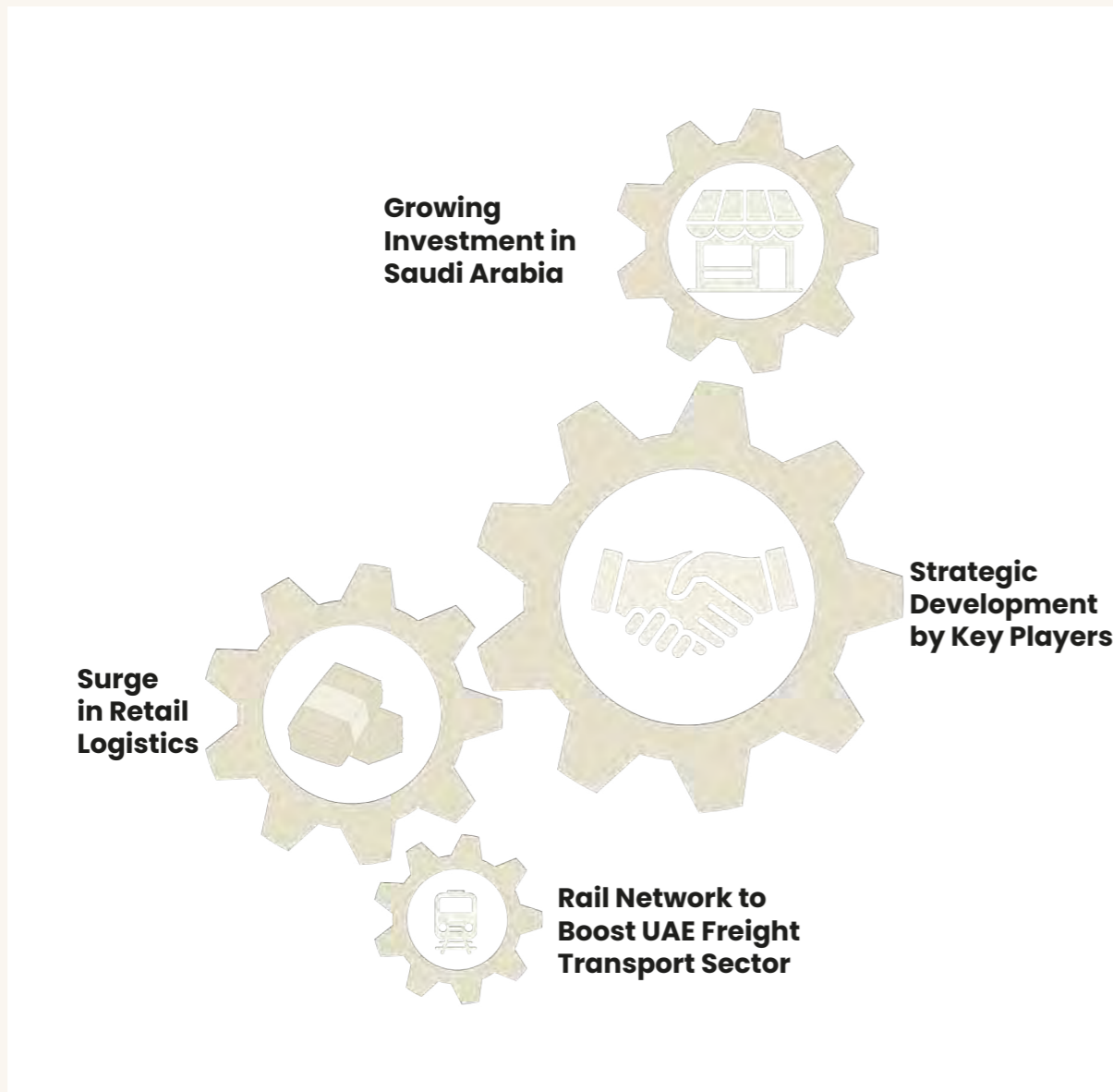
The global order is no longer defined by a single dominant power but by a complex web of alliances and competing interests. In this new reality, the GCC, led by Saudi Arabia and the UAE, is carving out a role far beyond its traditional oil-exporting identity. By strengthening ties with both Europe and the U.S., while simultaneously expanding influence in Asia and Africa, the Gulf is positioning itself as a key player in the multipolar world of the 21st century.

Critical questions persist. Will Europe and the GCC overcome political and regulatory obstacles to form a lasting economic alliance? Can Saudi Arabia and the UAE navigate their relationships with the U.S., Europe, and rising powers like China without jeopardizing their positions? And, most importantly, will the Gulf's vision of global influence materialize into tangible, long-term leadership? These questions will shape not only the future of the Middle East but the trajectory of global geopolitics in the decades to come. [Source](#)



## From Smart Ports and Automated Customs to Green Shipping Corridors and High-speed Rail, Gulf States are investing in Logistics Infrastructure that connects Asia, Africa, and Europe.

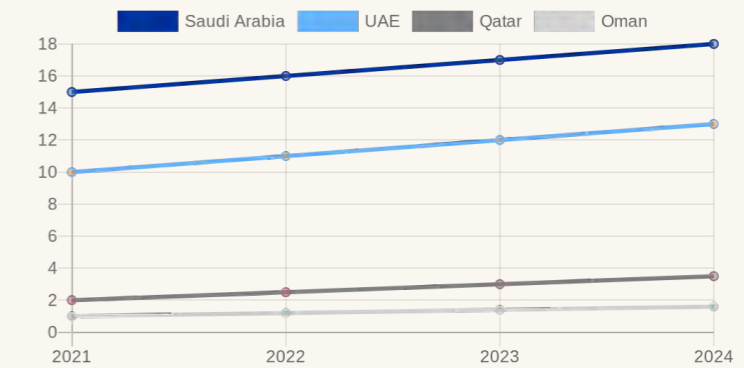
The GCC logistics sector is transforming rapidly as strategic investments in ports, airports, rail connectivity, and logistics zones converge with government-led reforms and digital innovations. This evolution in the GCC logistics sector is not only bolstering the region's role as a critical global trade hub but also driving efficiency and sustainability across supply chains. With multimodal infrastructure projects accelerating from 2021 through 2024, the sector is poised to unlock significant economic value and resilience amid changing trade dynamics.



## Massive Logistics Upgrades and Policy Initiatives

The GCC region is in the midst of a logistics infrastructure revolution, driven by both government vision and commercial demand to make the Gulf a premier trade hub. With its strategic location connecting East-West trade routes, the GCC has always had geographic advantage – now it's doubling down with heavy investment and policy reforms.

**Logistics Investments in the GCC Region from 2021 to 2024 in billion USD**



## GCC National Logistics Strategies

Saudi Arabia launched a National Transport and Logistics Strategy in mid-2021, aiming to position the Kingdom among the world's top 10 logistics hubs by 2030. This entails increasing port capacities, expanding airports, and developing at least 59 logistics zones. In 2023, Saudi officials highlighted progress: customs processes have been overhauled (import clearance times cut from a week to mere hours via the "Fasah" single window platform, and dozens of regulations have been updated to streamline licensing and operations in shipping, warehousing and trucking. The UAE, for its part, has a long-established edge with Jebel Ali Port and Dubai as a re-export hub, but it's not resting – Dubai launched a 2040 Urban Master Plan with significant logistics and port components, and Abu Dhabi is expanding Khalifa Port and its freezone (KEZAD). Smaller states are also active: Oman is marketing its ports (Salalah, Duqm, Sohar) as alternatives that avoid the Strait of Hormuz choke point, and investing in road and rail links to GCC neighbors.

## Railway Connectivity

After years of talk, a trans-GCC railway is finally materializing. By 2023, the UAE had completed its national railway (Etihad Rail) linking the major emirates, and in September 2022 UAE and Oman inked a US\$3 billion partnership to connect via rail (Sohar Port to Abu Dhabi). Saudi Arabia has its own rail ambitions – the long-discussed Saudi land bridge (linking Red Sea coast to Gulf coast by rail) and connectivity to Jordan and potentially to the UAE via Al Ghwaifat. If these rail links are completed by later this decade, they will revolutionize freight movement, offering faster land routes for goods within the region and beyond.

## Aviation Expansion

Governments are also heavily investing in airports and airlines to boost connectivity. According to Fitch, GCC air traffic could double by 2030 based on current expansion plans. Saudi Arabia announced an entirely new airport for Riyadh (King Salman International, to eventually handle 120 million passengers/year) and launched a new flagship carrier Riyadh Air in 2023, ordering 39 Boeing 787s with options for 33 more. The plan is to turn Riyadh into a major airline hub complementing Jeddah’s focus on religious travel. The UAE’s Dubai World Central (DWC) airport is set for expansion again, and Abu Dhabi opened its long-awaited Midfield Terminal at AUH in late 2023, boosting capacity. Qatar, fresh off a successful World Cup, expanded Hamad International with a stunning indoor garden terminal. Meanwhile, Bahrain upgraded its airport in 2021, and Oman opened a new Muscat airport in 2018 and is now expanding Salalah airport.

## Free Trade Zones and Trade Agreements

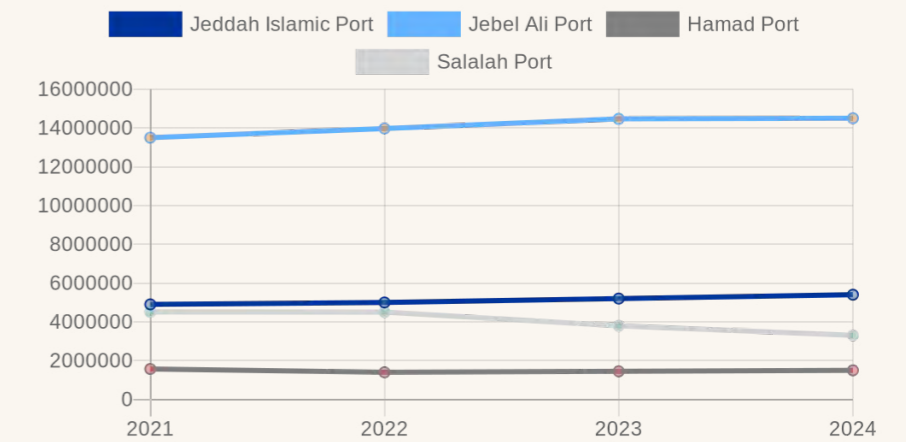
Policy-wise, free zones remain central to GCC logistics sector strategy – there’s a proliferation of new special economic zones offering tax and duty exemptions (like Saudi’s integrated logistics zones near airports, and Oman’s free zones by ports). The GCC as a bloc is also negotiating trade agreements (e.g. GCC-UK FTA under discussion, UAE signed CEPAs with India, Indonesia, Turkey in 2022/23) which will increase trade flows. Perhaps most noteworthy, a multinational initiative announced at the G20 in 2023 plans to create an India–Middle East–Europe Economic Corridor, with India–UAE–Saudi rail and sea links to Europe. This grand corridor, if executed, would funnel a huge volume of trade through GCC nodes, firmly integrating the region into global supply chains and elevating its logistics importance

## Infrastructure Investment and Modernisation

### Ports

The Gulf’s ports are a lynchpin, handling not only regional import/export but also significant transshipment. Massive upgrades are underway: Saudi Arabia invested SAR 7 billion (US\$1.9 billion) in 2023 to upgrade Dammam’s King Abdulaziz Port, and is expanding Jeddah Islamic Port’s container capacity (in partnership with DP World and others). Seven new shipping services were launched from Saudi ports in early 2023 linking to 43 international ports, including direct routes connecting the kingdom with India, East Africa, and the Mediterranean. This diversification of shipping lines reduces dependence on any single route and integrates Saudi more deeply in global networks. The UAE’s Jebel Ali continues to rank among the world’s top ten ports, and Abu Dhabi’s Khalifa Port is adding new terminals (COSCO’s terminal, and another for CMA-CGM) to raise capacity. Oman’s Duqm Port, still in ramp-up, got investments from Gulf and Asian partners to serve as an industrial and transit port (including plans to link to the GCC rail network). Qatar’s Hamad Port (opened 2017) ramped up to handle over 2 million TEU and is positioned as a regional transshipment centre with specialized terminals (livestock, coast guard base, etc.).

## Port Throughput in GCC Region from 2021 to 2024 in TEUs



## Integrated Logistics Parks

Each country is developing logistics parks to capitalize on these port and airport expansions. For example, Saudi’s Logistics Parks around Riyadh and Jeddah, the UAE’s JAFZA and Dubai South (by DWC airport), Bahrain’s Logistics Zone adjacent to Khalifa Bin Salman Port, and Qatar’s new logistics zones near Hamad Port. These parks offer state-of-the-art warehouses, cold storage, and distribution facilities, often with 3PL (third-party logistics) providers on-site. The goal is end-to-end solutions: a company can bring goods through a GCC port, do light manufacturing or assembly in a freezone, then re-export efficiently.

## Customs and Process Reforms

Hardware aside, GCC states have digitized and simplified trade processes significantly. The “Fasah” single-window in Saudi cut clearance times to 2 hours on average in 2022 from 7–12 days a few years prior. UAE’s “Dubai Trade” portal similarly integrates all port, customs, and trade financing services online. Gulf countries are also implementing Authorized Economic Operator (AEO) programmes (trusted trader schemes) to expedite clearance for accredited companies. Also notable is increasing GCC customs cooperation – they are working on a unified transit system so that a truck crossing multiple GCC borders doesn’t face repetitive checks, which will be critical once rail and road connectivity intensifies. These soft infrastructure improvements are as important as the physical expansions in boosting logistics efficiency. [Source](#)

## Adaptation by GCC Logistics Companies

### Global and Local Players

The GCC logistics sector features both global heavyweights and emerging local champions. DP World (Dubai Ports) has evolved from managing Jebel Ali to running a global portfolio of ports – but at home, it’s innovating with automation and expanding Jebel Ali into a multi-modal hub (port + the nearby Al Maktoum airport + logistics zone). Saudi Arabia’s Bahri (the National Shipping Company) historically focused on oil tankers, but it expanded into general cargo and even launched its first container shipping line recently, aligning with Saudi’s aim to capture more of its container trade. Major 3PL firms like DHL, Aramex, Agility, and UPS have invested in larger facilities in the Gulf to support e-commerce growth. Aramex (a Dubai-founded company) has restructured to focus on its core express and freight services and is adopting new tech like drones and electric delivery vans for last-mile in Dubai. On the air cargo side, Emirates SkyCargo and Qatar Airways Cargo rank among the world’s top cargo airlines and have been adding freighter aircraft and routes to leverage the surge in e-commerce and time-sensitive shipments. Notably, Riyadh Air is expected to have a dedicated cargo arm, and Saudia Cargo (the incumbent) is expanding, so competition in air freight will heat up too.



Sultan Ahmed bin Sulayem – Group Chairman & CEO of DP World



Fadi Ghandour – Founder of Aramex

### Technology Adoption

The GCC Logistics sector companies are heavily adopting technology to improve visibility and efficiency. Many are implementing AI for route optimization (especially trucking routes to avoid congestion at borders) and warehouse automation (robots sorting parcels in Amazon and Noon fulfillment centres in Dubai/Riyadh). Blockchain pilots are being run for trade finance and documentation (Dubai’s TradeLens blockchain, jointly with Maersk and IBM, has been trialed to digitize Bills of Lading). The use of IoT sensors for cold chain monitoring is rising, critical for vaccine and food imports in the Gulf’s climate.



Maersk Dubai Warehouse



Trukker Founder – Gaurav Biswas

### Strategic Shifts

Recognising the need for integrated offerings, freight forwarders and carriers are offering end-to-end solutions in the GCC logistics sector. For example, Maersk set up its own 100k sqm warehouse in Dubai in 2023 to offer integrated ocean+warehouse solutions. Companies are also expanding regionally – e.g. UAE’s Tristar Group (fuel logistics) expanded into Oman and Kuwait. And with new opportunities like the India-Middle East corridor, logistics firms are forming alliances: Indian Railways and DP World might partner on land logistics to connect to Gulf ports, etc.

### Startups and New Entrants

A dynamic development is the emergence of logistics tech startups – e.g. Saudi’s Trukker (an “Uber for trucks” digital platform) has grown across GCC and beyond, providing freight matching services. Last-mile delivery startups like Nana Direct (groceries) or Fetchr (parcels) have seen mixed success, but the trend is clear: the sector is ripe for disruption by tech-enabled models, and incumbents are either acquiring or launching similar apps. For instance, Aramex invested in last-mile startup MyUS to enhance its cross-border e-commerce capabilities. [Source](#)



Noon Fulfillment Centre

## Risks in GCC Logistics Sector

### Global Trade Fluctuations

The GCC logistics sector is tied to global trade health. If worldwide trade volumes dip (due to recession or protectionism), Gulf ports and carriers could see slower growth or excess capacity. On the horizon, some uncertainty stems from geopolitics – the war in Ukraine shifted some trade flows (more oil going East, grains needing new routes), and the outcome of conflicts can change demand for Gulf logistics. A positive resolution (as AGBI speculates, an end to conflicts could reopen routes via Syria/Lebanon) would benefit Gulf trade via the Levant, whereas escalation in other areas could divert more trade around the Cape of Good Hope (bypassing Suez/Gulf).

### Regional Competition & Overcapacity

All GCC countries want to be logistics hubs – but can the region support multiple mega-hubs simultaneously? There’s potential overcapacity if, say, Jeddah, Dubai, and Doha all expand container terminals aggressively beyond what the region and hinterland can fill. Already, some observers note “competition due to continued new retail space” in real estate – similarly, too many port or airport expansions could lead to price competition and underutilisation. GCC governments will need to balance national pride projects with realistic demand.

### Security of Trade Routes

The Gulf’s trade arteries are generally safe, but incidents like the occasional Houthi attacks on ships in the Red Sea (as seen in past years) or mines in regional waters pose risks. The Strait of Hormuz is a chokepoint that Iran could threaten in conflict scenarios, which is why Oman’s ports and the UAE’s Fujairah (outside Hormuz) are strategic. The new Red Sea naval alliance and regional diplomacy are aimed at mitigating these threats, but logistics planners always have to have contingencies for route disruptions (e.g. diversions around the Cape of Good Hope which increase transit time).

### Talent and Know-How

Operating advanced logistics infrastructure requires skilled manpower – port crane operators, supply chain managers, pilots, etc. There’s a talent gap in specialized areas like maritime engineering and railway operations, since some GCC states have never had extensive rail networks before. They’ll rely on international expertise initially, but must develop local human capital to sustain operations.

### Environmental Regulations

Internationally, shipping is facing stricter environmental rules (IMO low-sulfur fuel requirements, future carbon taxes on shipping). GCC ports and ship operators will need to adapt (e.g. providing cleaner fuels like LNG bunkering at ports). Also, an increased environmental consciousness could affect air freight (pressure to reduce carbon footprint might shift some volume from air to sea or sea-rail combos). Gulf logistics providers should stay ahead by adopting green initiatives (like electric port vehicles, green warehouses) to meet the sustainability expectations of global clients. [Source](#)



Strait of Hormuz shipping lane map



Jeddah port



UAE maritime academy students



Electric delivery truck in Dubai

## Opportunities in GCC Logistics Sector

### E-commerce and Last Mile

The e-commerce market in MENA is expected to exceed \$50 billion by mid-decade, and GCC is the biggest chunk. The surge in online shopping (especially post-pandemic) is a boon for warehousing, fulfillment, and last-mile delivery services. Companies can invest in automated fulfillment centres and urban delivery networks. Same-day delivery is becoming a norm in UAE and Saudi cities – expanding these capabilities (using decentralized micro-warehouses closer to customers) is an opportunity in the GCC logistics sector.

### Multimodal Logistics and Value-Added Services

With rail coming, the concept of multimodal transport (seamlessly moving goods from ship to rail to truck) becomes feasible. Firms that can integrate these modes will offer faster, cheaper transport. For instance, a container from India could land in Dubai and go by rail to Dammam, then truck to Kuwait – a seamless service offering that previously would require multiple handovers. Additionally, providing value-added services in free zones (assembly, packaging, labeling) can attract manufacturers to use GCC as a distribution centre. A Chinese electronics company, for example, could ship bulk to Dubai, do final kitting and software loading in a freezone, then distribute regionally – capturing that business is an opportunity for those who offer such integrated logistics solutions in the GCC logistics sector.

### Regional and South-South Trade

The GCC logistics sector can capitalize on growing trade lanes, not just East-West but South-South (e.g. between Asia and Africa, using GCC as a stop). Ports like Jeddah and Salalah are well placed for transshipment into East Africa. Already Chinese exporters are trialing “hybrid sea-air” routes that ship goods to Gulf hubs then airlift to Europe, to cut costs and avoid disruptions like Suez closures. Developing these hybrid logistics solutions can make GCC providers indispensable in global supply chains.

### Logistics Tech and Innovation

The confluence of tech and logistics (LogTech) is a nascent but growing field locally. Autonomous trucks in controlled routes (perhaps within large ports or between certain logistics zones) could reduce costs – trials could happen in the UAE’s empty desert highways or within NEOM’s tech-friendly environment. Drone deliveries in less congested Gulf cities are plausible – Dubai has tested them for medical deliveries. Companies that innovate in these areas could set industry standards.

### Humanitarian and Niche Logistics

The GCC’s strategic spot also allows it to be a hub for humanitarian logistics (Dubai’s International Humanitarian City is already a base for UN relief stockpiles, enabling quick response to crises in Africa or Asia). This not only is good CSR but also brings business in storage and charter flights. Another niche is cold chain (for pharma, perishables) – by building advanced cold storage and certified handling processes, Gulf hubs can capture more of the high-value pharmaceutical transit market between Europe and Asia (Qatar and UAE are eyeing this). [Source](#)

### Strategic Imperatives for GCC Logistics Sector Leaders

- Capitalize on Infrastructure** – Fill the Capacity: With billions invested in shiny new ports, airports, and rail, the imperative for operators is to drive volume through these assets. That means aggressively courting shipping lines, airlines, and logistics customers with attractive rates and services. Form alliances: e.g. a port might partner with a major shipping line to make it their regional hub, guaranteeing certain throughput. Similarly, airlines and airports can strike deals (like Emirates and Dubai have symbiotically grown). If you operate a new rail or logistics zone, actively integrate with customers’ supply chains – offer seamless end-to-end solutions (customs clearance, last-mile delivery) so using your facilities is a one-stop proposition. Essentially, focus on customer acquisition to prevent underutilisation of capacity. Market the GCC’s stability and efficiency as an alternative to congested or risky nodes elsewhere.
- Streamline and Digitize Operations:** Efficiency is a key differentiator in logistics. Leaders should continue streamlining processes via digitalization. Aim for fully paperless trade – build on single-window systems to incorporate blockchain for bills of lading, IoT for real-time tracking of containers, AI for dynamic rerouting of shipments during disruptions. By cutting transit times and increasing reliability, GCC logistics can stand out. For example, Saudi reduced import documents from 12 to 2 – keep pushing such simplifications region-wide. Internally, invest in warehouse automation and port machinery upgrades (e.g. remote-controlled gantry cranes, automated guided vehicles in ports) to increase throughput per hour. A data-driven approach (using analytics on port dwell times, truck turnaround, etc.) can identify bottlenecks to attack. Remember, shippers will choose routes that are faster, cheaper, and predictable – make your operations epitomize those qualities.
- Develop Multimodal Expertise:** Think beyond single modes. True logistics powerhouses manage the interplay of sea, air, and land. With rail coming into play, ensure your company or port is ready to offer integrated services. If you’re an airport operator, consider partnerships with shipping companies to feed cargo into your freighters (sea-air). If a port, maybe operate an inland dry port connected by rail to extend your reach. Breaking silos between modes will be key. Customers increasingly want a single contract to move goods door-to-door across modes – provide that. For instance, a logistics firm could offer to take a container from the Shanghai factory, move by sea to Jebel Ali, transfer by rail to Riyadh, and truck to the final Saudi destination, all under one bill. That’s powerful. It may require acquiring or partnering with companies in other modes (e.g. a port operator partnering with a rail operator). Those who achieve true multimodal integration first will capture market share and loyalty.



DP World Launches UAE's First Green Storage And Warehouse Facilities

- Embrace Sustainability and Resilience:** Global clients are pushing logistics providers on carbon footprint. Proactively green your operations: invest in electric or hydrogen port equipment, optimise routes to minimize fuel use, and even explore alternative fuels (like offering LNG bunkering for ships or SAF – sustainable aviation fuel – for airplanes). By doing so, you not only appeal to environmentally conscious customers but also preempt future regulations. Also, build resilience – recent years taught the world about supply chain shocks (pandemics, Suez blockage). Develop contingency plans: e.g. maintain some spare capacity to handle sudden surges, diversified sourcing of critical parts for your operations, and coordinate with the government on security (so that in crises, you can keep operating). Highlighting a robust business continuity plan can be a selling point to customers choosing a hub for their distribution.
- Invest in People and Partnerships:** As with other sectors, the human element is crucial. Train the next generation of logistics professionals. With new tech like cranes and automated systems, ensure your workforce is upskilled. Partner with educational institutes to start courses in supply chain management, port operations, and rail logistics. Having skilled people will maintain service quality. Moreover, don't shy from public-private partnerships: many logistics improvements (like cross-border trade systems, rail networks) involve the government. Engage with policymakers to shape sensible regulations and to coordinate development (e.g. aligning port customs hours with rail schedules). The more the private sector and government collaborate, the smoother the overall logistics ecosystem. This also includes cooperation among GCC countries – push for the full implementation of the GCC Customs Union and unified standards, which will directly benefit your business. A collaborative approach, both internally (with staff) and externally (with governments and even competitors for standards), will help the region achieve the vision of being a top logistics hub. [Source](#)

## GCC Region Macro-Economic Factors Impacting the Sector

## GCC Region Macro-Economic Factors Impacting the Sector

	Global Rating
<b>Government</b>	The GCC countries have heavily invested in transport and logistics infrastructure, including ports, airports, rail, and roads. Key projects include Saudi Arabia's King Fahad Airport, Dubai's Logistics Corridor, and Kuwait's Sheikh Jaber Al-Ahmad Al-Sabah Causeway. Saudi Arabia aims to grow its logistics market to SR 57.4 billion (US\$15.31 billion) by 2030.
<b>Economic</b>	The GCC economy is highly dependent on oil revenues, and oil price fluctuations affect government spending and infrastructure investment. Economic growth and diversification efforts drive demand in the transport and logistics sector. Higher GDP growth stimulates trade and investment.
<b>Social</b>	The region has a large expat population with diverse cultural backgrounds and transport needs. Retail turnover is increasing due to rising prices and consumer spending. The GCC retail sector is projected to grow by 15.7% YoY, generating US\$296.8 billion in revenue in 2022, driven by tourism recovery and economic diversification.
<b>Technological</b>	The rise of e-commerce has transformed retail in the GCC. The UAE leads the e-commerce market with sales of US\$3.9 billion in 2020 (10% of total retail sales). Internet and mobile penetration in the UAE is expected to reach nearly 100% by 2025, as per the Dubai Chamber of Commerce.
<b>Environmental</b>	Stricter regulations on carbon emissions and sustainability are pushing logistics firms to adopt eco-friendly practices and invest in green technology. Extreme weather and desert conditions challenge logistics operations, especially for temperature-sensitive goods and infrastructure maintenance.
<b>Legal</b>	Trade policies, tariffs, and customs regulations impact the transport and logistics sector. The UAE imposes import duties based on product type, origin, and trade agreements. Saudi Arabia applies a standard external tariff of at least 5% on imports from non-GCC countries.



GWC, Transport and Logistics

## Trade is not just a Function of Geography — it’s a Function of Investment, and the Gulf is Investing big

### Supplier Diversification Rising

**43% of GCC firms are diversifying suppliers**

Firms in the region are actively reducing reliance on single markets to manage geopolitical risks and ensure supply chain resilience.

### Regionalisation Accelerates

**34% of executives are regionalising**

Compared to 22% globally, more GCC firms are sourcing from nearby countries to lower transport costs and avoid disruptions.

### Reshoring Gathers Momentum

**23% of firms are reshoring operations**

As part of Vision 2030 goals, companies are shifting production closer to home to enhance control and supply chain agility.

*The Gulf Cooperation Council (GCC) enters 2025 grappling with heightened geopolitical conflicts, shifting trade routes and an ongoing push for economic diversification. Amid these challenges, some countries in the region could play a critical role in global trade as geopolitically non-aligned partners. By leveraging its non-aligned position and deepening existing trade ties, the GCC can mitigate economic risks while bolstering its economic growth. However, achieving this balance is fraught with structural challenges that could hamper the region’s long-term success.*

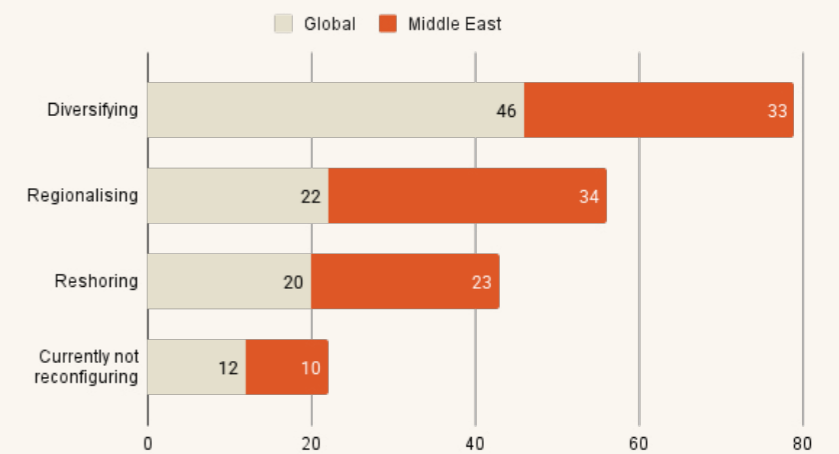
Recent conflicts, including the Israel-Hamas war and attacks on Red Sea trade routes, have disrupted supply chains. The Red Sea crisis, in particular, has increased shipping costs and delayed transit times as shipments are rerouted around the African continent. High costs are a major concern for executives in the region: 44% stated that high inflation was the top source of pessimism for the global trade outlook over the next two years—a significantly higher rate than the global average of 33%. Sandeep Sharma, the director of group procurement at Alamar Foods (the operator for Domino’s Pizza in the Middle East and North Africa), emphasises the need for agility and decentralisation in decision-making, given the unpredictability of global supply chains.

In response to escalating conflicts in the region, 43% of the GCC firms we surveyed are diversifying their supplier sources. This aligns with another finding from our survey: GCC firms show a stronger preference for working with more suppliers than firms in other regions (81% of GCC companies vs 75% globally). “There was a time when supplier loyalty was a big thing,” says Mr Sharma, “but in today’s scenario, I’d want to cluster my supply chain in terms of the geopolitical situation. If I’ve got one supplier in the US, I want another supplier in Europe.” He points to a growing reliance on new suppliers from the GCC and South Asia, mainly by firms based in India, Pakistan and Egypt. However, expanding supplier bases often comes with challenges, particularly in markets where corporate governance is less robust. These include some emerging markets where regulations are still developing or are inconsistently applied, to politically unstable regions and those with large informal economies. “So [expanding your supplier base] depends upon how many relationships you can manage properly,” Mr Sharma adds.

As GCC firms expand their supplier bases they are sourcing new suppliers from within the region. About 34% of executives in the GCC are regionalising, compared with 22% globally. This is motivated by a desire to reduce transport and logistics costs (33%) and times (31%). These factors have become increasingly important amid escalating regional conflicts and their impact

on the Suez Canal—a critical gateway for imports from Europe in particular. However, regionalisation may also present risks, such as over-dependence on nearby markets that might be vulnerable to political or economic instability. The ongoing crises in the region, such as the Israel-Hamas war and disruptions to Red Sea trade routes, underscore how quickly local conflicts can escalate and affect neighbouring economies. This interconnectivity increases the vulnerability of regional supply chains, where even minor disruptions can ripple through multiple markets, amplifying risks for businesses that are reliant on such networks.

### How firms are reconfiguring their supply chains

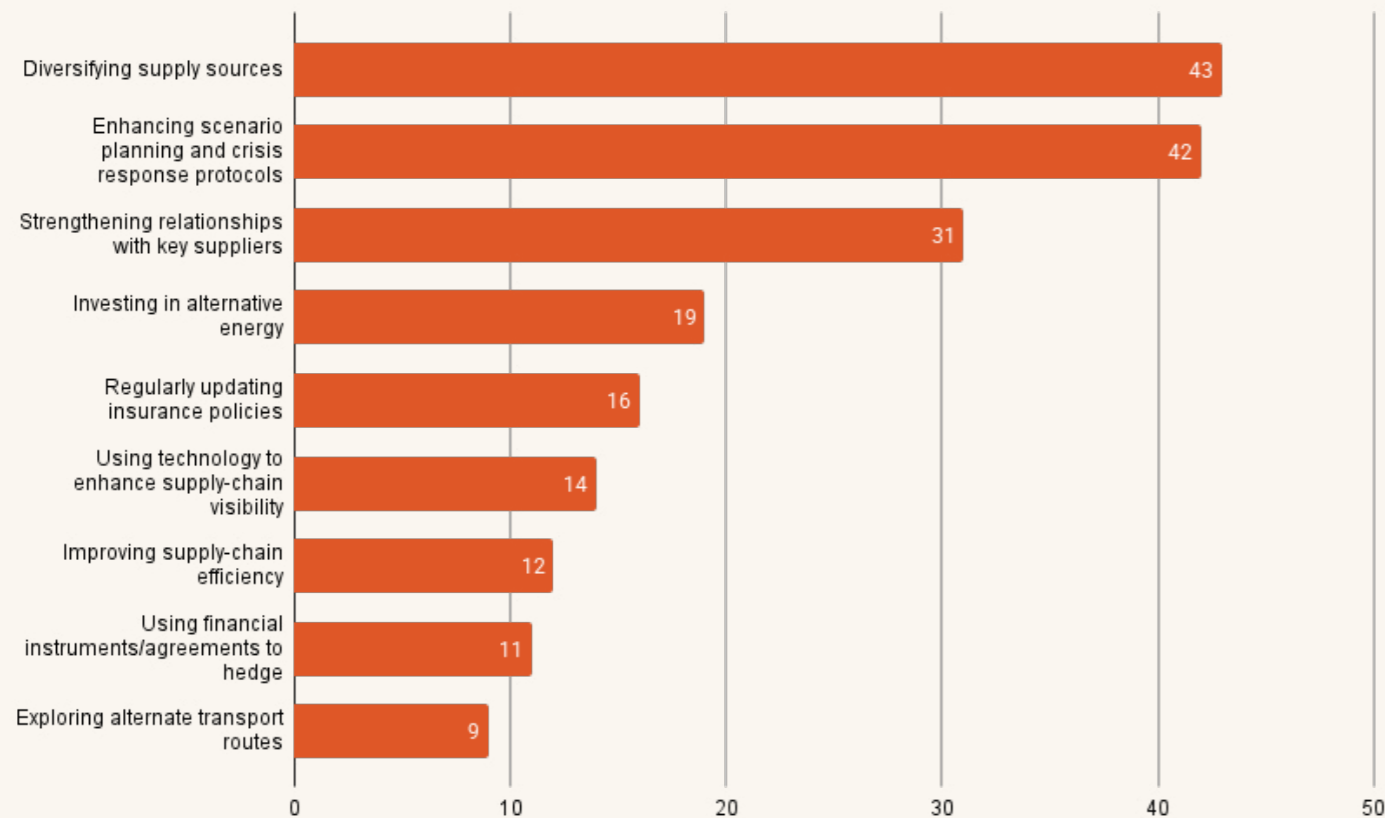


About 23% of executives in the region are reshoring. Efforts to localise sourcing are part of Vision 2030 initiatives, according to Asif Salam, professor of marketing and supply-chain management at King Abdulaziz University in Saudi Arabia. “Instead of depending on offshore suppliers, they’re trying to [regionalise] supply chains to mitigate disruptions and achieve resilience,” he says. “[For instance] in car manufacturing, they are focusing on assembly now, but eventually they will try to in-shore or near-shore the rest of the supply chain.” However, as Mr Salam notes, Saudi Arabia has recently implemented a policy that requires multinationals to move their headquarters or regional office into the country as a part of requirements to operate locally. Companies that fail to comply will be barred from operating in the Kingdom, losing access to a key regional market.

### The non-aligned Advantage

The United Arab Emirates (UAE) and Saudi Arabia stand out as “non-aligned” hubs amid growing global polarisation. By maintaining their neutrality and engaging with both Western and Eastern blocs, they facilitate critical supply-chain links. GCC executives we surveyed recognised the benefits of staying neutral, citing attracting foreign direct investment (FDI) (42%) and the potential for export growth with members of both blocs (37%) as the main motivations for this.[Source](#)

### How can GCC countries leverage their non-aligned stance?



The region’s neutral status also presents an opportunity to establish favourable free-trade agreements (FTAs), according to 36% of executives. FTAs offer stable frameworks for business operations, boosting investor confidence and deepening economic ties. The UAE began establishing bilateral FTAs as part of its Comprehensive Economic Partnership Agreements (CEPA) strategy. Among the most recent is its FTA with Australia, signed in November 2024, which eliminates tariffs on over 99% of Australian exports to the UAE, including key agricultural products.<sup>2</sup> This agreement is expected to enhance bilateral trade and investment, particularly in sectors such as critical minerals and clean energy. A similar agreement signed with Vietnam in October is expected to facilitate greater market access and economic co-operation. Saudi Arabia has been involved in FTA negotiations with the UK, New Zealand and Indonesia through the GCC. Strengthening the GCC bloc as a whole could boost each country’s negotiating power in these agreements.

However, the dynamics of the GCC bloc are being tested. It was emerging as the most effective regional co-operative organisation in the Arab world after establishing projects like the customs union and common market. But Saudi Arabia’s implementation of import restrictions in 2021 posed questions about the objectives of the GCC customs union, which include eliminating tariff and non-tariff barriers to facilitate intra-GCC trade. The current economic strategies of Saudi Arabia and the UAE may further test alignment within the trade bloc.<sup>4</sup> Differing economic priorities along with concerns about maintaining balanced leadership within the

regional bloc have slowed deeper integration. As such, the GCC’s ongoing FTA negotiations with other nations such as China, Japan and the UK may face hurdles. Diverging priorities between the two nations may hinder the region’s capacity to regionalise supply chains.

In order for the UAE and Saudi Arabia to cement their positions as trade hubs, executives believe that strategic partnerships with international companies are fundamental. Established home-grown businesses are looking to expand overseas while regional governments are attracting FDI to diversify their economies. The UAE’s non-oil trade surged by 14.4% year-on-year in 2023, and Saudi Arabia’s Vision 2030 programme continues to channel investments into manufacturing, tourism and logistics.<sup>6</sup> Robust global trade networks will remain crucial to the success of these economic diversification and growth initiatives. Economic stability and growth was the top source of optimism for the global trade outlook for 39% of the GCC executives we surveyed.

Digitalisation is also streamlining trade. Over the past few years, Abu Dhabi and Dubai have accelerated the development of their digital single windows which has reduced processing times significantly. Such institutional efforts will complement corporate technology integration and enable data-driven supply-chain management. “Real-time visibility and AI-driven predictive analytics allow for optimised decision-making, from inventory to customer demand forecasting,” explains Mr Sharma. As both Saudi Arabia and the UAE continue to drive economic transformation, competition between the two countries will increase.

The GCC countries’ trade strategies reflect a blend of resilience, adaptability and ambition. The UAE and Saudi Arabia’s non-aligned stance, in particular, has positioned them as pivotal hubs for trade and investment. Resilience lies in balancing economic interests and geopolitical neutrality—a lesson the GCC is teaching the world. However, as conflicts and rivalries in the region intensify, they risk spilling into neighbouring countries, threatening to stifle regional interconnectivity and thereby reducing the region’s attractiveness as a supply-chain hub. [Source](#)

## GCC as a Logistics Bridge across Asia, Africa, and Europe

Enhancing trade  
mobility

**The UAE has emerged as a leading transshipment hub in global logistics, offering world-class ports and advanced infrastructure.**

The GCC is central to global trade, linking Asia, Europe, and Africa. With a strategic location & advanced logistics, it's a key player in global commerce.

Cross border logistics are all about moving goods across international borders encompassing various stages such as transportation, warehousing, customs clearance and distribution. For it to be effective, cross-border logistics are crucial for global trade, requiring an understanding of international regulations, customs procedures, and efficient coordination between multiple stakeholders.

Challenges of cross border logistics are customs clearances at the borders, differing regulations without notice, and documentation needs. They require accurate labelling, compliance with global trade laws, proper customs inspections, and payments of taxes, duties, and potential delays at borders during festivals and peak season.

However, technology and innovation streamline operations through automated tracking, real-time data analytics, blockchain for transparent supply chains, and digital platforms for seamless communication, reducing errors, route optimisation all of which enhances decision-making in logistics and supply chain management.

Sustainable cross-border logistics involve using eco-friendly packaging, optimising routes to reduce emissions, employing electric or low-emission vehicles, collaborating with green-certified partners, implementing carbon offset programmes, and leveraging technology for efficient, resource-saving operations.

**Robust infrastructure plays a pivotal role in transshipment logistics**

The region boasts a robust infrastructure, including advanced ports, free zones, warehouses, roads, and transport assets. However, one of the challenges is the clearance processes within the GCC, which, although improved, still requires attention. The regulations and visa requirements add a layer of complexity to operations.

We minimise costs by understanding the export and import regulations of destination countries and planning routes to leverage free zones and official facilities. This approach helps us avoid tariffs and double duty payments.

Advancements in online workflows within regional government entities, such as customs, have streamlined the clearance process. Improved tracking technologies play a significant role in ensuring shipment safety and optimising lead times, thereby enhancing efficiency. These measures help minimise wasted space and reduce idle time for trucks, contributing to efficient operations.

[Source](#)

GCC Countries are working to enhance their transport infrastructure for public transport, implementing the concept of

shared mobility, promoting soft modes of transport and others. To improve these transportation modes, GCC countries are implementing digital technologies which are helping to move towards sustainable mobility.

Within GCC, UAE is developing its public transportation means and has set a target of 2040 named as "Dubai 2040 Urban Master Plan". Under this strategy, country has planned to upgrade urban areas of Dubai, efficiently utilisation of resources, increasing green and leisure areas extension of public beaches, providing healthy environment to residents and travelers and to promote sustainable mobility concept with aim of 20-minute city where residents can reach their destinations within a 20-minute timeframe on foot or by bicycle. [Source](#)

The UAE, particularly Dubai, has emerged as a leading transshipment hub in global logistics. Positioned strategically between Asia, Europe, and Africa, the UAE offers unparalleled connectivity through its world-class ports like Jebel Ali and major airports such as Dubai International and Al Maktoum International. These facilities are equipped with advanced infrastructure, technology, and a robust legal framework, making the UAE an ideal hub for re-exporting goods to neighbouring regions.

Enhanced global connectivity, efficient gains, increased trade volumes and, importantly, advanced port infrastructure contribute significantly for the emergence as a transshipment hub for cross-border logistics, hence the advantage for the UAE is its two key ports Jebel Ali in Dubai and Khalifa port in Abu Dhabi, which are considered the most advanced in the world. The numerous free zones integration offers businesses a range of incentives, such as tax exemptions, full foreign ownership and streamlined customs processes play a pivotal role for cross border logistics. Another key factor is location, as in the UAE both free zones are in proximity to major ports and airports, which is an edge for the goods to be easily imported, processed and re-exported without significant regulatory barriers. Digitalisation holds an important role in today's operations.

Since the UAE has invested in digital solutions to enhance cross-border logistics with various platforms such as Dubai Trade, it provides a single window for both trade and logistics services to simplify customs clearance and other cross-border procedures. Blockchain technology and digital trade corridors streamline operations, reduce delays and ensure transparency in transshipment processes.

The UAE is not only one of the busiest hubs but also most efficient transshipment hubs globally offering its varied facilities such as storage, advanced cargo handling technologies and their commitment to integrate environmentally friendly practices.

The UAE continues to diversify its strategies prioritising the development of logistics and transportation sectors, hence its

*Advancing trade logistics*

**More than 60% of investments are directed towards expanding existing ports and developing automated logistics hubs.**

2030 UAE National logistics strategy propel further the country's logistics capabilities, attract more foreign investment and enhance its efficiencies of cross-border logistics. [Source](#)

Saudi Arabia has also outlined its vision 2030 which focuses on safe, sustainable and resilient transportation infrastructure. Riyadh is KSA's capital and financial hub has implemented smart city initiatives to help in achieving Saudi Arabia's Vision 2030. The 176 km Metro project in the city is equipped with automatic electrification, Wi-Fi services, LED lighting, and surveillance cameras. Furthermore, a central traffic monitoring and control system was installed to provide sustainable management solutions for high traffic volume often experienced in the city.

Similarly, Qatar has also made a strategy for Qatar National vision 2030 within which the country has considered improvement of public transportation as one of the major objectives. The investment in transportation infrastructure has already been started in the country during the preparation of FIFA World Cup 2022. The sea and air ports are enlarging their handling capacity, in terms of passengers and cargo. A clear focus on sustainability to improve urban transport connections have shifted focus to bus and rail transit which has proved important for the country with the rising tourism sector.

Following other GCC countries, Kuwait is also developing its transport infrastructure with a budget of US\$16.3 billion for a 15 years plan. This plan includes key projects related to the development of road transportation and rail transportation within the country.

Bahrain has planned infrastructure development worth over US\$134 billion. In all 22 projects are planned, of which eight will be for road works, and a further six for general construction.

Bahrain, as a part of development strategy, is working to construct a wide metro network with the help of public-private partnerships. As a part of development strategy, Oman has planned to develop itself as a major logistics hub by the end of 2040. The country has 7 commercial ports, focused by the government to increase logistics and warehousing activities. Apart from logistics, the country also emphasizes development of roads with the help of public private partnership. Oman has an ongoing drive to expand its bus and private taxi systems.

Since the GCC countries are centrally located in the global circulation of commodities, their advantageous location has become an extremely important trade route, especially between Asia and Europe. Therefore, heavy investments in transport infrastructure, including ports, airports, railways, and roads, are being made. More than 60% of investments are directed towards expanding the existing ports and constructing the automated ports, as well as developing a wider logistics network, special economic zones, freight railway schemes, etc.

Logistics industry has gained momentum in the GCC countries with increasing cross-border activities, partnerships, and warehousing activities. GCC countries are located in the middle of

Europe and Asian countries due to which, for the logistics industry, GCC countries hold special positions which can be witnessed with the logistics index ranking of GCC countries such as UAE, Qatar, Bahrain and others.

Infrastructure poses a major challenge as well as a vital opportunity for GCC countries. According to the World Bank, GCC countries must invest 5% of their GDP in infrastructure development. Various governments have initiated several road transportation projects, and many projects are in the pipeline to develop roads, highways, and bridges. GCC countries are also among the major economies poised to become the major economies by 2030 for energy and trade.

With the advantage of cordial relations, GCC countries can generate intra-GCC trade opportunities by boosting the e-commerce sector through cross-borders across MENA. Technology implementation is another major factor creating potential opportunities for GCC countries. Digitization and automation are transforming the Middle East region, as GCC countries have started streamlining their road transport and air freights with technologies such as Big Data, analytics, and on-demand mobility to improve operational efficiencies and reduce operational risk and cost up to 70%.

The GCC countries are the potential market as a trade hub. With the lucrative policies and trade agreements, GCC is making itself an opportunistic market for global trade organisations. GCC countries are also entering into free trade agreements to cooperate with each other in economic growth. [Source](#)



## GCC Free Trade Agreements

Agreement Name	Parties Involved	Scope
Free Trade Agreement between the Gulf Cooperation Council (GCC) and the European Free Trade Association (EFTA)	GCC & EFTA (Switzerland, Norway, Iceland, Liechtenstein)	Free trade agreement covering goods, services, and investment
Free Trade Zone Agreement between the UAE and Morocco	UAE & Morocco	Establishment of a free trade zone
GCC-Singapore Free Trade Agreement (GSFTA)	GCC & Singapore	Trade liberalization in goods, services, and investment
Malaysian Trade Cooperation Commission Agreement	Malaysia & Gulf Countries	Trade cooperation and facilitation
Arab Framework Agreement for the Liberalization of Trade in Services between Arab Countries	League of Arab States	Liberalization of trade in services within the Arab region
Agreement to Facilitate and Develop Trade between Arab Countries	League of Arab States	Promotion of intra-Arab trade
Free Trade Zone Agreement between the UAE and Sudan	UAE & Sudan	Establishment of a free trade zone
Declaration of the Greater Arab Free Trade Area (GAFTA)	League of Arab States	Regional trade liberalization initiative
Free Trade Zone Agreement between the UAE and Iraq	UAE & Iraq	Establishment of a free trade zone
Greater Arab Free Trade Area Agreement (GAFTA)	League of Arab States	Tariff reductions and trade facilitation within Arab countries
Free Trade Zone Agreement between the UAE and Lebanon	UAE & Lebanon	Establishment of a free trade zone
Agreement on Trade in Services between Arab Countries	League of Arab States	Promotion of trade in services among Arab nations
Free Trade Agreement between Oman and the United States	Oman & USA	Bilateral free trade agreement covering goods, services, and investment
Free Trade Agreement between Bahrain and the United States	Bahrain & USA	Bilateral free trade agreement covering goods, services, and investment

### Geo-political volatility impacts trade flow, costs, transportation

There are two major cross-border challenges in the GCC region. First, are the changes in customs rules leading to congestion, demurrages, and fees. Second, is the geo-political volatility in neighbouring countries, impacting trade flow and the transportation market. We are always alert and abide by all customs processes and requirements, including any new developments, to avoid delays and extra costs.

A global ground and rail sustainability roadmap being developed, thus supporting sustainability objectives across sub-regions and giving due consideration to the local market conditions. UAE is a proven transshipment hub for GCC and the MEA region. It offers easy ocean, air, and ground transport linkage, along with stable macroeconomic and legal conditions. [Source](#)



## Smart Ports, Maritime Green Corridors, and Integrated Digital Infrastructure

### Smart Ports: A Centre of Technological Innovations



The Gulf Cooperation Council (GCC) nations, specifically the United Arab Emirates (UAE) and the Kingdom of Saudi Arabia (KSA), are leading the way in revolutionizing trade facilitation by creating advanced ports known as smart ports. These countries are using cutting-edge technologies to improve the effectiveness, safety, and environmental friendliness of their maritime and logistics industries, thereby reshaping the idea of trade empowerment in the Middle East.

The UAE and KSA are witnessing the emergence of intelligent ports as the focal points of technology advancements. These ports use a variety of state-of-the-art technologies including:

- **Artificial Intelligence (AI) and Machine Learning** are used to improve operational efficiency, enable proactive maintenance, and facilitate intelligent decision-making through predictive analytics.
- **The Internet of Things (IoT)** allows for the real-time monitoring and management of cargo, equipment, and environmental conditions. This enables the optimization of resource allocation and reduces downtime.
- **Blockchain Technology** guarantees transparency, security, and efficiency in documenting and processing transactions, significantly minimizing the likelihood of errors and fraudulent activities.
- **Automated and Robotic Systems**, such as automated cranes and self-driving cars, are used for container handling. These systems minimize the need for human involvement and enhance efficiency and precision.

The combination of these technologies is revolutionizing conventional port operations, making them more efficient, rapid, and eco-friendly.

UAE and KSA are at the forefront of the Gulf Cooperation Council (GCC) area in terms of their ambitious smart port efforts.

- **UAE's Smart Port Ambitions:** The UAE, specifically Dubai, is incorporating advanced technologies such as blockchain-based logistics, AI-driven traffic management systems, and IoT for real-time monitoring in its flagship Jebel Ali Port. This integration of digital solutions establishes a high standard for smart port operations.
- **KSA's Vision 2030 and Port Modernisation:** The topic of discussion is the relationship between Saudi Arabia's Vision 2030 and the modernisation of its ports. Saudi Arabia is swiftly modernizing ports such as King Abdullah Port with advanced digital technologies in line with its Vision 2030. The objective is to establish itself as a global logistics hub that connects three continents.

### Impact on Trade and Economy

The adoption of smart ports in the Gulf Cooperation Council (GCC), spearheaded by the UAE and KSA, is expected to significantly influence regional trade and economics.

- **Increased efficiency and decreased expenses:** The implementation of automation and digitization results in quicker processing times and reduced operational costs, hence enhancing the competitiveness of GCC ports worldwide.
- **Boosting Trade and Investment:** The modernized ports provide appealing opportunities for international investors and businesses, promoting trade partnerships and facilitating economic growth.
- **Sustainability and Environmental Conservation:** Smart ports provide a substantial contribution to reducing carbon emissions and promoting sustainable practices, which is in line with the GCC's commitment to environmental responsibility.

### Challenges and Future Prospects

Although the progress towards achieving fully functional smart ports is gradual, it is not devoid of obstacles. Relevant concerns include cybersecurity, substantial upfront costs, and the requirement for proficient staff. Nevertheless, the Gulf Cooperation Council (GCC) nations, particularly the United Arab Emirates (UAE) and the Kingdom of Saudi Arabia (KSA), are proactively tackling these difficulties by implementing strong regulations, engaging in international partnerships, and consistently fostering innovation.

The GCC's focus on the construction of intelligent ports, especially in the UAE and KSA, is not only aimed at improving their trading capacities but also represents a significant advancement towards a future where technology and sustainability work together to create a more interconnected and efficient world. As these countries persist in allocating resources and introducing latest ideas, their harbours are poised to serve as models for the intelligent harbours of the future, stimulating economic expansion and establishing novel benchmarks in worldwide marine commerce.

### The Strategic Location and Geopolitical Significance of a Place.

The important geographic location of the United Arab Emirates (UAE) and Kingdom of Saudi Arabia (KSA) within the Gulf Cooperation Council (GCC) enhances the significance of their intelligent port efforts. These countries are strategically located at the intersection of important global trade routes, making them vital hubs connecting the East and West. The establishment of intelligent ports in these areas not only improves their own trading

### Shaping the future of port operations

## The UAE and KSA are leading the development of smart ports, driving innovation, safety, and environmental sustainability.

capacities but also plays a crucial role in the global network of supply chains. These smart ports enhance the stability and efficiency of international trade by permitting seamless and streamlined transportation of commodities.

### Advancements in Port Logistics and Operations

The advancements in port logistics and operations are vast and diverse:

- **Digital Twin Technology:** By employing virtual versions of tangible assets and operational processes, ports in the UAE and KSA may mimic and enhance port operations, resulting in improved resource management and operational planning.
- **Sustainable Operations:** These intelligent ports prioritise sustainability by integrating renewable energy sources, such as solar and wind power, to minimize their impact on the environment. Waste management and water conservation technology are essential components of their environmentally friendly projects.
- **Advanced Security Measures:** The ports use advanced security measures by harnessing the power of Artificial Intelligence (AI) and Internet of Things (IoT) technologies. These measures are implemented to protect against potential threats and maintain the security and efficiency of cargo handling and port operations.

### Promoting Economic Diversification and Fostering Job Creation

A crucial element of the advancement of smart ports is their significant contribution to the expansion of economic variety and the generation of employment opportunities. The transition towards technology-driven port operations is generating a need for a proficient workforce, encompassing IT professionals, engineers, and logistics specialists. This aligns with the overarching objectives of the GCC countries to achieve economic diversification, shifting away from reliance on oil towards a more diversified and resilient economy. Moreover, the intelligent ports serve as catalysts for the advancement of associated sectors, including logistics, shipping, and trade, thereby fostering employment generation and economic expansion.

### Cooperative Efforts and Alliances

International collaborations and partnerships have played a crucial role in facilitating the effective implementation of smart port projects in the UAE and KSA. These nations have collaborated with prominent technological giants, port operators, and logistics firms to include superior methodologies and state-of-the-art technologies. These collaborations not only contribute technical competence but also facilitate knowledge sharing and cultivate an environment of innovation.

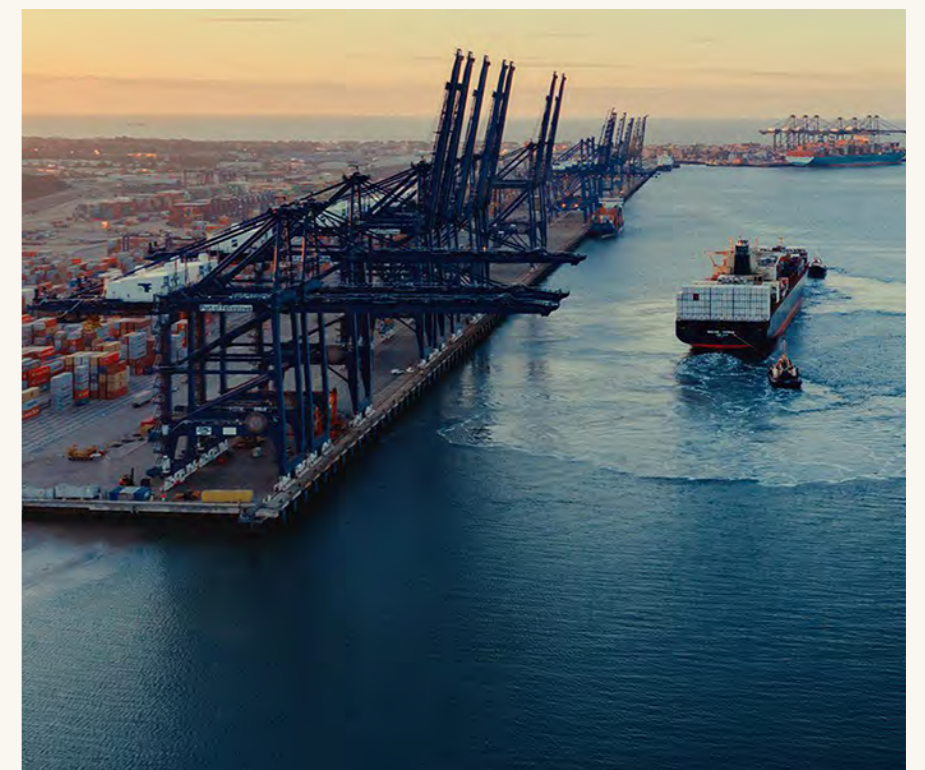
### The Function of Government Policies and Initiatives

The significant impact of government policies and activities in this environment cannot be exaggerated. The governments of both the UAE and KSA have played a crucial role in facilitating the establishment of smart ports by providing the required legislative framework, financial incentives, and infrastructural support. The UAE's Artificial Intelligence Strategy 2050 and Saudi Arabia's National Industrial Development and Logistics Programme (NIDLP) demonstrate their dedication to using technology for economic progress.

### The Path Forward

In recent years, increasingly stringent environmental regulation has emerged, configuring a changing competitive environment for different operators in the maritime transport value chain, including shipowners, shipping companies and ports. The advancement in technologies will help in a sustainable future through reduced traffic congestions and ports, reducing waste through digital simulations, improved workers safety and other use of data analytics technologies towards the goal in the GCC region.

The future of smart ports in the GCC, specifically in the UAE and KSA, is brimming with promising prospects and potential. With the ongoing progress of technology, there is a possibility for further incorporation of innovative solutions like 5G connectivity, improved robots, and more refined AI algorithms. These developments will bolster the effectiveness, safety, and environmental friendliness of port operations, solidifying the GCC countries' status as frontrunners in the field of intelligent and sustainable port development. [Source](#)



## Maritime Green Corridors

Global trade is growing, and shipping accounts for 80% of it. The shipping industry emits around 3% of all global greenhouse emissions; in terms of CO2 emissions alone, it is estimated that 1 billion metric tonnes are emitted annually. Therefore, intervention is critical to prevent emissions from increasing.

To help achieve this, the International Maritime Organisation has set a target to reduce emissions by at least 50% by 2050. This requires innovation, investment, and infrastructure, all of which are essential for activating this monumental change, and in the shipping industry collectively reducing emissions by 2050.

It is estimated that 5% of shipping will need to be operating on zero-emission fuels by 2030 to help reach the 2050 target. Green shipping corridors have been identified as a key component to this by creating an environment that facilitates cross sector partnerships and stakeholders, this will help drive policy change, generate innovation, and stimulate the next phase of developments.

Private operators and public authorities are likely to find it difficult and costly to deviate from today's norm. Therefore, collaboration is needed with all stakeholders, across the entire value chain, for this to be achieved. These stakeholders include governments and authorities, port and ship operators, freight companies and local communities living near or around ports.

Green shipping corridors will be key to supporting decarbonisation of the shipping industry, bringing benefits to a wide range of stakeholders from ship and port operators to consumers and local communities. These include crucial environmental benefits such as increased biodiversity and a cleaner marine environment, as well as economic savings from reduced running costs and shorter anchorage times. These benefits can be achieved by using technology and automation.

Technological advancements will allow for more accurate arrival times, improved operational efficiency and greater productivity through 'Just-in-Time' arrivals. This, in turn, will reduce the carbon footprint of goods and help fulfil national emission reduction targets.

### Components of Green Shipping

Key areas of focus for green shipping routes include:

- **Fuel** (zero-emissions fuels, including renewable energy for electric vessels)
- **Ports** (infrastructure development to support fuel storage and bunkering)
- **Ships** (technological development)
- **Voyage optimisation** (including Just in Time arrivals, port optimisation and advanced vessel dynamics)

The focus on certain components will vary depending on the scenario; not all features are necessary to create a green shipping route. For example, fuel, ports, and ships are essential for zero emissions, whereas voyage optimization can help reduce fuel use but is not essential to achieve zero-emissions.

### How can marine geospatial data support decarbonisation efforts?

Marine geospatial data provides owners and mariners with a comprehensive view of the marine environment. This data can prove invaluable for planning, monitoring and optimising performance. For example, timely data on surface currents, water levels and bathymetry can enable vessels to be more efficiently laden to maximum capacity for the destinations they visit and allow accurate and extended voyage time for port entry, exit and loading.

By harnessing the power of a wealth of marine geospatial data, the UKHO is supporting a range of initiatives to support voyage optimisation, promote a more sustainable maritime industry and to help achieve our shared decarbonisation goals for global shipping.

## Maritime Green Corridors

The Transcontinental "Green Corridors" project is an ambitious initiative designed to connect India, the Middle East, and Europe through advanced transport, energy, and communication networks. This paper examines the project's strategic importance, economic impact, and the critical role played by Saudi Arabia. It also highlights the need for international collaboration to maximize the project's potential.

### Structure of the Green Corridors

The project consists of two key corridors:

- **Eastern Corridor:** Links India to the Arabian Gulf region.
- **Northern Corridor:** Connects the Arabian Gulf region with Europe.

These corridors will facilitate the seamless movement of goods, energy, and data, fostering deeper economic relationships between participating countries.

### Key Components of the Economic Corridor

#### Integrated Transport Infrastructure

- Development of a seamless network of railways and ports between India, Saudi Arabia, and Europe
- Aimed at creating efficient supply chains and logistics for global trade

### Green Hydrogen Production

- Saudi Arabia is set to become a major producer of green hydrogen.
- A 600-ton-per-day green hydrogen plant in NEOM is expected to be operational by 2026.

### Advanced Communication Infrastructure

- A new undersea cable will be constructed to enhance data transmission.
- Essential for strengthening the digital economy across the corridor.

### Saudi Arabia’s Leadership and Investment

Saudi Arabia has taken a leading role in the project, with major initiatives and investments, including:

- National Strategy for Transport and Logistics (launched in 2021).
- US\$15 billion investment in information infrastructure.
- US\$18 billion investment in data centres.
- Ranked 21st globally in submarine cable infrastructure in 2021.
- Pioneering green hydrogen production by 2026.

### Strengthening Logistics and Energy Infrastructure

- The project will revolutionize logistics by enhancing transportation networks and boosting trade efficiency.
- The COVID-19 pandemic highlighted the critical role of logistics in economic resilience and growth.
- Investing in transport infrastructure is essential to fortify economies against future disruptions.

### Renewable Energy and Private Sector Opportunities

- The shift towardss renewable energy within the Economic Corridor opens up significant investment opportunities for the private sector.
- The initiative will promote sustainability, economic feasibility, and global cooperation.

### International Collabouration and Trade Expansion

- The project is expected to increase trade, attract investment, and promote regional economic integration.
- Countries involved: India, the Middle East, Europe, and potentially the United States.

### Energy Security and Digital Economy Impact

The project will enhance energy security by facilitating the efficient transport of oil, natural gas, clean hydrogen, and renewable energy. The fiber optic networks will further drive the digital economy, ensuring uninterrupted data transmission and connectivity.

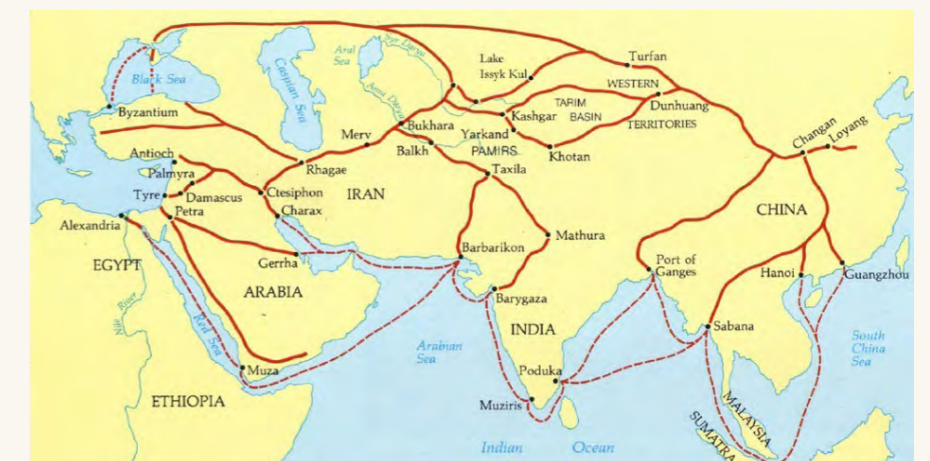
### “Green Corridors” vs. The Silk Roads: A Comparative Analysis

While the ancient Silk Roads played a historic role in connecting Asia, the Middle East, and Europe through trade, the Green Corridors are designed for the modern world, with a focus on:

#### Green Corridors vs. ancient Silk Roads

Silk Roads	Green Corridors
<b>Ancient trade routes shaping global commerce.</b>	Modern infrastructure boosting global trade.
<b>Focused on goods exchange, culture, and ideas.</b>	Prioritises sustainability, digital trade, and green energy.
<b>Traditional transport routes (caravans, ships).</b>	High-tech connectivity via rail, ports, and digital networks.

The Green Corridors project is not just about trade—it is a vision for the future, aligning with global sustainability goals. [Source](#)



## The Integrated Digital Infrastructure

As regional economies invest heavily in logistics modernisation to solidify their status as global trade hubs, advanced technologies such as smart warehousing, blockchain, and last-mile delivery solutions are becoming essential components of a rapidly evolving digital ecosystem.

- **Smart Warehousing and IoT-Driven Supply Chains:** One of the most impactful innovations reshaping logistics in the GCC is the adoption of smart warehousing technologies. Automated storage and retrieval systems, IoT-enabled sensors, and AI-powered predictive analytics are streamlining inventory management and optimising resource utilisation. These technologies allow real-time monitoring of warehouse conditions, ensuring that sensitive goods such as pharmaceuticals and perishable food items remain in ideal conditions. Leading trade hubs, including Dubai South and King Abdullah Economic City, have already implemented these solutions to improve efficiency, reduce costs, and minimize environmental impact. Additionally, AI-driven analytics play a crucial role in demand forecasting, helping businesses prevent stockouts and overstocking while optimising warehouse space.
- **Blockchain for Transparent and Secure Trade Operations:** Blockchain technology is another cornerstone of the GCC's digital logistics transformation, enhancing transparency and security in supply chain management. As a decentralized and tamper-proof ledger, blockchain enables real-time tracking of shipments across multiple stakeholders, reducing fraud, delays, and inefficiencies. This technology is particularly valuable in high-volume trade hubs such as Jebel Ali Port in Dubai and King Abdulaziz Port in Saudi Arabia, where it is being leveraged to digitize documentation processes, streamline customs clearance, and ensure regulatory compliance. For industries that require high traceability, such as pharmaceuticals and electronics, blockchain's ability to provide end-to-end visibility enhances trust and efficiency across global supply chains.
- **Last-Mile Delivery Solutions for the E-Commerce Boom:** The rapid growth of e-commerce in the GCC has created significant demand for last-mile delivery solutions, prompting logistics providers to integrate AI-driven route optimization, autonomous delivery vehicles, and smart lockers into their operations. Companies are increasingly adopting electric delivery fleets and exploring drone deliveries to tackle urban congestion and reduce environmental footprints. Strategically located last-mile logistics hubs near urban centres are further enhancing delivery speed and efficiency, ensuring that consumers receive their orders faster while minimizing fuel consumption and operational costs..

The integration of digital infrastructure in the GCC's logistics sector is revolutionizing trade, making supply chains more efficient, resilient, and sustainable. As governments and private enterprises continue to invest in these advancements, the region is well-positioned to solidify its role as a leading global logistics hub. However, to fully unlock the potential of these technologies, a concerted effort is required to develop a skilled workforce and foster strategic international collaborations. [Source](#)



## Dominating the Platforms Driving Trade, Data, and Energy Flow

*By controlling these platforms, GCC nations aim to cement their position as global trade and energy hubs, reducing dependency on external systems while fostering economic growth. We have already discussed all the projects listed below.*

### Physical Logistics Platforms – Infrastructure that moves Goods

#### Smart Ports & Free Trade Zones

- Examples: Jebel Ali Port (Dubai), King Abdulaziz Port (Saudi Arabia), Khalifa Port (Abu Dhabi).
- These ports leverage automation, blockchain, and AI for seamless cargo handling.

#### Integrated Rail & Road Networks

- Examples: Etihad Rail (UAE), GCC Railway Project.
- These large-scale rail projects aim to improve regional trade connectivity.

#### Smart Warehousing & Distribution Centres

- Examples: Dubai South, King Abdullah Economic City (Saudi Arabia).
- Utilizing IoT, AI, and robotics to streamline supply chains.

### Digital Platforms – Systems that move data

#### Blockchain & Trade Digitalization

- Examples: Dubai Trade Portal, TradeLens (Maersk-backed blockchain initiative in Jebel Ali Port).
- Ensuring transparent, secure, and efficient digital transactions.

#### AI-Powered Logistics Management Systems

- Examples: DP World’s CARGOES, Aramex’s AI-driven supply chain optimization.
- Enhancing predictive analytics, fleet management, and demand forecasting.

### Energy Transport Platforms – Infrastructure that moves energy

#### Green Hydrogen & Renewable Energy Supply Chains

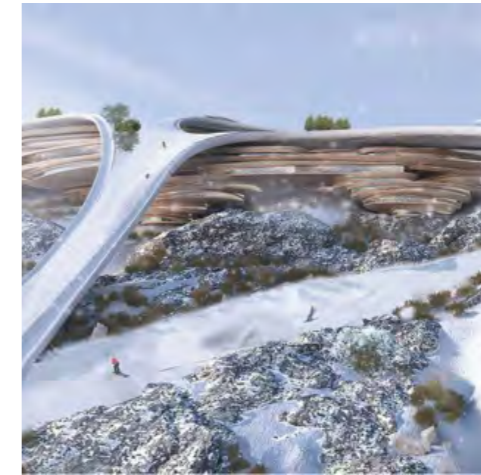
- Examples: NEOM’s Green Hydrogen Project (Saudi Arabia), Masdar’s Clean Energy Initiatives (UAE).
- Driving the transition to sustainable logistics with hydrogen-powered transportation.

#### Oil & Gas Pipeline Networks

- Examples: Saudi Aramco’s pipeline infrastructure, UAE’s ADNOC energy logistics.
- Ensuring energy security and efficient transport of hydrocarbons.



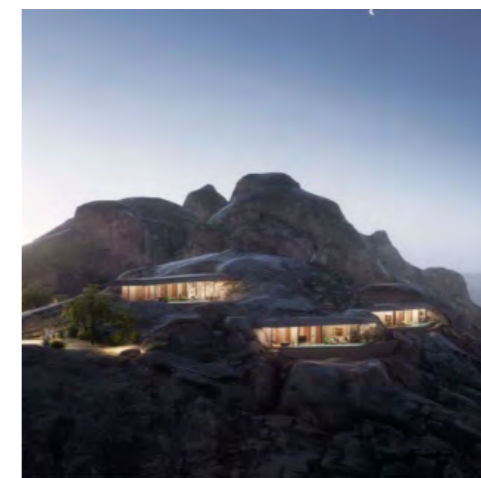
## Vision Built – Megaprojects Reshaping the Gulf



**Trojena,  
Mountain  
tourism and  
winter sports  
hub.**



**The floating  
city of  
Oxagon**



**Desert Rock  
Resort**

## NEOM, The Line, Lusail, Masdar City, Duqm: Gulf's Metropolis Manifest



*Urban Futures Taking Shape*

### **From NEOM to Masdar: Cities of Tomorrow**

Across the Gulf, new cities are redefining urban living — blending innovation, sustainability, and ambition to chart a future beyond oil dependency.



Masdar City has up to \$1bn of projects at design phase

### **NEOM and Masdar City**



Across the Arabian Peninsula, megaprojects like NEOM, Masdar City, Lusail, The Line, and Duqm are rising not just as urban developments, but as declarations of national ambition. These cities are architectural statements, reimagining what urban life can look like in the 21st century — technologically advanced, environmentally responsive, and globally symbolic.

In the UAE and Saudi Arabia, Masdar City and NEOM stand as bold experiments in sustainable urbanism and futuristic design. Masdar began as the Gulf's pioneering zero-carbon city, a blueprint for life beyond oil, while NEOM's sprawling \$500 billion vision amplifies this ambition to sci-fi levels, complete with flying taxis and AI-driven systems.

Though still in development, these projects embody the Gulf's drive to brand itself as a leader in innovation, climate adaptation, and post-oil futures. Their significance extends beyond architecture — they are testbeds for new technologies, platforms for international influence, and rallying points for national identity.

The success and setbacks of Masdar and NEOM underscore the delicate balance between visionary ambition and practical urban realities. These cities remind us that building the future isn't just about scale — it's about sustainability, inclusivity, and adaptability in the face of climate and societal change. [Source](#)



Utopian-like “linear” city powered by 100% clean energy

*Strategic Place-Making*

**Saudi Arabia’s \$800 Billion Line – Architecture as a National Strategy**

Despite uncertainties, NEOM developments like The Line, Oxagon, and Trojena symbolize Saudi Arabia’s ambition to drive tourism, investment, and economic transformation beyond oil.

**The Line: Saudi Arabia’s Century-Long Statement of Futurism**



The Line, perhaps the most audacious element of Saudi Arabia’s NEOM megaproject, is fast becoming the most talked-about urban vision in the world – not for what it is today, but for what it claims to be in the next hundred years. Originally unveiled as a 170-kilometer-long linear city for 9 million residents, The Line now represents the extremes of Gulf urban ambition: visionary in scope, but uncertain in execution.

At the 2025 World Economic Forum in Davos, NEOM’s leadership quietly redefined the project’s timeline. Rather than being fully realised by 2045, The Line is now expected to unfold over the next century – a multi-generational project meant to rival the scale of New York or London, carved into the sands of northwest Saudi Arabia. Only 2.4 kilometers are expected to be completed by 2030, with early population targets significantly scaled down.

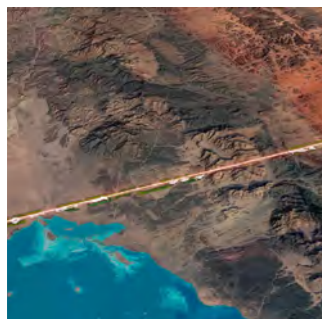
Still, Saudi officials remain unwavering in their messaging: The Line is a centrepiece of Vision 2030, a rebranding of the Kingdom into a hub for innovation, tourism, and tech. It is not just a city but a symbol – one that speaks to a nation trying to leap from oil dependency into a high-tech future.

Yet, the project has not been free of controversy. Questions over its feasibility, fiscal sustainability, and human rights impact – including the reported displacement of local communities – have cast a long shadow over the utopian renderings. As excavation begins and vertical construction looms, The Line embodies both the potential and the paradox of the Gulf’s city-building spree: monumental ambition chasing uncertain outcomes.

Despite the delays and scale-backs, NEOM continues to advance on multiple fronts, including its industrial hub Oxagon and the eco-tourism resorts Trojena and Magna. Together, these developments project Saudi Arabia’s broader strategy: to build influence, attract investment, and reshape its national identity through the power of architecture and place-making. [Source](#)



The Line – 170 km long





Duqm, Oman

*At the very heart of Doha*

**Lusail is a model for the city of the future; an anchor of thriving economies and societies, a beacon of smart living**

Despite uncertainties, NEOM developments like The Line, Oxagon, and Trojena symbolize Saudi Arabia's ambition to drive tourism, investment, and economic transformation beyond oil.



Heart of Doha, Lusail, Qatar



Lusail Stadium, Qatar

### Lusail and Duqm: Icons of Innovation in the Gulf's Urban Vision



In Qatar and Oman, the rise of smart cities like Lusail and Duqm reflects a broader regional narrative: turning bold national visions into tangible urban realities. These cities are more than development projects – they are high-tech symbols of strategic diversification, sustainability, and global ambition.

Lusail City, a flagship of Qatar's National Vision 2030, represents a fully integrated and future-ready metropolis. Designed with smart infrastructure, AI-driven services, and sustainable transport systems, Lusail blends cutting-edge technology with livability. It's a city built not just to function, but to inspire – a centerpiece of Qatar's bid to lead in smart urban innovation.

Meanwhile, Oman's Duqm Special Economic Zone plays a dual role as an industrial powerhouse and a beacon of the country's Vision 2040. Positioned as a smart logistics and commercial hub, Duqm integrates digital infrastructure and green building standards to attract global investors. Its development illustrates Oman's pivot towards economic resilience through innovation.

Together, Lusail and Duqm add dimension to the Gulf's urban transformation – not only by reshaping skylines but also by creating new ecosystems for investment, sustainability, and technological leadership. Like NEOM, Masdar, and The Line, these cities are physical manifestations of ambition: built to redefine what living, working, and thriving looks like in the 21st-century Gulf.

[Source](#)

## Beyond Urban Experiments: Gulf Cities as Branding Tools, Tech Testbeds, and National Icons



*City branding strategy is one of the most important conditions for activating development potentials, primarily in the city area, but also in a broader context. The purpose of a city branding strategy is to develop a unique image of a city as an attractive and competitive place.*

Cities have always been brands. Throughout history, almost every city ruler has sought to make his city special and attractive. These efforts are also present in modern times. Cities are still competing to attract and retain the best organisations, professionals and investors and thus improve their position on the location market. In today's globalised and networked world, every place is competing with other places for its share of consumers, tourists, entrepreneurs, investors, capital, respect and attention. Cities as generators of economic development are increasingly in the focus of the international race for the funds, talents and fame. In order to be successful in the global race for attention and investment, they must excel in branding – that is, highlighting and promoting their unique identity. Location (or place) branding provides a broader framework within which city branding operates. Place branding is widely recognised as the sum of people's perceptions of a city, country, or region. It has become a fundamental concept for enhancing local competitiveness.

The purpose of branding is to develop a place's image as an attractive and competitive location for a specific target group. This, in turn, influences both individual and institutional decisions, generating positive outcomes for the city, region, or country.

### The Concept and Importance of City Branding

Cities and regions can gain and maintain competitive advantages through effective branding. This process involves integrating culture, history, economic and social development, infrastructure, architecture, and other components into a unique identity that can be presented to the world.

Branding serves as a strategic approach to city management, helping achieve economic, social, and political objectives. A successful branding effort must respect the historical identity of the place while incorporating both local and global elements.

City branding should be viewed as a long-term investment, not a cost. Its positive effects can far exceed the value of the resources initially invested, contributing to sustainable growth, enhanced visibility, and greater civic pride. [Source](#)

### Gulf Cities as Branding Tools

In the Gulf region, cities are not just urban centres – they are carefully crafted instruments of nation branding. Cities like Dubai, Abu Dhabi, Doha, and Riyadh are being developed with distinct strategic identities to serve broader national goals, helping reshape the global image of their respective countries.

Dubai has long been at the forefront, branding itself as a city of superlatives – a global hub for luxury, business, and innovation. It has positioned itself as a symbol of openness and opportunity, attracting investment, tourism, and global attention through iconic architecture and world-class infrastructure.

Abu Dhabi, in contrast, aims to brand itself as a cultural capital. Through projects like the Louvre Abu Dhabi and the upcoming Guggenheim, it is building a reputation rooted in arts, heritage, and global cultural engagement – a deliberate counterpoint to Dubai's more commercial appeal.

Doha, while recognised for its energy wealth, has leaned heavily into soft power by hosting international events such as the 2022 FIFA World Cup and supporting influential platforms like Al Jazeera. Despite these efforts, it has struggled to define a clear, distinct central brand identity compared to its neighbors.

Riyadh, now undergoing rapid transformation under Saudi Arabia's Vision 2030, is emerging as the centrepiece of a new Saudi narrative – one that includes cultural vibrancy, sustainability, and economic diversification. Megaprojects like the Riyadh Sports Boulevard and Art Initiative, alongside NEOM's futuristic cities like The Line, signal a new direction where cities reflect bold national ambitions.

These Gulf cities act as branding tools by embodying national values, ambitions, and economic visions. Through strategic city branding, Gulf states seek not only to attract tourism and foreign investment but also to reframe global perceptions and establish long-term competitive identity in a post-oil world. [Source](#)

## Gulf Cities as Tech Testbeds

Gulf cities are evolving into testbeds for cutting-edge technologies – blending urban experimentation with national ambitions in sustainability and economic diversification. Across both existing urban centres and new mega-projects, governments are leveraging city spaces to prototype the future.

Abu Dhabi and Dubai lead the charge among existing cities. Ranked among the world’s smartest cities in the IMD Smart City Index, both have integrated Internet of Things (IoT) solutions, autonomous vehicles, drone delivery systems, and smart traffic management. These innovations are part of broader efforts to transition towards knowledge-based economies and position themselves as global tech hubs. Initiatives in AI, digital assets, and even space projects further highlight the region’s embrace of futuristic experimentation.

Masdar City in Abu Dhabi exemplifies a “city within a city” model – a purpose-built urban lab for sustainable living. Though its progress has faced skepticism, it continues to expand through partnerships in net-zero building, cleantech startups, and climate-friendly infrastructure, offering insights into the challenges and possibilities of green innovation.

At a more ambitious scale, Saudi Arabia’s Neom project redefines what a tech testbed can be. With a US\$500 billion investment, Neom is not just a city but a constellation of future-focused urban environments: The Line (a linear city with no streets or cars), Oxagon (a floating industrial hub), and Sindalah (a luxury island resort). Neom integrates renewable energy, green hydrogen production, desalination, AI-driven infrastructure, and a massive wildlife preservation plan. These efforts aim to make Saudi Arabia a global player in smart tech and green energy.

Despite controversies around feasibility, displacement, and “greenwashing,” these cities offer an unprecedented scale of experimentation. Whether retooling old cities or building new ones from scratch, Gulf states are leveraging urban development to pioneer technological futures – not just for their own citizens, but for global audiences watching closely. [Source](#)



Masdar city, A cleantech test case for sustainable urban living.



Personal rapid transit podcar, Masdar City.



Masdar City autonomous vehicle testing

## Megaprojects in the Gulf: Turning Ambition into Architectural Influence

Shaping sustainable urban futures

**The Gulf is positioning itself as a global influencer in sustainable architecture and urbanism.**

The Gulf's skyline isn't just growing – it's transforming into a global blueprint for sustainable, future-forward construction. Mega and giga projects across the region are driving a rethinking of how cities are designed, built, and lived in, marrying ambition with architectural innovation.

From concept to catalyst, projects like Masdar City and NEOM are not just monumental in scale – they're also advancing environmental goals and pushing sustainability into the DNA of design. Masdar City, for example, has set industry benchmarks in low-carbon construction and energy-efficient urban planning, directly influencing regulatory shifts like Abu Dhabi's Estidama building code.

Innovation isn't waiting for regulation – it's leading it. NEOM's ambitious net-zero goals and high-tech infrastructure are actively shaping new standards around energy, transportation, and construction. From low-carbon concrete and adaptive building materials to region-specific design elements like wind towers and shaded courtyards, these developments blend cutting-edge tech with cultural heritage to pioneer a new kind of regional modernism.

The projects are also becoming magnets for global talent, drawing top architects, sustainability consultants, and engineers to collaborate with local professionals. This cross-pollination is helping elevate expertise across the region, embedding sustainability at every level of the development process.

On the urban planning front, radical concepts like NEOM's The Line and Dubai's Expo City are flipping the traditional city model – prioritising walkability, clean mobility, and 15-minute city living. These bold new visions aren't just architectural experiments – they're living laboratories for how cities of the future might look and function.

Ultimately, these megaprojects are not just about building cities – they're about building legacies. The Gulf is positioning itself as a global influencer in sustainable architecture and urbanism, offering a compelling model for how ambition, when paired with innovation and intention, can reshape the world's approach to growth. [Source](#)

### Lusail (Qatar): Identity and design-led Urbanisation

Lusail City is more than just **Qatar's newest urban centre – it's a living model of sustainable, identity-driven design.** As one of the region's most ambitious smart cities, Lusail reflects Qatar's Vision 2030, balancing modern growth with environmental stewardship and cultural relevance.

At its core, Lusail is built around green urbanism, with an urban plan that integrates open parks, green roofs, and coastal promenades to enhance livability while reducing the urban heat island effect. Water conservation, renewable energy, and energy-efficient architecture are baked into the city's DNA, pushing Qatar's sustainability goals from policy into practice.

Smart tech and sustainability go hand in hand here: from solar-powered buildings to smart meters and energy-efficient LED lighting, Lusail is engineered for resource optimisation. Meanwhile, its low-emission tram network, walkable layout, and support for cycling represent a tangible shift towards clean mobility and human-centric design.

Lusail isn't just a city – it's a policy blueprint. Its **water recycling systems, waste management frameworks, and eco-conscious infrastructure offer real-world data and models that can shape future developments across Qatar and the wider GCC.** It also sets a benchmark for integrating environmental innovation with cultural identity, showcasing what 21st-century Gulf cities can become.

As Lusail continues to evolve, it strengthens Qatar's role as a regional leader in sustainable urban planning, proving that visionary design and environmental responsibility can work hand in hand to create resilient, livable cities for the future. [Source](#)

## Masdar City (UAE): Green City Prototyping

Masdar City is the UAE's boldest experiment in urban sustainability—a prototypical green city designed from the ground up to test, refine, and scale the future of low-carbon living. Since its inception in 2006, this 6 sq km development has been a testing ground for clean technologies, smart infrastructure, and climate-resilient design, playing a key role in the UAE's net-zero ambitions.

Acting as both an incubator and an innovation hub, Masdar City hosts over 1,000 public and private entities—including IRENA, Siemens, and GE—and features one of the world's largest clusters of LEED Platinum buildings. Here, sustainability is not an add-on—it's embedded in every building, street, and system.

From shaded, narrow streets that reduce ambient temperatures to passive architecture and net-zero energy prototypes like the Eco Villa, the city showcases how future-ready design can perform even in harsh climates. Meanwhile, smart urban systems—like electric autonomous vehicles and integrated solar power—demonstrate how technology and nature can work in tandem to lower emissions and improve quality of life.

Importantly, Masdar City is not just building for itself—it's creating a replicable blueprint for the wider region. Its innovations in energy efficiency, water conservation, waste-to-value circularity (as with the Circa Biotech organic waste project), and green construction materials are being tested, scaled, and exported as models for broader UAE and GCC adoption.

This spirit of experimentation extends to policy and regulation: with no local standards when construction began, Masdar adopted international frameworks like LEED and is now shaping regional sustainability benchmarks. The city's evolution is directly feeding into national efforts, particularly as the UAE scales up its clean energy strategy ahead of its 2050 net zero target.

Masdar City shows us what happens when vision, investment, and innovation align—a green city prototype not just for Abu Dhabi, but for a world in urgent need of scalable, liveable, and sustainable urban solutions. [Source](#)

## Duqm (Oman): Crossroads for Shipping, Refuelling, and Reindustrialisation

Strategically positioned on Oman's Arabian Sea coast, Duqm is fast emerging as a critical node in the global energy and shipping map. Once a quiet industrial zone, the port city is being reimagined as a future-ready green fuel hub, supporting both the maritime transition to low-carbon energy and Oman's broader reindustrialisation agenda.

With a new production facility set to generate 100,000 tonnes of green ammonia annually by 2027, Duqm is taking a leading role in the region's clean energy revolution. This facility is just one piece of a larger national ambition—Oman aims to produce 1 million tonnes of green hydrogen by 2030, positioning itself as a top-tier supplier of green fuels like hydrogen, ammonia, and methanol.

As global shipping looks to decarbonise, the Port of Duqm's value proposition is becoming clear: it can offer competitively priced green fuels directly at the source. Unlike legacy bunkering hubs—such as Singapore, Fujairah, and Rotterdam—which face challenges scaling up local production of green fuels, Duqm can bypass the high costs of long-distance transport and re-export. This makes it an ideal candidate for on-site maritime refuelling, creating both environmental and economic efficiencies for the global fleet.

According to ASYAD Group's Vice President of Sustainability, Essam Al Sheibany, Oman's strategy is not just to supply fuels, but to shape the future demand curve. By tracking shifts in shipbuilding and fuel use, ASYAD is aligning investments with the evolving needs of maritime transport, a sector now under intense pressure to meet international decarbonisation targets.

Beyond green ammonia, Duqm is exploring alternative feedstocks and technologies—including biogenic CO<sub>2</sub> sources and direct air capture—to fuel green methanol production and build a circular, low-carbon industrial base. These innovations are paired with Oman's exploration of carbon credit markets as a tool to further monetise sustainable fuel production.

Ultimately, Duqm represents a triple play: a port transforming into a bunkering centre, an industrial base for green energy manufacturing, and a strategic asset in Oman's economic diversification. As demand for maritime green fuels grows, Duqm is set to become not just a refuelling stop, but a keystone of the global clean energy economy. [Source](#)

## Etihad Rail: A Future of Cross-GCC Connectivity and Trade Integration

Etihad Rail is not only revolutionizing the UAE’s internal transportation network but is also poised to become a key component of the GCC Railway project. The railway will connect the UAE to neighboring Saudi Arabia, Oman, and other Gulf countries, creating a unified regional transport network that will significantly enhance cross-border trade, tourism, and cultural exchange.

This interconnectivity will foster smoother and more efficient logistics across the region, strengthening economic ties between the GCC nations. The planned expansion of the rail network promises to integrate various logistics hubs and ports, thereby improving the efficiency of trade routes and reducing transport costs for businesses across the Gulf.

By linking major cities, ports, and industrial hubs, Etihad Rail will not only boost the efficiency of freight transport within the UAE but will also facilitate regional trade and connectivity, making it easier for goods to move across the GCC and beyond. As the rail network expands, it will unlock new opportunities for businesses to access regional markets, contributing to the broader economic integration of the Gulf countries. [Source](#)



## Europe & The Gulf - a new strategic Axis



**With first summit, EU recognises Arab Gulf countries' international influence**



**Building trust through joint economic and energy cooperation**



**Showcasing Gulf innovation in the global green transition**



As of May 2022, the European Union (EU) has adopted a Joint Communication outlining a Strategic Partnership Plan with the Gulf Cooperation Council (GCC) and its member states, aiming to broaden and deepen cooperation across several key areas. This initiative, announced on May 18, 2022, comes at a time of global insecurity and challenges to the rules-based international order, exacerbated by the war in Ukraine, highlighting the mutual benefits of closer ties.

The plan focuses on strengthening collaboration in energy, particularly recognising the Gulf's role as a reliable LNG provider and its potential in renewable energy sources like solar and wind, aligning with the EU's green transition and climate change objectives. Enhanced trade and economic diversification are also central, leveraging the EU's position as the world's largest single market and the GCC's dynamic economies and strategic location as a gateway between Europe, Asia, and Africa. The EU Global Gateway initiative will serve as a framework for sustainable investments in the broader Middle East and Africa with GCC partners.

Furthermore, the partnership seeks to enhance regional stability and global security through closer cooperation. Recognising the significant humanitarian and development challenges in the wider Middle East and the Horn of Africa, the plan aims for more strategic engagement, acknowledging the Gulf countries' role as important donors. The EU will also continue to promote political dialogue on multilateralism and social transformation, including human rights and gender equality.

A key component of the strategy involves fostering closer people-to-people contacts. This includes increasing youth and student mobility, promoting intercultural and higher education cooperation, and working towards the shared objective of achieving visa-free travel for GCC countries. Ultimately, this enhanced cooperation and exchange are intended to improve mutual understanding and trust between the people of both regions. The EU believes that this strengthened partnership will be mutually beneficial, allowing both sides to leverage their strengths in addressing global challenges and fostering prosperity. [Source](#)

## Strategic Synergy: GCC Liquidity Meets European Depth

### Europe's Need for Intellectual Property and Talent Meets the Gulf's Scale-Up Capital

We have partially discussed this enormous geopolitical topic. The strategic synergy between Europe and the Gulf region is driven by the GCC's substantial liquidity and Europe's need for capital alongside its wealth of intellectual property and talent. This evolving relationship is becoming a significant axis in the global economy.

- The GCC's Sovereign Wealth Funds (SWFs) possess significant assets, controlling approximately 40% of global SWF assets. These funds are actively deploying capital internationally.
- A substantial portion of this Gulf capital is expected to flow into European markets, further integrating the two economies.
- Europe, facing its own economic challenges and the need for investment in various sectors, finds the GCC's liquidity an attractive source of funding.

The Gulf's Need for Intellectual Property and Talent, Meeting Europe's Strengths: The GCC's SWFs are increasingly looking towards fast-growing countries outside traditional Western markets, but significant investments in Europe are also being made. For instance, Mubadala (an Abu Dhabi SWF) invested €1.4 billion in Siemens Healthineers.

#### The Gulf's Need for Intellectual Property and Talent, Meeting Europe's Strengths

The GCC nations are actively pursuing economic diversification beyond hydrocarbons, focusing on sectors like technology, tourism, finance, and renewable energy.

This diversification requires access to advanced technologies and skilled labour.

Europe is a hub for technological innovation and possesses a deep pool of intellectual property and talent in many of these emerging sectors. Collaboration with advanced countries like France and Germany has been crucial in enhancing the GCC's technological innovation capabilities.

The GCC is investing in lifelong learning programmes and vocational training to prepare citizens for emerging fields such as AI development, data science, and cybersecurity, often through partnerships with global technology companies. This suggests a recognition of Europe's strength in these areas.

#### Shared Goals and Co-Investment Potential

Both Europe and the GCC have shared energy security goals. The GCC has become a vital energy supplier for Europe, especially in light of geopolitical shifts. There is potential for co-investment in industries such as green steel, aerospace, semiconductors, and mobility between the Gulf and Europe. This aligns the GCC's financial resources with Europe's industrial expertise.

*Driving a deeper partnership*

**The convergence of GCC liquidity and Europe's intellectual property and talent is forging a new global economic axis.**

Infrastructure is another area for strengthened Gulf-Europe economic cooperation. The GCC's ambition to be at the forefront of artificial intelligence could lead to partnerships with European entities possessing relevant expertise and intellectual property.

#### Strategic Partnerships and Evolving Dynamics

The relationship is moving beyond a simple transactional exchange of oil for capital and technology towards a deeper strategic alliance. High-level delegations and increasing deals, particularly in renewable energy and infrastructure, signify this growing partnership. However, challenges such as human rights concerns in Europe and regulatory complexities in the Gulf could slow the progress of deeper economic integration.

In conclusion, the convergence of GCC liquidity and Europe's intellectual property and talent is forging a significant new strategic axis. This synergy has the potential to fuel industrial transformation and address shared challenges in energy security and economic diversification for both regions. While there are complexities to navigate, the trend indicates a deepening and increasingly strategic partnership between Europe and the Gulf.



## Bridging the Gap: How Europe and the Gulf Can Fuel Joint Industrial Transformation

Despite the shifting political tides within Europe, notably the rise of right-wing parties, the European Union and the Gulf Cooperation Council (GCC) continue to share complementary economic and industrial ambitions. Both regions are deeply invested in industrial transformation—Europe through its push for digitalisation, sustainability, and green innovation, and the Gulf through large-scale national diversification strategies like Saudi Arabia's Vision 2030. These shared goals create fertile ground for deeper cooperation in industrial innovation, infrastructure, energy, and digital technologies.

A cornerstone of this potential lies in the EU-GCC collaboration on energy and the green transition. While political debates in Europe—especially among right-wing actors—may challenge the pace of environmental policy, practical cooperation on green technology exchange, such as hydrogen, solar, and wind energy, remains robust. The EU-GCC Cooperation on Green Transition is a critical vehicle here, offering a platform to align technological advancement and sustainable industrial growth. At the same time, Gulf states continue to invest heavily in industrial transformation without abandoning their traditional energy assets, offering the EU a pragmatic partner balancing tradition and innovation.

Moreover, both Europe and the Gulf have realised the strategic importance of connectivity and logistics in global value chains. The Gulf region, positioned at the crossroads of Asia, Africa, and Europe, is investing in massive infrastructure projects and digital corridors, which could support Europe's desire for supply chain diversification and industrial sovereignty. By leveraging Gulf logistics and investment frameworks, the EU can reinforce its economic resilience. Conversely, Gulf states benefit from European expertise, standards, and innovation capabilities—creating a mutually reinforcing industrial ecosystem. [Source](#)

## Unlocking the Power of Capital and Talent: The Gulf and Europe's Path to Industrial Growth

In the context of global economic realignment, capital and talent are emerging as the primary currencies of industrial growth—and both the EU and the GCC are uniquely positioned to combine these assets. The Gulf, flush with sovereign wealth and forward-looking investment strategies, is actively looking for opportunities in technology transfer, advanced manufacturing, and smart infrastructure. Meanwhile, Europe offers world-class universities, engineering know-how, and a skilled workforce eager to engage in trans-regional industrial ventures.

Despite concerns over political fragmentation in Europe and growing anti-Arab and anti-immigration sentiments among certain right-wing parties, the transactional pragmatism of the Gulf states prevails. As demonstrated by cooperation with Italy's Meloni government on migration issues, Gulf countries are willing to partner with ideologically diverse governments if strategic outcomes align. This pragmatism also opens pathways for joint investments in sectors like renewable energy, digital industries, and AI—where capital from the Gulf can meet Europe's innovation potential.

Furthermore, talent mobility must become a cornerstone of EU-GCC cooperation. While the EU tightens its borders amidst growing populism, the industrial transformation both regions seek cannot be achieved without human capital exchange. Initiatives like the EU's multiple-entry Schengen visa agreements for GCC citizens, alongside expanded educational and vocational partnerships, can enable talent flow in key industrial sectors. In parallel, Gulf countries' reforms in labour nationalization also create opportunities for tailored European technical and vocational education programmes.

Ultimately, the unlocking of capital and talent between the Gulf and Europe requires not just political will, but also institutional innovation. Think tanks, academic consortia, and private-public investment platforms should be empowered to design mechanisms that align funding, research, and workforce development in service of shared industrial goals. The EU-GCC industrial future lies in its ability to transcend political noise and build lasting frameworks that channel both regions' comparative strengths. [Source](#)

## The Capital-Talent Engine: Europe and the Gulf Collaborating for Industrial Innovation

In today's volatile geopolitical environment, where energy security, technological sovereignty, and sustainable growth are top priorities, a revitalized partnership between Europe and the Gulf Cooperation Council (GCC) stands out as a compelling opportunity. This partnership—one that combines Europe's innovation and regulatory expertise with Gulf capital, demographic vitality, and bold economic visions—has the potential to power a transformative capital-talent engine for global industrial innovation.

Relations between the EU and GCC have gained significant momentum in recent years, driven by strategic realignment, shared economic interests, and a mutual desire to move beyond the legacy of miscommunication. Since the EU's 2022 Gulf Strategy and the appointment of a Gulf special representative in 2023, the two blocs have entered a period of unprecedented "hyper-communication," marked by high-level dialogues on security, trade, and investment, culminating in the first EU-GCC Summit in Brussels in October 2024. The challenge for 2025 is clear: to convert promising conversations into measurable, impactful actions.

On the economic front, the case for deeper integration is compelling. In 2023, trade between the EU and the GCC reached EUR 170 billion, while mutual investments exceeded US\$400 billion. Gulf investments accounted for 38% of FDI in Europe, and the EU's share of FDI in the GCC stood at 41%. This level of interdependence signals untapped potential, especially in high-growth sectors such as energy transition technologies, advanced manufacturing, AI, and logistics infrastructure.

However, to unlock this potential, both sides must address long-standing bottlenecks—chief among them the stalled EU-GCC Free Trade Agreement (FTA), in negotiation since 1990. While bilateral economic ties are growing, the failure to conclude a region-wide FTA reveals bureaucratic inertia and diverging priorities. New

*Balancing energy leadership and innovation*

**The Gulf region plays a pivotal role as a vital gateway between Europe, Asia, and Africa, impacting security, stability, and prosperity.**

momentum could come from “tailor-made agreements” such as the UAE’s push for a bilateral FTA with the EU. A strategic, open discussion on the merits of bilateral versus multilateral approaches could help the EU and GCC advance an inclusive economic agenda while respecting internal cohesion.

Beyond trade, political cooperation is showing signs of maturity. The co-launch of the Global Alliance for the Implementation of the Two-State Solution by the EU, Saudi Arabia, and Norway is a milestone that demonstrates Europe’s evolving alignment with regional priorities in the Gulf. While often under-acknowledged, this initiative reflects a new mode of EU-GCC cooperation—focused, results-driven, and responsive to both official narratives and popular sentiment in the region. Similar cooperation on Yemen, Syria, and maritime security could extend this pragmatic, issue-focused approach across a range of high-stakes geopolitical files.

Security cooperation also holds promise, particularly when viewed through the lens of “integrated security.” This includes maritime coordination through missions like the EU’s Coordinated Maritime Presence (CMP) in the Indian Ocean and the green energy-security nexus. The 2024 EU-GCC Partnership on Green Transition and major AI-driven capital flows—such as the UAE’s US\$50 billion investment in France’s data infrastructure—offer templates for building innovation ecosystems that are both resilient and future-ready.

Crucially, people are the connective tissue of any enduring capital-talent engine. Visa waivers, city twinning, academic mobility, and institutional exchanges can build organic relationships that enhance trust and cooperation. Europe and the Gulf should invest in education and innovation partnerships to nurture the next generation of entrepreneurs, researchers, and industrial leaders.

- To fully realise the potential of this partnership, three risks must be managed:
- Avoiding vague and non-binding discourse that dilutes impact;
- Navigating institutional complexity within and between the EU and GCC;
- Recognising the evolving power dynamics - Europe is no longer the dominant economic force it once was, and the Gulf states are increasingly assertive, dynamic actors in global affairs.

A balanced and forward-looking partnership must reflect this new reality.

In 2025, the EU and GCC have a real opportunity to consolidate their relationship around tangible projects, aligned incentives, and shared strategic goals. By investing in joint industrial innovation, streamlined economic governance, and people-to-people connections, the two regions can drive not just mutual prosperity—but a new model of transregional cooperation in a multipolar world.

[Source](#)

## Europe and the Gulf: A Strategic Partnership for Transforming Global Industries

In recent years, Europe and the Gulf Cooperation Council (GCC) countries have deepened their strategic partnership, focusing on shared goals such as economic prosperity, climate change, digital transition, and regional security. This evolving collaboration is not only beneficial for both regions but also holds global implications for the future of industries worldwide.

The Gulf region plays a pivotal role as a dynamic partner for Europe. The Gulf serves as a vital gateway between Europe, Asia, and Africa, and its security, stability, and prosperity directly impact the European Union. With a history of cooperation dating back to the 1989 Cooperation Agreement, both regions have a deep-rooted relationship that provides a solid foundation for expanding their strategic partnership.

For the EU, the strategic partnership offers multiple benefits. The Gulf region, as a major player in global energy markets, can contribute to Europe’s energy security, particularly in the transition to renewable energy. Gulf countries are well-positioned to produce and export green energy, including hydrogen, thanks to their natural resources such as solar and wind energy. This aligns with Europe’s REPowerEU strategy, which aims to reduce dependence on fossil fuels.

In addition to energy cooperation, the EU stands to benefit from increased trade and investment, with the Gulf being a significant economic partner. The GCC represents a market with considerable potential for digitalisation, sustainable tourism, and technological innovation, all of which can help diversify the European economy.

The Gulf countries are undergoing significant transformations in their economies and societies, striving to reduce their dependence on fossil fuels. By partnering with the EU, Gulf countries can leverage European expertise in green and digital transitions. This includes fostering sustainable industries, creating job opportunities, especially for youth and women, and tackling climate change through shared research and development initiatives.

In addition, the EU offers a valuable opportunity for education and research collaboration through initiatives like Horizon Europe and Erasmus+, enabling the Gulf region to develop its human capital and address global challenges in health, energy, and climate.

The partnership between Europe and the Gulf has the potential to drive the green transition in both regions. The EU can help the Gulf countries in stabilising energy markets in the short term while aiding them in moving away from fossil fuel dependence in the long term. Moreover, cooperation on green hydrogen and investments in renewable infrastructure will be crucial in achieving both regions’ net-zero goals.

By working together on large-scale projects, Europe and the Gulf can play a central role in climate adaptation and mitigation, not only within their own regions but also in neighbouring areas like Africa and the Middle East.

A more secure and stable Gulf region is in the best interest of both

### Security Cooperation in Maritime Waters

**Through operations like EU NAVFOR, the EU aims to ensure maritime security while supporting the GCC in reinforcing rule of law and governance.**

the EU and the GCC. As a region heavily affected by geopolitical instability, the Gulf's security is directly tied to Europe's interests in terms of energy markets, maritime safety, and counter-terrorism efforts. Cooperation on these fronts will help build a regional security architecture, focusing on confidence-building measures, crisis prevention, and hybrid threats. Through operations like EU Operation ATALANTA, the EU aims to ensure maritime security while supporting the GCC in reinforcing rule of law and governance.

The partnership is poised to enhance people-to-people relations, fostering greater mobility, youth engagement, and cultural understanding. As the Gulf region continues its societal and economic transformation, there are increasing opportunities for social reforms, particularly concerning human rights, gender equality, and workforce inclusion. The EU will continue to support these efforts, contributing to the region's broader goals of societal progress.

Human rights dialogue between the EU and the Gulf countries have become a cornerstone of their collaboration. As Gulf nations undergo deep societal reforms, the EU has been instrumental in promoting inclusive dialogue on human rights, gender equality, and digital rights. The EU encourages the Gulf countries to align their practices with international human rights standards, including those related to migrant workers, freedom of expression, and women's empowerment.

The Global Gateway initiative presents a unique opportunity for the EU and the Gulf to combine their investment capacities to support sustainable development in the Middle East and Africa. Through this framework, the EU and Gulf countries can collaborate on large-scale infrastructure projects, boosting green energy investments, climate adaptation, and digital infrastructure, which will benefit both regions and contribute to the achievement of global sustainable development goals.

Humanitarian aid and development cooperation are crucial in addressing the rising global needs for aid. The Gulf region, as a reliable donor in these areas, has become a key partner in humanitarian efforts worldwide. Through multilateral cooperation, both the EU and the Gulf can ensure that aid is delivered efficiently, addressing crises in regions such as Afghanistan, Africa, and the Middle East.

Why are stronger institutions needed? To deepen the strategic partnership, the EU and GCC must continue to strengthen their institutional cooperation. Sectoral meetings, regional consultations, and dialogues on key issues like health, trade, energy, and climate change will facilitate more effective partnerships. The EU's experience in regional cooperation can offer valuable lessons for the GCC, contributing to the overall stability and prosperity of the region.

### Conclusion

The strategic partnership between Europe and the Gulf is not only transforming industries in both regions but also contributing to a more sustainable, secure, and prosperous future on a global scale. By working together, both regions can address pressing challenges like climate change, digitalisation, and regional security, while fostering deeper connections between their people and economies.

[Source](#)



## Shared Energy Security Goals

### The GCC: Europe's Key Transitional and Green Energy Lifeline

The EU-GCC Cooperation on Green Transition project, launched at the World Future Energy Summit in Abu Dhabi, marks a pivotal step towards shared energy security goals between Europe and the Gulf Cooperation Council (GCC). This initiative aims to establish a joint platform for the exchange of best practices, expertise, and technologies between EU and GCC stakeholders, supporting the GCC's green transition while fostering collaborative business opportunities for EU green tech companies. By enhancing this partnership, both regions are aligning their strategies to meet global climate targets, particularly in renewable energy adoption and energy efficiency, which will be crucial for both the EU's energy security and the GCC's transition from fossil fuels to renewable energy.

The EU and GCC are poised to be key players in the global clean energy transition, and their collaboration on green technologies is expected to have transformative effects. The shared commitment to sustainability, coupled with technological innovation and policy development, will be vital for achieving ambitious targets such as tripling renewable energy and doubling energy efficiency. By addressing challenges like infrastructure development, skill training, and joint project initiatives, the partnership promises to enhance energy security for both regions, drive economic diversification, and strengthen resilience to climate change. Ultimately, the EU-GCC Cooperation on Green Transition project is not just a step forward for regional energy security but a model for international collaboration in the fight against climate change.

### Post-Ukraine Crisis: Europe's Need for Stable, Transitional Energy Partners

The ongoing energy crisis has presented both the EU and the GCC with urgent and long-term challenges. For the EU, the focus is on securing alternative energy sources quickly while preparing for a green energy transition. The GCC, while financially and geopolitically positioned as a key energy partner, faces the dual challenge of maintaining its oil exports while also diversifying its economies and investing in cleaner energy solutions.

- **Short-Term Dynamics:** In the short run, the GCC provides Europe with much-needed oil and gas, but there are concerns about the sustainability of this relationship. The rising geopolitical tensions and economic volatility, exacerbated by Russia's war in Ukraine, have driven European countries to look beyond traditional suppliers. The GCC's role is critical for immediate relief, yet its oil-dependent economies face an existential challenge due to the global transition to renewables.
- **Long-Term Strategic Opportunities:** The development of green hydrogen is the linchpin for long-term cooperation. The GCC countries are uniquely positioned to be global leaders in green hydrogen production due to their abundant renewable energy resources, including solar and wind power. This could not only support Europe's green transition but also provide the GCC with a new revenue stream and reduce their dependence on fossil fuels.

- **Diplomatic and Cultural Factors:** The political and diplomatic dynamics are key. Europe has expressed interest in deeper cooperation with the GCC, but skepticism and a lack of understanding remain barriers. There is a need for more dialogue, transparency, and cultural exchange to build trust. Additionally, Europe's media portrayal of the GCC often focuses on negative aspects, which hinders deeper political cooperation.
- **Technological Collaboration:** There's significant potential for collaboration in energy technologies, with the EU providing expertise in green energy innovation and the GCC investing in large-scale projects. By focusing on knowledge transfer and joint development projects, both blocs can enhance their energy security while fostering economic growth. [Source](#)

### Conclusion:

The GCC and EU are at a critical juncture where strategic collaboration can offer solutions to both parties' immediate and long-term energy needs. While Europe grapples with the consequences of its energy dependency and seeks alternatives to Russian energy, the GCC faces the challenge of diversifying its economy and investing in renewables. Green hydrogen and potential energy interconnections provide a pathway for both regions to enhance energy security, promote sustainability, and achieve mutual economic growth. However, this collaboration will require overcoming skepticism, deepening diplomatic ties, and aligning on shared goals, particularly climate change and energy transition.



## The Gulf's Role in Europe's Energy Future: LNG, Hydrogen, and Solar Solutions

The Gulf Cooperation Council (GCC) has increasingly positioned itself as a crucial partner in Europe's energy future, particularly as the continent seeks to diversify its energy sources in the wake of the geopolitical shifts brought about by Russia's invasion of Ukraine. With the EU facing an urgent need for alternative sources of energy, the Gulf has stepped in to provide both short-term relief through oil and natural gas exports and long-term solutions in renewable energy, such as hydrogen and solar power. These partnerships are set to reshape Europe's energy landscape, ensuring a stable supply of energy while aligning with its broader sustainability goals.

### LNG: Short-Term Energy Security

In the short term, Liquefied Natural Gas (LNG) is one of the most significant contributions the Gulf can make to Europe's energy security. With the European Union heavily reliant on Russian natural gas before the war in Ukraine, the need for alternative LNG supplies has never been more pressing. Countries like Qatar and the UAE have responded to this demand, with the UAE making its first shipment of Murban crude oil to Britain in over two years, signaling the region's readiness to support Europe's energy needs. Furthermore, GCC nations have engaged in agreements to provide substantial quantities of LNG to European countries, with Qatar committing to supply LNG to Germany starting in 2024.

The GCC's position as a reliable LNG supplier is critical for Europe as it seeks to replace Russian gas in the near term. Qatar, which has long been a leader in LNG exports, is now working with European nations to ensure that LNG is available at a competitive price. Germany, for instance, is building two LNG terminals to facilitate these imports, which will help reduce its dependency on Russian gas in the coming years. This partnership in LNG is a vital bridge as Europe transitions towards greener, more sustainable energy sources, ensuring that immediate energy demands are met while long-term solutions are developed.

### Hydrogen: A Green Future for Europe

Looking towards the future, hydrogen—specifically green hydrogen—emerges as a key solution in the transition to a sustainable energy system. The GCC countries are uniquely positioned to lead the global green hydrogen revolution due to their abundant renewable energy resources, including solar and wind power. In countries like Saudi Arabia, the UAE, and Oman, massive investments are being made to develop green hydrogen infrastructure, which will allow the Gulf to produce hydrogen at a scale and cost that no other region can match.

Green hydrogen, which is produced by electrolysis using renewable energy, is considered a game-changer in Europe's

efforts to decarbonize its energy sector. While Europe is working on advancing its own green hydrogen production capabilities, the geographical advantages of the Gulf—vast deserts with high solar potential—make it an ideal partner for producing hydrogen at a lower cost. For instance, the NEOM project in Saudi Arabia aims to produce green hydrogen at a price far cheaper than European competitors, with projections as low as \$1.5 to \$1.95 per kilogram, compared to \$3 to \$6 in Europe.

The GCC's leadership in green hydrogen could provide Europe with a reliable and affordable alternative to fossil fuels, further enhancing energy security while meeting climate targets. The two regions could collaborate on the technology needed for large-scale hydrogen production, with the EU offering expertise in green energy technologies and the GCC providing the land, infrastructure, and resources necessary for large-scale production. This collaboration could play a pivotal role in Europe's green energy transition.

### Solar Solutions: The Gulf's Renewable Advantage

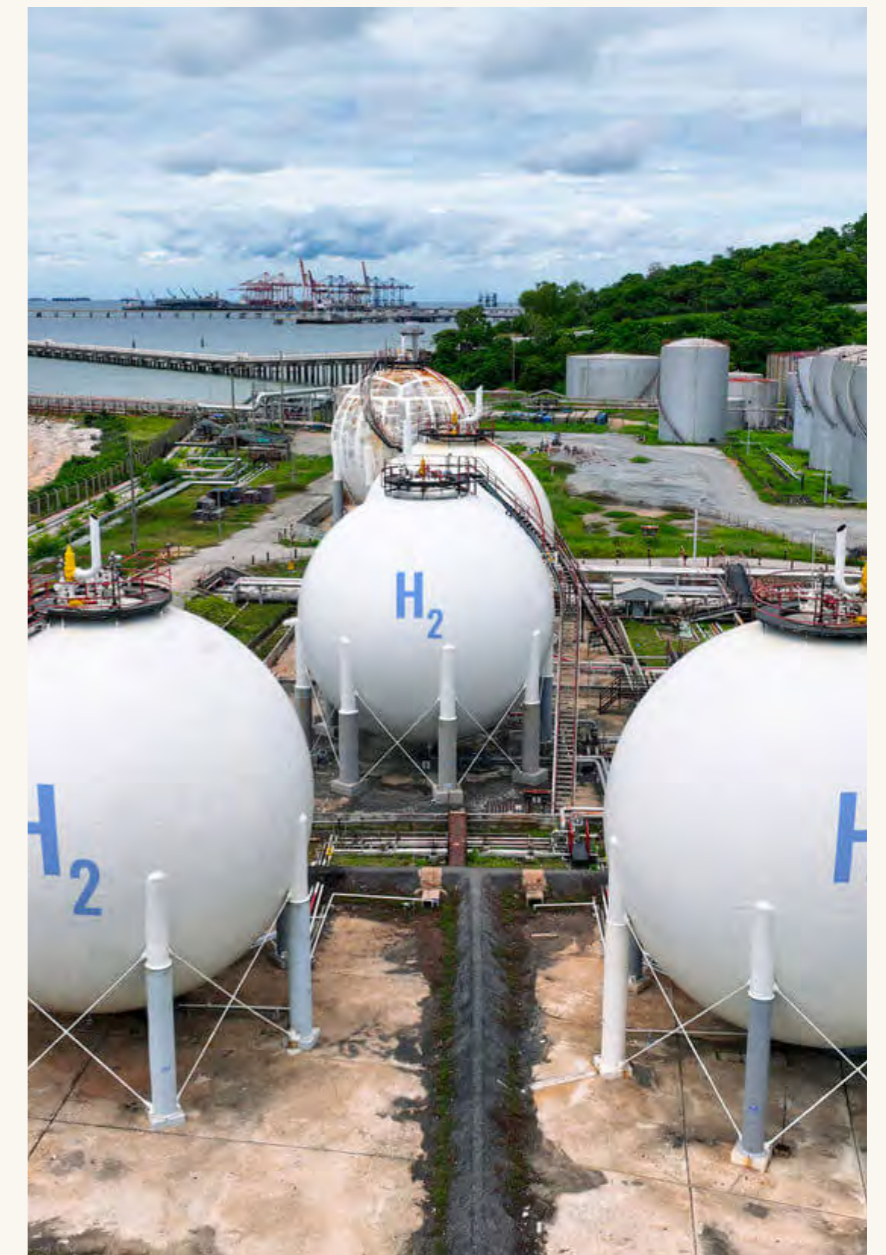
Solar energy is another area where the Gulf's contribution to Europe's energy future is becoming increasingly important. The region's geographical location, with vast areas of desert and high levels of sunlight throughout the year, makes it an ideal place to develop large-scale solar farms. Projects such as the UAE's solar park, which is already producing green hydrogen, highlight the potential for the Gulf to become a global hub for solar energy production.

For Europe, the Gulf's solar energy capabilities offer a unique opportunity to supplement its renewable energy capacity. While Europe has made significant strides in solar power, its northern climate means that solar energy production is often seasonal and geographically limited. In contrast, the Gulf's solar farms can operate at full capacity year-round, providing a consistent and reliable source of energy. This dynamic presents an opportunity for Europe to import solar power from the Gulf, especially during the winter months when solar production in Europe is at its lowest.

In the long term, a common energy grid between the EU and the GCC could facilitate the exchange of solar power, ensuring a stable and diversified energy mix. This energy interdependence would allow Europe to tap into the Gulf's solar energy resources, helping to meet its renewable energy targets while reducing reliance on fossil fuels. [Source](#)

### Conclusion

The Gulf's role in Europe's energy future is multifaceted, encompassing both immediate and long-term solutions. In the short term, LNG exports from the GCC provide crucial energy security for Europe, as the continent seeks to reduce its dependency on Russian gas. In the long term, the Gulf's investments in green hydrogen and solar energy offer Europe viable pathways to achieving its climate goals and transitioning to a low-carbon energy system. Through strategic collaboration, the EU and the GCC can create a sustainable and resilient energy partnership, fostering energy security, economic growth, and climate action across both regions.



## Strengthening Energy Resilience: How the GCC and Europe Can Build a Sustainable Future

The current energy crisis in Europe, exacerbated by Russia's invasion of Ukraine, has underscored the importance of strengthening energy resilience. The Gulf Cooperation Council (GCC) has emerged as a vital partner for Europe in this endeavor. As European nations strive to reduce their dependence on Russian energy, the GCC is positioned to play a crucial role in securing both short-term energy supplies and long-term solutions that ensure energy security and sustainability.

In the short term, the GCC has already stepped in to meet Europe's immediate energy needs. For example, the UAE has shipped crude oil to Britain, and Qatar has committed to supplying Germany with LNG starting in 2024. These moves are part of a broader effort to diversify Europe's energy imports and reduce its reliance on Russia. The GCC's abundant oil and gas reserves make it a key player in filling the void left by Russian energy exports, providing European nations with the stability they need during the ongoing energy crisis.

However, energy resilience is not only about diversifying energy sources in the short term; it also requires long-term investments in renewable energy technologies and infrastructure. The GCC's vast solar potential and significant investments in green hydrogen offer Europe valuable opportunities to build a more resilient and sustainable energy system. The collaboration between the EU and the GCC in areas like green hydrogen production, renewable energy storage, and the development of a common energy grid could significantly improve energy resilience for both regions. This collaboration would allow for better integration of renewable energy sources, ensuring that Europe has access to clean energy when it needs it most, even during times of geopolitical uncertainty.

Moreover, the transition to renewable energy in the GCC, particularly through solar and green hydrogen, aligns with Europe's broader climate goals. By working together, the EU and the GCC can accelerate the global shift towards clean energy, reducing reliance on fossil fuels and mitigating the effects of climate change. This strategic partnership would not only benefit both regions economically but also enhance global energy stability and resilience, ensuring that energy transitions are managed smoothly and equitably. [Source](#)

## Gulf Energy and Capital: A Strategic Partnership for Europe's Green Transition

The GCC's energy resources and capital are integral to Europe's green transition. As the EU aims to achieve carbon neutrality by 2050, it faces significant challenges in scaling up renewable energy production and reducing fossil fuel dependency. The Gulf, with its vast energy reserves and capital, offers a strategic partnership that could help Europe meet its ambitious climate goals.

The GCC countries are already investing heavily in renewable energy projects, particularly in solar energy and green hydrogen. With their vast desert landscapes, the GCC has the geographical advantage needed to develop large-scale solar farms, producing energy at a fraction of the cost compared to Europe. This renewable energy potential, combined with the Gulf's expertise in energy infrastructure and financing, makes the region a key partner for Europe's green transition. The EU can benefit from this partnership by securing affordable, clean energy imports from the Gulf, especially in the form of green hydrogen, which can serve as a critical component in decarbonizing Europe's industrial and transportation sectors.

Additionally, the GCC's capital investments are essential for the development of green technologies and infrastructure. Many of the renewable energy projects in the Gulf are being financed by the region's sovereign wealth funds, such as the Saudi Public Investment Fund (PIF) and the UAE's Mubadala Investment Company. These funds are not only investing in domestic projects but also looking to expand their footprint globally. For Europe, this represents a significant opportunity to attract capital for its own green transition. GCC investment could help fund renewable energy projects, energy storage solutions, and infrastructure development, accelerating Europe's transition away from fossil fuels.

The partnership between the EU and the GCC could go beyond energy exports and investment. It could also involve knowledge transfer, with the Gulf countries sharing their expertise in large-scale renewable energy development and energy storage. This collaboration could help Europe overcome some of the technical and financial challenges it faces in scaling up its green energy capacity. Furthermore, the establishment of joint ventures and research initiatives between European and Gulf companies could foster innovation in areas such as green hydrogen production, carbon capture and storage (CCS), and smart grid technologies.

### Conclusion

In summary, the Gulf's energy resources and capital are indispensable for Europe's green transition. By forging deeper ties with the GCC, Europe can secure reliable access to clean energy and the financial resources necessary to support its climate ambitions. Together, the EU and the GCC can accelerate the global transition to a low-carbon future, driving innovation, job creation, and economic growth while contributing to the fight against climate change. [Source](#)

## Co-Investment in Industry and Infrastructure

*EU-GCC relations are based on a Cooperation Agreement signed in 1989, which establishes regular dialogue on cooperation between the EU and GCC on economic relations, climate change, energy, environment, and research. [Source](#)*

The established political dialogue across key policy and sectoral areas underscores shared interests and a high level of ambition. Extensive preparatory engagement through numerous joint dialogues on geopolitical shifts and regional security, macroeconomics, connectivity, trade and investment, the business climate, research and innovation, development cooperation, and humanitarian coordination has significantly strengthened the partnership and mutual understanding, directly informing the preparation for this Summit. The “EU Joint Communication for a Strategic Partnership” adopted in May 2022 is acknowledged, and a strong mutual commitment to reinforcing this Strategic Partnership, as outlined in the Joint Action Programme 2022–2027, is affirmed.

The outcome of the Joint Council and Ministerial Meeting in Muscat, Oman, in October 2023 is also acknowledged. Dialogue and cooperation on security will be further enhanced, including addressing emerging threats through the definition and implementation of joint priorities and coordinated initiatives. In this spirit, the EU and GCC will engage in fostering multilateral, regional, and bilateral frameworks to further strengthen cooperation at both levels. A commitment to ongoing dialogue is made through the agreement to hold a summit every two years, with the next summit anticipated in Saudi Arabia in 2026. The 29th Joint Council and Ministerial Meeting is agreed to be held in the State of Kuwait in 2025. This partnership aims for sustainable progress. [Source](#)



## Green Steel, Aerospace, Semiconductors, Mobility: The Gulf and Europe’s Joint Investment Focus

The GCC-EU partnership is also enhancing investments in cutting-edge industries, including green steel, aerospace, semiconductors, and mobility. The shared interest in advancing green technologies and innovation is a central theme of their cooperation. The potential to jointly invest in sectors like green steel and mobility not only strengthens the economic linkages between the two regions but also addresses global challenges related to sustainability and technological development. While the article does not explicitly mention these industries, the broader context of the strategic partnership supports such investments. [Source](#)



## From EV Batteries to Aerospace: Co-Investing in the Tangible Economy Between the Gulf and Europe

### Enhancing Energy Cooperation and the fight against Climate Change

The intensification of energy cooperation through the long-standing GCC-EU Energy Experts Group and other formats is committed to, with the aim of exploring greater collaboration on energy security, including energy efficiency and renewable energies. The importance of EU-OPEC dialogue, notably for discussing energy security, energy transition, and just transition issues, is highlighted. The strategic significance of cooperation on stable, reliable, and sustainable energy markets to reduce volatility and enhance the security of energy supply is recognised. The urgent need to address climate change and the importance of the energy transition are stressed.

Joint efforts will focus on creating sustainable and diversified economies that benefit populations and contribute to global climate action, in line with the Paris Agreement and respective national circumstances and obligations. Increased collaboration on renewable energy and hydrogen, energy efficiency, renewable electricity, and abatement and removal technologies such as carbon capture and utilisation and storage is planned, along with an assessment of prospects for joint connectivity. Combining strengths in innovation, particularly regarding zero and low emission technologies and critical energy transition minerals, will also be pursued.

Respective commitments to scale up urgent action to address the crises and challenges posed by climate change, biodiversity loss, desertification, ocean and land degradation, drought, and pollution are reiterated. The outcomes of COP28 in the UAE are welcomed, and the need to ensure the implementation of the UAE consensus with ambitious efforts on climate change adaptation and mitigation is stressed, along with the importance of international cooperation. Expectations for successful outcomes at the upcoming COP29, including a decision on climate finance that considers the needs and priorities of developing countries and aligns with UNFCCC

and Paris Agreement goals, are expressed. The importance of pursuing efforts to limit the 1.5 °C temperature increase and ensuring that Nationally Determined Contributions (NDCs) reflect progression, ambition, and different national circumstances, priorities, and approaches is emphasized. The upcoming UN Water Conference in the UAE in 2026 is welcomed as an opportunity to accelerate the implementation of SDG6 on clean water and sanitation.

Commitment to the full and effective implementation of the Kunming Montreal Global Biodiversity Framework (KM-GBF) is reaffirmed, with advocacy for meaningful outcomes enhancing action to address desertification, land degradation, and drought at UNCCD COP16, hosted by Saudi Arabia in December 2024. The need to enhance collective efforts to end plastic pollution and work towards an ambitious, fair, and transparent international instrument on plastic pollution based on a comprehensive approach, in line with UNEA resolution 5/14, is acknowledged. Active and constructive engagement in the spirit of collaboration and consensus-building at the INC5 session in the Republic of Korea is planned. [Source](#)

### Strengthening Connectivity Between Regions

The EU and GCC acknowledge the necessity of exploring cooperation in telecommunications, advanced technologies, the digital economy, innovation, and space to foster a better digital future and encourage knowledge and advanced technology exchange initiatives. Enhanced cooperation will underpin investment and trade in zero and low emission and clean technologies and their components, working towards the diversification and security of global supply chains, including for critical energy transition minerals, in line with international best practices and promoting resource efficiency. Collaboration on energy efficiency and ensuring the stability, security, and affordability of global sustainable energy markets will continue.

Cooperation to promote sustainable transport, as well as high-quality, reliable, sustainable, and climate-resilient infrastructure, including regional and cross-border infrastructure aligned with relevant international standards and principles, will be pursued. Further cooperation in relevant areas of transport policy, encompassing integrated transport policy covering rail, maritime, and aviation, will be explored. Collaboration in appropriate international transport fora aimed at ensuring the enforcement of international conventions and regulations will be promoted. Recognising the importance of strengthening connectivity between the regions, practical means to enhance cooperation in this area, notably concerning energy grids and hydrogen transportation, as well as the digital sphere, especially data cables, will be explored.

Acknowledging the potential of digital technologies and artificial intelligence in accelerating sustainable development, pathways to jointly promote digital transformation while also promoting the convergence of international standards in the digital domain will be identified. Cooperation between the two

regions will be intensified to foster sustainable investments in geographical and thematic areas of mutual interest, including through joint ventures and frameworks. Equitable partnerships that respect each region's economic circumstances and ensure a fair distribution of responsibilities and benefits are emphasized. Readiness to explore cooperation on the India-Middle East-Europe Economic Corridor (IMEC) and the EU framework of Global Gateway is expressed. [Source](#)

### Reinforcing Joint Efforts to Address Key Global Issues

In light of the serious escalation and ongoing conflicts in the Middle East and Europe, a confirmation of strategic engagement to work towards enhancing security and de-escalation for the benefit of both regions is made. The launch of the EU-GCC Regional Security Dialogue in January 2024 is welcomed, and progress in developing joint approaches towards global and regional security challenges and deepening security cooperation, including on counter-terrorism, maritime security, cyber issues, non-proliferation, disaster preparedness and emergency management, as well as peacebuilding efforts such as mediation and negotiation, is noted.

Cooperation in fighting organised crime, including migrant smuggling and human trafficking, with the aim of effectively disrupting, pursuing, and prosecuting these illegal activities through enhanced cooperation at the international level, will be undertaken. The results of the ministerial High-Level Forum on Regional Security and Cooperation on 22 April 2024 in Luxembourg are welcomed, and an agreement to hold a new edition in 2025, followed by further yearly iterations to continue developing joint work, is established. The GCC's Vision for Regional Security is welcomed, and the fundamental role of GCC states in dispute mediation and resolution to preserve peace and security regionally and globally is recognised.

A commitment to strengthen cooperation on combating money laundering and countering the financing of terrorism, including within the context of the Financial Action Task Force (FATF) and FATF-Style Regional Bodies, is undertaken. Joint efforts to tackle the threats presented by organised crime and address challenges, taking into account respective legal frameworks, as well as exploring ways to enhance judicial and law enforcement cooperation through relevant EU and GCC bodies and complementing bilateral cooperation, are reaffirmed.

### Brief Review of the Middle East green tech investments

Global investments are powering the Middle East's EV ambitions, with substantial regional contributions to global electric mobility poised to deliver long-term benefits through innovation, knowledge transfer and economic growth. As Middle Eastern countries undergo environmental and economic transformation, strategic investments in EV technologies are bringing essential intellectual property,

technological expertise and high-skilled jobs to the region - critical elements in building a robust EV ecosystem.

In the global electric mobility sector, Nio and American automotive company, Lucid Group, captured the majority of climate tech megadeals this year involving Middle East participation. In 2023, Saudi Arabia's Public Investment Fund (PIF) and Ayar Third Investment Company invested US\$2.55 billion and US\$750 million in Lucid respectively, while Abu Dhabi's CYVN Holdings committed US\$738 million to Nio. By 2024, both Ayar and CYVN significantly increased their stakes, with Ayar adding US\$750 million to Lucid and CYVN tripling its investment in Nio to US\$2.2 billion.

This also reflects a maturing landscape, where Middle East investors prioritise high-value opportunities over volume. Despite a fall in the number and volume of megadeals - nine megadeals in 2024 amounting to a total value of US\$4.8 billion - compared to 26 deals totaling US\$11 billion in 2023, the average deal value rose by 25%. This is driven largely by the significant Nio investment, which alone accounted for over 62% of total regional outward climate tech investment in the last 12 months.

According to PwC Middle East's eMobility Outlook 2024: KSA Edition, Saudi Arabia, for example, is dedicating US\$39 billion to establishing a domestic EV manufacturing industry by 2030, supporting its ambitious net zero and economic diversification goals. With the goal of transitioning 30% of Riyadh's vehicles to electric by 2030, the Kingdom is working with global leaders, such as Lucid Motors, to build a regional hub for EV production. This strategy not only aligns with Saudi Arabia's environmental objectives but also aims to boost in-country value, attract foreign investment and create a strong domestic workforce, ultimately contributing to Vision 2030. Supported by the Saudi PIF, Lucid recently opened Saudi Arabia's first auto manufacturing facility in King Abdullah Economic City. With an initial capacity of 5,000 vehicles per annum, the complete facility is expected to have a future capacity of 155,000 EVs annually.

Like Saudi Arabia, the UAE is also prioritising EV adoption as a central pillar of its Energy Strategy 2050, which targets carbon neutrality by mid-century. With a goal of having 50% of vehicles on UAE roads be electric or hybrid by 2050, the country is incentivising EV adoption and investing in supporting infrastructure. CYVN Holdings' recent US\$2.2 billion investment in Nio goes beyond capital; it includes plans for a new research and development (R&D) centre in Abu Dhabi focused on autonomous driving and artificial intelligence.

With mobility accounting for 84% of the region's total global climate tech investment in 2024, it highlights the strategic focus on reimagining transportation to reduce carbon emissions. By directing investments towards established global electric mobility players, regional governments are laying the groundwork for a robust homegrown EV industry.

The Middle East has also accelerated investment into AI-related climate tech, given AI's potential to drive energy efficiency, reduce emissions and improve environmental performance across sectors. [Source](#)

## Infrastructure as a Shared Language: Strengthening Gulf-Europe Economic Cooperation

The ongoing dialogue and trade negotiations signal a commitment to mutual growth in high-tech sectors such as semiconductors and aerospace. These initiatives could lead to the development of new industrial corridors that bridge the Gulf and European economies, fostering innovation and manufacturing in both regions.

The GCC and the EU recognise the importance of infrastructure as a core element of their economic relationship. By focusing on infrastructure development, the two regions are enhancing trade, security, and economic connectivity. His Excellency's remarks about expanding cooperation in energy and climate action are aligned with efforts to build resilient and sustainable infrastructure projects. This emphasis on shared infrastructural investments serves as a practical framework for fostering stronger Gulf-Europe economic cooperation.

### Conclusion

Through strategic dialogues and renewed trade agreements, the partnership aims to transform industries and address both regions' economic challenges. The continued collaboration will pave the way for a sustainable and prosperous future, driving economic growth and stability in both the Gulf and Europe. [Source](#)

## Building the Future Together: Green Steel, Mobility, and Digital Corridors in Gulf-Europe Partnerships

- **Green Steel:** A Decarbonization Cornerstone: The European Union has identified the steel industry as a cornerstone of its green industrial strategy. The push for "green steel"—produced using green hydrogen and electric arc furnaces—has gained traction, with an eye on reducing carbon emissions from one of the most polluting industrial sectors. The Gulf, with abundant renewable energy and hydrogen investment potential, is a natural partner in supplying green iron or hydrogen. [Source](#)
- **Iron Corridors and Maritime Green Routes:** A new vision of "Green Iron Corridors" is emerging—producing green iron in energy-rich regions such as the Gulf and North Africa and transporting it to manufacturing hubs in Europe. Parallel to this, a maritime "green corridor" for iron ore shipping between South Africa and Europe is being developed, showcasing growing interest in sustainable material transport. [Source](#)
- **IMEC:** A Bridge of Mobility and Sustainability: The India-Middle East-Europe Economic Corridor (IMEC), unveiled at the G20 in 2023, is a landmark initiative in multimodal infrastructure. Combining rail and maritime routes, and supported by the EU as a "green digital bridge," IMEC connects Europe with Gulf and Indian Ocean partners, reinforcing both economic interdependence and sustainability. [Source](#)
- **INSTC and the Gulf's Strategic Role:** Alongside IMEC, the International North-South Transport Corridor (INSTC) involving India, Iran, and Russia offers a competing or complementary route with strategic potential for the Gulf. Positioned at the crossroads of global trade, the Gulf plays a pivotal role in anchoring mobility networks that link Asia, Europe, and Africa. [Source](#)

- **The EU's Global Gateway and the Mobility Nexus:** Through the Global Gateway, the EU seeks to mobilize €300 billion for sustainable transport, energy, and digital connectivity projects globally. Gulf-Europe mobility cooperation falls squarely within this framework, offering mutually beneficial opportunities in logistics, port infrastructure, and green corridors. [Source](#)
- **Digital Corridors: Bridging Continents through Data:** Europe and the Gulf are working to establish high-speed, secure digital corridors to support increasing data needs and 5G/6G growth. Initiatives like the Telecom Egypt and Zain-Omantel corridor linking the Mediterranean to the Arabian Sea illustrate growing infrastructure for a "data Silk Road." [Source](#)
- **Dual-Use Infrastructure: The Integration of Digital and Physical:** The IMEC project not only includes rail and maritime routes but also plans for digital cable integration, exemplifying how transport and data infrastructure are becoming inseparable. Gulf-Europe partnerships are focusing on this convergence to deliver smarter, more resilient systems. [Source](#)

### Conclusion

Green infrastructure is no longer a siloed concept. As Europe and the Gulf integrate their economies around sustainable steel, digital corridors, and mobility networks, they are building more than infrastructure—they are building a future defined by mutual resilience, sustainability, and innovation. Strategic alignment on climate, technology, and infrastructure shows that Europe and the Gulf are not just connected by trade—but by shared purpose. [Source](#)

## Transforming Industries: How the Gulf and Europe are co-investing in Green Tech and Infrastructure

Aligning agendas across innovators, entrepreneurs, industries and governments is essential to creating an integrated impactful innovation ecosystem capable of delivering real-world solutions. Creating numerous programmatic linkages, organic and inorganic, is also vital to activate the ecosystem. In the case of deep tech ecosystems, a stronger pipeline of tech entrepreneurs is also needed to complement institutional R&D in taking a larger flow of tech innovations from lab-scale to market-ready solutions.

In the Middle East, the UAE, Saudi Arabia and Qatar together funneled US\$3.49 billion into climate tech outside the region, while their combined investment at home was a mere US\$35.67 million. This indicates a missed opportunity to nurture and scale homegrown climate tech innovation in the Middle East, leaving the region underfunded despite its vast potential.

When it comes to global investment into Middle East climate tech sectors, Pitchbook data analysis reveals a downward trend, as levels decrease by 41% from US\$193 million in 2023 to US\$114 million in 2024. This marks a sharp drop from the 2022 peak of US\$895 million, primarily driven by decreased investment in the region's mobility and energy start-ups, despite mobility being a critical area of growth in the region. In the mobility sector,

global investment plummeted by 77%, while the energy sector experienced a significant 75% decline between 2023 and 2024.

AI-related climate-tech companies in the Middle East attracted US\$47.3 million in global investments in 2024, a significant increase from the US\$5.4 million raised in 2023. However, this figure represents only a small fraction of the US\$6 billion invested in AI start-ups globally, during 2024, highlighting the region's untapped potential in the sector.

Within the Middle East, the GCC is positioning itself as a global AI leader, driven by robust ICT infrastructure, making the region an attractive hub for top AI firms and talent, as explored in our latest Middle East Economy Watch. Key investments like Microsoft's US\$1.5 billion in G42 and Mubadala's US\$500 million stake in Anthropic, highlight a focused approach to AI innovation.

However, global investment in other high emitting regional sectors has shown growth, with funding for FALU increasing from US\$2 million in 2023 to US\$17 million in 2024 and funding in infrastructure, manufacturing and resource management (IMRM) rising from US\$11 million in 2023 to US\$50 million in 2024.

The total number of Middle East climate tech companies receiving global investment has also decreased, from 75 in 2023 to 49 in 2024 and deal making has been slower, with the number of deals declining from 95 in 2023 to 59 in 2024. Despite this, average funding per company invested in has risen, from US\$2.6 million in the previous period to US\$3.1 million in the current period, reflecting the broader trend of fewer but larger deals.

High-profile investments include US\$30 million for Tenderd in the UAE's IMRM sector, US\$20 million for Immensa in Saudi Arabia's IMRM sector, US\$16 million for iyris in the UAE's FALU sector and US\$16 million for Wize in the UAE's mobility sector. [Source](#)



Global investment in Middle East mobility start-ups plummeted by

**77%** between 2023 and 2024.



Middle East AI climate tech funding grew from

**US\$5.4 M** in 2023 to **US\$47.3 M** in 2024 to

## Defence, Surveillance, and Dual-Use Tech

### External Policy Statements

The EU and the GCC have negotiated and made decisions to cooperate on International Defence and Security in the following areas:

Partnership for Long-Lasting Stability and Peace

- **Respect for International Law and Sovereignty:** Both parties reaffirm their respect for the sovereignty and territorial integrity of states and their commitment to the fundamental principles of the UN Charter, International Law, and International Humanitarian Law. They emphasize that all states must refrain from the threat or use of force to seek territorial acquisition against the territorial integrity, sovereignty, or political independence of any state.
- **Support for Humanitarian Efforts in Conflict Zones:** They stress the importance of supporting all efforts to facilitate the export of grains, food, and humanitarian supplies to contribute to food security in affected countries.
- **Mediation Efforts:** The EU and GCC welcome mediation efforts by GCC countries on humanitarian issues, such as the exchange of prisoners of war and the reunification of families. They also acknowledge the hosting of national security advisors meetings. The efforts of the EU and Switzerland in contributing to a just and lasting peace in Ukraine are also recognised.

#### Ukraine:

- » They recall and align with UN General Assembly Resolutions condemning the Russian Federation's aggression against Ukraine, demanding the immediate, complete, and unconditional withdrawal of all its military forces from Ukraine within its internationally recognised borders.
- » The need to reach a comprehensive, just, and lasting peace in Ukraine in line with the principles of the UN Charter is underscored, reaffirming commitment to Ukraine's sovereignty, independence, unity, and territorial integrity within its internationally recognised borders, extending to its territorial waters.
- » Attacks against civilians and civilian and critical infrastructure, especially in the energy sector, are condemned. They commit to intensifying the provision of humanitarian and civil protection assistance and support for energy infrastructure, emphasizing the safety and security of all nuclear power plants and supporting the work of the IAEA.
- » The immense human suffering and exacerbation of global economic fragilities caused by the prolonged war are deplored. They commit to building support for pathways towards a framework for a comprehensive, just, and lasting peace based on international law, including the UN Charter.

#### Israel, Gaza, and the West Bank:

- » Expressing utmost concern over developments, they call for the full implementation of relevant UN Security Council Resolutions, including the most recent ones (2712, 2720, 2728, and 2735).
- » They specifically call for an immediate, full, and complete ceasefire, the release of hostages, the exchange of Palestinian prisoners, and immediate and unimpeded humanitarian access to the civilian population, including the safe and effective distribution of humanitarian assistance at scale throughout the Gaza strip. Support for the efforts of the United States, Egypt, and Qatar in this regard is expressed.
- » All parties are called upon to comply with their obligations under international law, including international humanitarian law and the implementation of International Court of Justice orders, particularly regarding the protection of civilians, especially children. Attacks against civilians and civilian infrastructure are condemned.
- » They urge all parties to allow, facilitate, and enable the full, rapid, safe, and unhindered delivery of expanded humanitarian assistance to the Palestinian civilian population throughout the Gaza Strip, stressing the need for the prompt and unconditional provision of humanitarian aid through opening all crossings in accordance with UNSCR 2735, and supporting the work of UNRWA and other UN agencies. The essential services provided by UNRWA are underscored.
- » A reaffirmation of their unwavering commitment to the realization of the right of the Palestinian people to self-determination through the Two-State solution is made, with Israel and Palestine living side by side in peace within secure and recognised borders along the 1967 lines, consistent with international law, relevant UN resolutions, and the 2002 Arab Peace Initiative. They commit to working together towards reviving a political process to this end, including supporting the Palestinian Authority in its reform plans, and stress that actions weakening the Palestinian Authority must stop.
- » Concern is expressed about increasing regional tensions, and all parties are urged to exercise restraint, prevent further escalation, and engage in international diplomatic efforts to end the current destructive cycle of violence.
- Deep concern is voiced regarding military operations in the West Bank leading to civilian casualties and destruction of civilian infrastructure, with a call for their immediate end. Strong condemnation of ongoing extremist settler violence in the West Bank, including East Jerusalem, and the Israeli government's decisions to further expand settlements and legalize settler outposts are made, urging Israel to reverse these decisions and cease all unilateral measures undermining prospects for peace. All forms of violence, incitement, and terrorism are condemned.



The importance of preserving the historical Status Quo in Jerusalem and its holy sites, recognising the special role of the Hashemite Kingdom of Jordan, is underlined.

- All loss of civilian life, particularly children, as well as the catastrophic levels of hunger and imminent risk of famine due to insufficient aid entry and distribution in Gaza, are deplored. Attacks against civilians and humanitarian workers are strongly condemned, emphasizing the need to ensure their safety.
- The formation of the Global Alliance for the Implementation of the Two-State Solution, announced by Saudi Arabia, the EU, and Norway, is welcomed. Support is also expressed for the initiative by Saudi Arabia, the EU, the League of Arab States, Egypt, and Jordan to revive the Middle East peace process and the Bahrain Declaration's call for an international peace conference in the near future.

#### Lebanon:

- Extreme concern is expressed regarding the dangerous escalation in Lebanon, with an affirmation of support for the Lebanese people and a call for an immediate ceasefire. Intensified international and regional efforts to provide urgent humanitarian aid to alleviate suffering and protect civilians from war repercussions are urged.
- Calls for restraint and de-escalation to prevent the conflict from expanding regionally are made. The need to implement Security Council Resolution 1701 and other relevant international resolutions and the Taif Agreement to restore lasting security and stability in Lebanon and ensure respect for its territorial integrity, independence, and sovereignty within its internationally recognised borders is stressed.
- The essential stabilizing role played by the Lebanese Armed Forces and UNIFIL in mitigating escalation risks is recognised. All attacks against UN missions are condemned, with particular grave concerns regarding the recent attack against UNIFIL.
- Support is expressed for the efforts of the Quintet on Lebanon, stressing the importance of accelerating presidential elections, restoring the Lebanese government's authority throughout the country, and implementing economic reforms.
- Efforts to reintegrate Lebanon in the region, including initiatives to rebuild confidence and cooperation, are also supported.

[Source](#)

#### Joint Economic Forces: Joint Interests in AI, Drones, Cybertech, and Regional Stability: Gulf- Europe Collabouration

- **AI, Cybersecurity, Drones, and Surveillance Tech:** Transforming into Economic and Social Infrastructure: The evolving regional security framework outlined in the recent GCC vision underscores how modern technologies—such as AI, cybersecurity systems, drones, and surveillance tech—are being reconceived as integral elements of economic and social infrastructure. As the joint communique and subsequent dialogueues reveal, the GCC and the EU are increasingly prioritising the establishment of robust cybersecurity mechanisms and coordinated efforts to monitor and manage the proliferation of drones and other unmanned systems. These measures not only protect critical infrastructures but also create technological platforms that can drive broader socio-economic development by integrating advanced surveillance and data analytics into public services. This transformation is part of a larger shift where dual-use technologies, traditionally seen as tools for defence or intelligence, are now being repositioned as enablers for economic modernisation and enhanced public safety.

For example, the initiatives to improve cyber dialogueue and implement standards across the region could pave the way for smart city applications, secure digital platforms, and more efficient public resource management. In doing so, these technologies help build resilient networks that can support everything from traffic management to emergency response, fostering an environment where digital innovations underpin social and economic growth.

Moreover, the use of AI and advanced surveillance technologies brings new possibilities for public-private partnerships and collabourative innovation between the Gulf and Europe. By leveraging AI-driven data analytics, governments can more effectively monitor infrastructure, predict system failures, and respond to security breaches. Simultaneously, these systems offer commercial opportunities in sectors such as smart transportation, energy grid optimization, and public safety—ultimately transforming what were once purely military or security capabilities into versatile assets that contribute directly to the region's economic and social infrastructure.

- **Dual-Use Tech with Strategic Significance:** Gulf and Europe's Growing Cooperation: The evolving strategic dialogueue between the GCC and the EU increasingly acknowledges the multifaceted role of dual-use technologies—those that serve both civilian and military objectives—in shaping regional security and economic development. The joint discussions and communiquees emphasize the need to address proliferation challenges related to missiles, nuclear materials, and drones. These technologies, while critical to defence, have applications that extend into areas like infrastructure monitoring, emergency services, and industrial automation, rendering them strategically significant beyond their traditional military use. Both the EU and the GCC recognise that creating a coherent strategy for dual-use technology will not only mitigate risks from proliferation but also generate mutual benefits in areas

### *Gulf–EU Tech Alliances for Security and Innovation*

## **AI and cybersecurity now drive Gulf–EU strategy.**

## **Drones are key to dual-use innovation.**

## **Joint standards tackle cyber threats.**

## **Tech ties secure ports and infrastructure.**

such as advanced manufacturing and digital transformation. Coordinated efforts—such as establishing common standards, sharing best practices, and engaging in joint research—can help build a foundation of trust and reliability. Such measures are essential for maintaining strategic stability while simultaneously unlocking new economic opportunities. The shared emphasis on these issues in the GCC vision document and the EU’s strategic partnership announcements serves as a catalyst for deeper cooperation on dual-use technology frameworks. As part of this evolving cooperation, both regions are exploring mechanisms to balance security imperatives with economic innovation. By framing dual-use technologies as a shared resource for addressing both defence and developmental challenges, the GCC and the EU are setting the stage for transformative partnerships. This approach not only reinforces the geopolitical stability of the region but also integrates technological advancement into the core of economic planning, ensuring that the benefits of innovation are widely distributed across both civilian and military sectors.

- **AI and Cybertech:** The Gulf and Europe’s Strategic Partnership in Dual-Use Technologies: The strategic partnership between the Gulf and Europe has begun to place greater emphasis on the role of artificial intelligence (AI) and cyber technologies in addressing contemporary security challenges. Both the GCC vision document and the EU’s recent security dialogues highlight cybersecurity as a critical area for cooperation. Recognising that threats in the digital realm can have far-reaching implications, EU leaders have called for enhanced dialogue with the GCC on issues that range from cyber defence to the regulation of emerging technologies, including AI-driven systems and unmanned platforms. This growing focus on AI and cybertech reflects a broader understanding that digital technologies are inherently dual-use—capable of delivering significant economic value while also serving as vital components in national security.

Initiatives such as establishing a dedicated cyber security dialogue and integrating AI into surveillance and threat detection systems are being viewed as essential steps in cementing this strategic partnership. The EU’s experience in developing robust digital frameworks, combined with the Gulf’s proactive investments in new technologies, creates a mutually beneficial scenario where both regions can learn from each other and set global standards for dual-use applications.

Furthermore, the collaborative efforts in AI and cybertech are poised to have broader strategic impacts beyond conventional security concerns. By fostering joint ventures, sharing technological expertise, and developing common regulatory frameworks, the Gulf and Europe can pioneer innovative solutions that enhance everything from critical infrastructure protection to economic resilience. This partnership is not only about countering threats but also about harnessing technological advancement to drive growth and ensure that both regions remain at the forefront of the digital revolution.

- **Regional Stability Through Technology:** Gulf–Europe Cooperation in AI, Drones, and Cybersecurity: The intertwined security dynamics between the Gulf and Europe underscore how technology is becoming a cornerstone of regional stability. The joint communique from the GCC–EU meetings reveals a shared commitment to addressing contemporary threats—including those posed by drones, cyber intrusions, and other advanced digital technologies—by enhancing cooperation on technology-driven initiatives. Both regions are actively seeking to create frameworks that not only defend against these emerging challenges but also integrate them as part of a broader, sustainable economic strategy. Maritime security operations, such as Operation Aspides, are a testament to this evolving cooperation.

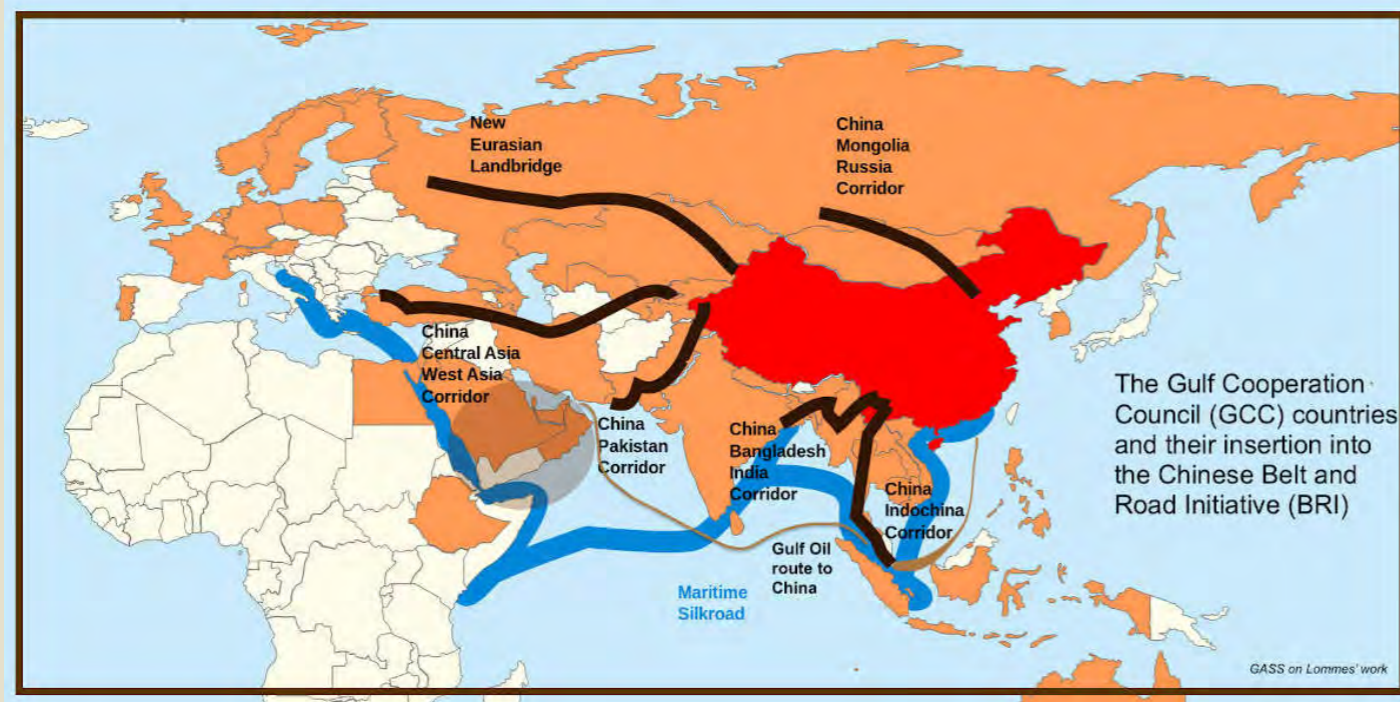
Such initiatives underscore the capacity for technology—ranging from unmanned aerial systems (UAS) to sophisticated cyber monitoring networks—to facilitate de-escalation and build mutual trust. By deploying advanced surveillance and drone technologies, both the GCC and the EU aim to create a more secure operating environment that deters aggression and supports coordinated responses to crises. The emphasis on cybersecurity further reinforces this vision, as effective cyber defences are crucial for protecting both critical infrastructure and economic interests in an increasingly interconnected world.

## **Conclusion**

Gulf–Europe cooperation in AI, drones, and cybersecurity is envisioned as a strategic enabler for regional stability. By aligning their technological capabilities and establishing common standards for managing dual-use technologies, both regions can mitigate risks and reinforce mutual security. This integrated approach not only safeguards critical assets but also lays the groundwork for long-term economic and social prosperity, ultimately transforming technological advancement into a shared pathway towards a more stable, secure, and resilient region. [Source](#)



# The Gulf as the New Silk Road Crossroads



**New Silk Road tie together three continents**

**The Gulf anchors China's Belt and Road across Eurasia and Africa**



**AIUla reflects the Gulf's transformation – reviving ancient crossroads through culture, tourism, and strategic connectivity.**



## The Gulf at the Heart of China's Belt and Road Initiative

*In the past decade, the Gulf has emerged as a pivotal region in China's global ambitions under its Belt and Road Initiative (BRI). Strategically positioned along the Maritime Silk Road and in proximity to the Red Sea, the Gulf Cooperation Council (GCC) states are central to Beijing's efforts to secure energy resources, expand trade corridors, and establish geopolitical influence across Eurasia and Africa.*

At the heart of this growing relationship is China's deepening dependence on Gulf oil. In 2022, over 41% of China's crude oil imports came from GCC countries—up from 35% a decade prior. Saudi Arabia alone shipped nearly 90 million tonnes of oil to China that year, solidifying its role as Beijing's primary energy partner in the region. As U.S. energy independence has grown, Gulf countries have pivoted their exports towards the Indo-Pacific, with China fast becoming their most important customer.

China's engagement with the Gulf is not limited to energy. Major infrastructure investments—such as Saudi Arabia's NEOM City, Dubai's Al Maktoum Airport expansion, and the Qatar Integrated Rail Project—are emblematic of the BRI's physical footprint in the region. These projects signal not only economic collaboration but also the weaving of Gulf states into the fabric of China's broader global logistics and connectivity networks.

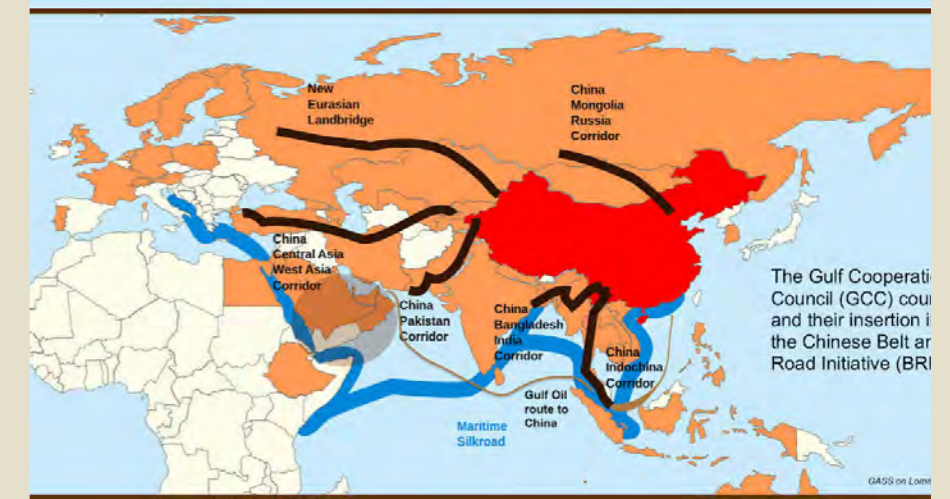
Diplomatically, China's traditionally cautious, non-interventionist approach in the Middle East has evolved. Beijing played a key behind-the-scenes role in mediating the March 2023 diplomatic thaw between Saudi Arabia and Iran, marking a rare display of geopolitical assertiveness. This move underlined China's aspiration to be seen not just as an economic partner, but also as a diplomatic force in the region—positioning itself as an alternative to U.S.-led mediation efforts.

During the COVID-19 pandemic, China seized the moment to enhance its soft power in the Gulf. Through vaccine diplomacy and medical aid, Beijing bolstered its status as more than just a trade partner, presenting itself as a source of scientific collaboration and crisis support. This not only reinforced existing relationships but also showcased China's intent to embed itself more deeply in Gulf political and social structures.

Despite these advances, the China-GCC relationship is not without its complexities. Tensions between regional powers—most notably Saudi Arabia and Iran—continue to present obstacles. China's balancing act, especially as it navigates sensitive issues like the Israeli-Palestinian conflict and Iranian influence in the region, will shape how effectively it can entrench its presence in the Gulf going forward.

Nonetheless, the Gulf's role in the BRI is undeniable. As China continues its westward expansion, the region stands as both a critical energy supplier and a hub of infrastructure development, logistics, and diplomacy—cementing its position at the heart of Beijing's global vision. [Source](#)

### The Gulf Cooperation Countries and their position in the Belt and Road Initiative



## GCC: Reviving the Silk Road with Ports, Corridors, and Capital

*The ancient Silk Road once thrived as a network of trade routes connecting East and West, shaping civilizations and economies. Today, a modern resurrection is underway – but this time, it's not led by camel caravans or Mongol emissaries, but by Gulf capital, global alliances, and strategic infrastructure. At the heart of this transformation is the Gulf Cooperation Council (GCC), leveraging its geostrategic location, sovereign wealth, and ambition to become a key node in the new global order.*

### From Hejaz Rails to High-Speed Corridors

The vision isn't new. Back in 2017, Israeli transport minister Israel Katz proposed reviving the Hejaz railway to link Haifa with key Arab capitals. Today, that idea has evolved into the India-Middle East-Europe Economic Corridor (IMEC) – a grand project backed by the United States, European Union, India, Saudi Arabia, the UAE, and Israel. The plan: connect Indian ports to Europe via a series of Gulf and Levantine trade routes, including freight rail, fiber optic cables, energy pipelines, and maritime hubs.

With the US and EU branding IMEC as "historic," the corridor is being hailed as a geopolitical counterweight to China's Belt and Road Initiative (BRI). It's no longer just about trade – it's about influence, alliances, and securing economic futures in a rapidly shifting global order.

### Gulf Capital at the Helm

For the GCC, IMEC is more than a route – it's a statement. With oil wealth diversifying into logistics, technology, and renewables, Gulf states like Saudi Arabia and the UAE are repositioning themselves as global connectivity hubs.

Saudi Arabia's US\$50bn-plus economic engagements with China and India underscore a dual-track diplomacy, where Riyadh maintains strategic flexibility between Washington and Beijing. The UAE, already deep into infrastructure and trade deals with India, played a critical role in IMEC's formation. Gulf sovereign funds, such as the Abu Dhabi Investment Authority, are actively investing in Indian infrastructure, solidifying ties beyond oil.

This isn't just soft power – it's hard infrastructure. The GCC Interconnection Authority is backing cross-border energy and telecom initiatives, and countries like Saudi Arabia are partnering with China's Baoshan Steel to build industrial plants worth billions.

### Competing Corridors, converging Interests

While the BRI still commands influence, especially in Sub-Saharan Africa and parts of the Middle East, its momentum has slowed. Gulf states, however, are doubling down. China's "BRI 2.0" is less about debt-laden loans and more about return-on-investment, particularly in wealthier nations like the UAE and Saudi Arabia. As Washington warns of Chinese military facilities in the region and growing use of the yuan for oil trade, the GCC continues to entertain both East and West.

What makes IMEC different is the alignment of multiple strategic interests. For the US, it's a bulwark against China. For India, it's an economic and geopolitical leap westward. For Israel, it's an integration opportunity. For the Gulf states, it's a chance to anchor themselves at the crossroads of a new Eurasian supply chain.

### The GCC as a 21st Century Silk Road

Whether through megaprojects like NEOM or partnerships like I2U2 (India, Israel, UAE, US), the GCC is channelling its capital into becoming a central artery of global trade. Ports in Jebel Ali, Dammam, and Duqm are being modernized, and plans for trans-Arabian rail links are inching forward.

These efforts recall the spirit of the Silk Road – but reimagined with smart ports, green hydrogen, digital connectivity, and financial muscle. The path forward won't be easy. As with all regional megaprojects, success will depend on political stability, sustained investment, and trust between actors who don't always share long-term visions.

But one thing is clear: in the race to redraw global trade maps, the Gulf is no longer a stopover – it's becoming the driver. [Source](#)



## The Belt and Road Initiative and the Legacy of the old Silk Roads



*For centuries, the Silk Roads formed the backbone of Eurasian trade, diplomacy, and cultural exchange. Stretching from China to the Mediterranean, this vast web of routes linked empires, merchants, and scholars, with the Arabian Peninsula and the Levant serving as critical junctions. Today, as global powers scramble to reimagine 21st-century connectivity, the legacy of these ancient networks lives on in the competing visions of modern infrastructure – most notably, China’s Belt and Road Initiative (BRI) and emerging alternatives like the India-Middle East-Europe Economic Corridor (IMEC).*

*At the heart of this revival lies the Gulf Cooperation Council (GCC) states, uniquely positioned to reclaim their historical role as the crossroads of continents.*

### Silk Road Imagery and modern Ambitions

The symbolism of the Silk Roads is deeply embedded in today’s infrastructure diplomacy. Leaders often invoke the past to justify the present. In 2017, Israeli transport minister Israel Katz proposed reviving the old Hejaz Railway, originally built under the Ottoman Empire to link Haifa with Damascus, Amman, and Medina – a route that once pulsed with trade and pilgrimage. Later, Saudi Arabia’s investment minister, Khalid Al-Falih, described the newly proposed IMEC corridor as “the equivalent of the Silk Route and Spice Road.”

These references are more than nostalgic nods. They speak to a strategic vision: a desire to once again place the Middle East at the centre of global trade flows, bridging East and West through ports, railways, pipelines, and fiber-optic cables.

### BRI: China’s new Silk Road

China’s Belt and Road Initiative, launched in 2013, is the most ambitious modern reincarnation of the Silk Road idea. With over 70 partner countries across the Middle East and Africa, the BRI has driven massive investments in ports, roads, and railways – including in resource-rich Gulf countries. By 2023, Saudi Arabia and the UAE ranked among the top three recipients of Chinese construction projects under BRI, signaling a pivot in Beijing’s strategy from frontier markets to nations capable of offering real returns.

While some developing countries have struggled with BRI-linked debt and reliance on Chinese labour, this “debt-trap diplomacy” model does not apply as cleanly in the Gulf. Instead, China’s engagements with the GCC focus on energy, industrial development, and high-tech infrastructure – from 5G to AI.

### IMEC: A Strategic Counterbalance

In response, the United States and its allies launched IMEC, linking India to Europe through the Arabian Peninsula and Israel. The project, announced at the 2023 G20 Summit, is envisioned as a multimodal corridor combining ports, freight rail, energy pipelines, and digital infrastructure. It aims not only to cut transit times but to bind India, the Middle East, and Europe into a unified economic space.

Crucially, this is not merely an economic project – it is a geopolitical strategy. IMEC is widely seen as a counterweight to China’s BRI, with Washington seeking to reassure Gulf partners of its enduring presence, while deepening trilateral cooperation among the US, India, and regional players like the UAE and Saudi Arabia.

### GCC at the Crossroads

The renewed interest in connectivity projects from both East and West places the GCC states at the centre of 21st-century trade routes, much like their historical role in the Silk Road era. Today, these nations are actively pursuing economic diversification, reducing dependence on fossil fuels by investing in logistics, renewable energy, and global finance.

At the same time, the Gulf monarchies are hedging their bets – strengthening ties with both China and India, participating in BRICS, and deepening cooperation with the West through deals like IMEC. This multi-alignment strategy mirrors the pragmatism of ancient Silk Road cities, which thrived by accommodating diverse empires and economic systems.

### Conclusion

The legacy of the Silk Roads lives on not only in the rhetoric of infrastructure projects but in their strategic logic. The Belt and Road Initiative, IMEC, and other corridors reflect a modern race to shape global trade, secure supply chains, and win influence in the emerging multipolar world.

For the Gulf, this is not just a moment of opportunity – it is a return to form. With the revival of cross-continental corridors, the region may once again become the indispensable middle link between civilizations – a living embodiment of the Silk Roads for the 21st century. [Source](#) & [Source](#)

## Gulf Ports and Corridors: Key Connectors Between East and West

Balancing global logistics leadership

**Over half (52.3%) of the Arab commercial fleet was concentrated in Gulf-based enterprises by 2023.**

*Gulf Cooperation Council (GCC) ports play a pivotal role in bridging trade between the East and West, standing as some of the most efficient maritime gateways globally. Ten ports from Saudi Arabia, UAE, Oman, and Qatar rank among the top 70 of 405 evaluated ports worldwide, highlighting the region's rising prominence in global maritime logistics.*

*The strategic location of the Gulf, combined with forward-looking investments, has solidified its status as a vital corridor for international trade. As of 2023, over half (52.3%) of the Arab commercial fleet was concentrated in or operated by Gulf-based enterprises. The Gulf also scored 100.5 in the Liner Shipping Connectivity Index—well above the Arab average—underscoring its world-class infrastructure and global reach.*

- Saudi Arabia, under Vision 2030, has made sweeping investments in its ports to become a global logistics powerhouse. Jeddah Islamic Port and King Abdulaziz Port are undergoing major expansions, while digital innovations like electronic port community systems have improved cargo handling efficiency. Despite temporary setbacks such as a 14.4% drop in container volumes at Jeddah in 2023 due to global supply chain disruptions, Saudi ports processed over 5 million TEUs that year, reflecting resilience and growth momentum.
- The UAE continues to lead the regional maritime sector, with Jebel Ali Port ranked 9th globally in 2023. Operated by DP World, Jebel Ali processed 14.47 million TEUs in 2023, rebounding to the global top 10. The port's performance aligns with the UAE's Economic Vision 2030, emphasizing sustainability, decarbonization, and digitalization in logistics.
- Oman, capitalizing on its strategic position outside the Strait of Hormuz, is investing heavily in technology and infrastructure at Salalah Port—ranked 47th worldwide. Though it saw a decrease in volume in 2023 due to Red Sea disruptions, Oman remains focused on its long-term logistics strategy, aiming for operational excellence by 2040.
- Qatar is channelling major investments into Hamad Port, a linchpin of its diversification goals under Qatar National Vision 2030. With a capacity exceeding 2 million TEUs and advanced automation, Hamad Port connects seamlessly to road and rail corridors, enhancing its role as a regional logistics hub.
- Kuwait, while holding a smaller share of the global merchant fleet (0.208% in 2023), remains strategically relevant due to its reliance on maritime transport for oil exports. However, congestion at the Port of Shuwaikh in early 2025 indicates the need for operational improvements to keep pace with demand.

- Bahrain is also stepping up, with Khalifa Bin Salman Port recently topping the global "Small Ports" category in the Container Port Performance Index. Its rise by 30 positions reflects strong digital adoption and improved service efficiency through initiatives like the Marasi portal. Bahrain's Logistics Services Strategy further aims to position the country as a top 20 global logistics hub by 2030.

### Conclusion

- GCC ports are more than regional trade facilitators—they are global connectors. Through strategic investments, modernisation, and policy alignment with national development goals, these ports are strengthening East-West maritime connectivity and reshaping the future of global logistics. [Source](#)



## Investment Diplomacy Without Rivalry



**Unity without uniformity – a regional posture that leverages national ambition without fragmenting shared momentum.**

**The GCC has emerged more cohesive in its collective action, especially in managing external relations with major powers**



**Despite internal differences, GCC members have avoided fragmentation by focusing on pragmatic cooperation.**



## The GCC is not a Monolith — it is a competitive Collabouration



*While the Gulf Cooperation Council (GCC) shares a common regional identity and strategic interests, it is far from a uniform bloc. Instead, it functions as a competitive collabouration—a group of countries balancing national ambitions with shared goals. Post-2017 rift, the GCC has emerged more cohesive in its collective action, especially in managing external relations with major powers like the U.S., China, and Russia. Yet, each country retains the autonomy to pursue its own foreign policy paths, such as differing stances on Iran and Israel. This flexible unity allows for internal competition while preserving overall cohesion.*

The challenge is unity without uniformity — a regional posture that leverages national ambition without fragmenting shared momentum

The GCC's evolution in a multipolar world is defined by its ability to sustain unity without uniformity. Despite internal differences, especially in foreign policy and economic models, member states have avoided fragmentation by focusing on pragmatic cooperation. As the bloc prepares for multilateral engagements like the outcomes of the first EU-GCC Summit, its success lies in leveraging national strengths—whether in energy, diplomacy, or investment—without undermining regional solidarity. The balance of independent foreign relations and collective action has helped the GCC maintain stability in an increasingly volatile global landscape. [Source](#)



## Saudi and the UAE jostle for Influence. Qatar leans into “Soft Power”

Saudi Arabia and the UAE exemplify the duality of competition and alignment within the GCC. Both nations are rapidly diversifying their economies beyond oil: Saudi Arabia through megaprojects like NEOM, and the UAE via its advanced financial and tech sectors. This rivalry, however, has also driven innovation and modernisation across the region. Importantly, their economic ambitions are not mutually exclusive—instead, they are increasingly aligned through shared infrastructure development and joint ventures that reinforce intra-GCC trade and connectivity. Oman plays the diplomatic long game. [Source](#)

Qatar’s foreign policy strategy has become a hallmark of soft power diplomacy in the Gulf region. Unlike some of its neighbors that have historically emphasized military influence, Qatar has carved out a distinctive role as a trusted mediator in international conflicts. It has positioned itself as a neutral actor, capable of bridging divides between opposing factions through dialogue and behind-the-scenes diplomacy.

Qatar’s influence has grown largely due to its diplomatic flexibility—it maintains open communication channels with a wide range of political actors, including groups that many Western countries avoid, such as Hamas and the Taliban. This unique ability has enabled Qatar to play key roles in major mediation efforts, such as:

- The 2020 Doha Peace Agreement between the United States and the Taliban,
- The 2011 Darfur Peace Agreement,
- And ongoing negotiations between Israel and Hamas, particularly involving hostage and ceasefire mediation.

Beyond conflict resolution, Qatar also uses its economic resources to support post-conflict reconstruction, providing aid and development assistance in regions like Gaza, Darfur, and Lebanon. This humanitarian investment strengthens its soft power by aligning diplomatic credibility with tangible support on the ground.

Qatar’s strategic neutrality—maintaining relationships with both Eastern and Western powers—has enhanced its stature as a global intermediary. Its mediation efforts highlight how a small state can leverage diplomacy, neutrality, and economic leverage to wield outsized influence on the global stage. This approach exemplifies the broader GCC shift towards diplomacy-first foreign policies in a multipolar world. [Source](#)



## The Challenge is Unity without Uniformity — a regional Posture that leverages national Ambition without fragmenting shared Momentum



The Gulf Cooperation Council (GCC) is undergoing a notable transformation—from a bloc marked by rivalry and fragmented interests to one that increasingly embraces regional unity and cooperation. This shift reflects a broader understanding among the Gulf monarchies that Khaliji identity, shared political interests, and collective economic strength are vital to long-term regional stability and global influence.

A defining moment in this shift came with the 45th GCC Summit in Kuwait, which underscored the bloc's renewed commitment to joint action. Building on the momentum of the Al-Ula Summit in 2021, which ended the 2017 Gulf crisis, the summit emphasized solidarity, de-escalation of internal tensions, and concrete steps towards deepened integration. Key collaborative initiatives adopted at the summit included:

- Advancing economic integration through initiatives like a **unified Gulf tourist visa**,
- Coordinating on **cybersecurity, anti-corruption, and anti-trafficking efforts**,
- **Launching joint AI strategies** to maximize economic benefits from emerging technologies,
- **Promoting Gulf identity and social inclusivity** through education and policies empowering youth, women, and people with disabilities.

The GCC's economic cohesion is also becoming more apparent as member states increasingly see pan-Gulf solutions as necessary for shared prosperity. With the rise of global technological challenges and opportunities—such as AI integration—Gulf countries are recognising the need to coordinate policies and pool resources to compete globally. For instance, PwC forecasts a potential US\$23.5 billion economic benefit from AI for the GCC by 2030, reinforcing the importance of collaborative tech policy.

Beyond economics, the GCC is embracing a more cohesive diplomatic strategy in response to regional upheavals in Syria, Gaza, Sudan, and Yemen. Though traditionally limited in its ability to act as a unified military force, the GCC is stepping up as a diplomatic powerhouse, prioritising dialogue over coercion. Recent efforts by GCC Secretary General Jasem Al-Budaiwi in Syria—where he reaffirmed the bloc's commitment to the country's unity and stability—illustrate the Council's growing role in conflict mediation and regional peacebuilding. [Source](#)

This diplomatic shift gained further clarity in March 2025, during a session of the United Nations Human Rights Council in Geneva. Speaking on behalf of the GCC, Nasser al-Hayen, Kuwait's Permanent Representative to the UN and President of the GCC Council of Ambassadors, reaffirmed the bloc's support for Syria's sovereignty, independence, and territorial integrity, explicitly

rejecting foreign interference in the country's internal affairs. The GCC also expressed strong backing for a comprehensive political transition that upholds the rule of law and justice, aiming to restore security, stability, and prosperity for the Syrian people.

This statement reflects a deepening of the GCC's regional engagement and a growing consensus among member states to present a unified foreign policy stance on sensitive geopolitical matters. By positioning itself as an advocate for stability and lawful governance in Syria, the GCC demonstrates a mature diplomatic posture, one that aligns with its broader shift from internal competition to collective regional stewardship.

### Conclusion

In essence, this renewed regionalism is not just about strategic alignment, it signals a redefinition of Khaliji identity—one rooted in shared interests, mutual stability, and collective development. As the GCC continues to align its policies, economies, and diplomatic outlooks, it positions itself as a more unified and influential force in the broader Middle East and global arenas. [Source](#)



## Saudi - UAE economic Competition and Alignment

Within the GCC, Saudi Arabia and the United Arab Emirates stand out as the two most economically dynamic and ambitious players. Their relationship is defined not only by strategic alignment within the Gulf bloc but also by a growing economic rivalry that has accelerated development across the region. This competition – far from undermining unity – has often served as a mutually beneficial catalyst for innovation, investment, and diversification.

The rivalry is most visible in infrastructure and symbolic architecture. Dubai's iconic Burj Khalifa has long dominated skylines and global headlines, but Saudi Arabia has reignited its ambition with the resumption of Jeddah Tower, poised to eclipse its Emirati counterpart. This symbolic competition is mirrored in major global events: Dubai hosted Expo 2020, while Riyadh will host Expo 2030, each positioning itself as the Gulf's premier global destination.

Tourism is another critical front in this competition. While the UAE remains the top destination in the region, Saudi Arabia has rapidly gained ground. In 2024 alone, it attracted a record 30 million international visitors—an achievement driven by simplified visa regulations, social liberalization, and ambitious entertainment projects like Qiddiya and the Red Sea Project. These reforms fall under Riyadh's broader Vision 2030 strategy, which aims to transform the Kingdom into a global tourism and leisure hub.

In the realm of foreign direct investment, both nations are aggressively courting global capital. Dubai alone drew over US\$12 billion in FDI in 2023, bolstered by its well-established business ecosystem and Golden Visa programme, which has granted long-term residency to over 150,000 professionals and investors. In response, Saudi Arabia has launched its own Premium Residency Programme and, more strategically, introduced a Regional Headquarters Policy – requiring multinational firms doing business with the Saudi government to relocate their regional HQs to Riyadh. Over 550 companies, including tech giants like Google, Microsoft, and Apple, have already made the move, signaling Saudi Arabia's rising prominence as a corporate hub.

The competition also extends to infrastructure and logistics. The UAE's Dubai International Airport remains the world's busiest for international passengers, but Saudi Arabia is investing heavily to close the gap. Riyadh Air, a new national carrier, and the ambitious King Salman International Airport, projected to handle 120 million passengers annually by 2030, are clear indicators of the Kingdom's intentions. Meanwhile, Saudi ports like King Abdul Aziz Port are being expanded to rival the UAE's Jebel Ali Port, and the Global Supply Chain Resilience Initiative (GSCRI) aims to capture a greater share of regional trade.

This race for dominance also plays out in urban development and smart city projects. Saudi Arabia's NEOM, an ultra-futuristic mega-city on the Red Sea, exemplifies its ambition. In parallel, the UAE has unveiled its Dubai Urban Master Plan 2040, focusing on sustainability and livability. Additionally, construction has resumed

on the Dubai Creek Tower, set to reclaim the title of the world's tallest building, currently threatened by Jeddah Tower.

Both nations are also leveraging global sports to amplify their soft power. Saudi Arabia's acquisition of top football stars—Cristiano Ronaldo, Neymar, and Benzema—has put its domestic league in the international spotlight, complemented by its successful bid to host the 2034 FIFA World Cup. The UAE remains a strong contender in this field, continuing to host major international events and investing in global sports franchises.

Despite the apparent intensity of their rivalry, Saudi Arabia and the UAE remain aligned on broader regional and economic goals. Their competition is not destructive; rather, it is complementary—each nation pushing the other to innovate, diversify, and modernize. This dynamic benefits not only their domestic economies but also the GCC as a whole, enhancing the bloc's collective global influence.

Looking ahead, the Saudi-UAE rivalry is likely to remain a defining feature of Gulf economic strategy. Yet, as long as this competition continues to coexist with shared goals of regional stability, economic diversification, and international relevance, it will remain a driving force for growth—not a point of division. [Source](#)



## The Need for Coordination not Duplication across the Region



GCC summit 2024 Bayan Palace  
Kuwait

As the GCC pursues parallel visions of economic diversification and global relevance, coordination rather than duplication has become a strategic imperative. The region is actively investing in complementary sectors, from green energy to finance and logistics, while building cross-border infrastructure that supports regional integration. [Source](#)

The 45th GCC Summit in December 2024 marked a symbolic milestone in the bloc's evolution, showcasing a level of unity not seen in years. The summit's optics—leaders posing for a family photo at Kuwait's Bayan Palace—reflected a collective desire to project stability and a shared vision. Yet beneath this show of solidarity lies a complex balancing act. Since the resolution of the Gulf rift in 2021, member states—particularly Saudi Arabia, the UAE, and Qatar—have sought to rebuild trust and reinvigorate cooperation, while still fiercely advancing their individual national interests.

As the Gulf shifts focus from the political upheavals of the past decade to economic growth, international investment, and regional influence, rivalries persist, especially among the GCC's most influential players. These states often find themselves aligned in diplomatic messaging and block-level strategies, but diverge in their approaches to regional conflicts, economic reforms, and international partnerships.

This dynamic—cooperative on the surface, competitive underneath—is not a weakness, but rather a reflection of the GCC's new pragmatism. Recognising the limits of unity, Gulf leaders are learning to navigate flexible collaboration, advancing shared interests where possible (such as in cybersecurity, AI, and diplomatic outreach), while allowing economic rivalry to coexist without destabilizing the bloc.

This strategy may also serve the GCC's international partnerships. The European Union, for instance, is advised to approach Gulf countries both individually and collectively, acknowledging the nuances of their internal competition while supporting efforts for greater coordination, particularly in areas tied to regional security and economic integration.

### Conclusion

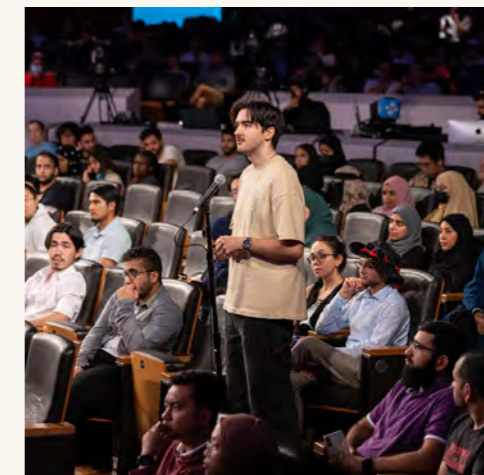
In essence, the GCC's path forward is defined by a delicate duality: aligning where necessary for regional stability, while embracing the innovation and dynamism that strategic competition can bring. This balance could prove essential not only for the Gulf's future, but also for the broader Middle East's political and economic resilience. [Source](#)



## Talent, Education, and Workforce Transformation



**GCC countries are advancing EdTech to prepare talent for emerging industries.**



**Youth unemployment in Saudi Arabia stood at 27.9%, highlighting the urgency of closing the youth-skills gap**



**GCC universities are climbing global rankings**

## No Amount of Infrastructure matters without the Human Capital to run it



The prosperity gained from oil and gas revenue has given the Gulf Cooperation Council countries the opportunity to establish themselves as rentier states, which do not rely on taxation by any of their subjects. Consequently, the labour markets of all Gulf Cooperation Council member states are skewed in the following aspects compared to the rest of the world:

- **Most of the workforce in the core economies of the GCC region rely on foreign workers.** This is evident across various jobs and skill levels.
- Traditionally, expatriates are either working in jobs requiring high technical skills, or they are employed as domestic workers or in the service and hospitality sector.

### Gender Distribution of the GCC Workforce

The female workforce participation rate amongst nationals in the Gulf Cooperation Council has been traditionally low. A factor which has played a role in the unbalanced gender distribution of labour markets hails from the fact that countries like Saudi Arabia have had strict gender segregation laws. As for the ban on women driving or travelling on their own, certain relaxations and reforms of those laws were implemented in 2018.

#### Saudi Arabia

Share of unemployed youth in Saudi Arabia **27.9%**

Female labour force participation rate amongst nationals in Saudi Arabia **27.9%**

Share of people working in the private sector **54%**

### Youth Unemployment

As part of the wider Middle Eastern and North African region, the GCC region experiences high unemployment rates amongst its youth. Although the majority of the youth in the GCC region are very well educated, a few factors contribute to the high unemployment rate. On one hand, they are lacking opportunities to gain employment compared to the rest of the youth in the MENA region. On the other hand, there is a clear trend on preferences for public sector jobs as opposed to service or private sector jobs amongst nationals in the region. [Source](#)

### The Transformation Process

The Gulf region’s ambitious infrastructure investments and economic diversification strategies can only succeed if accompanied by a corresponding transformation in human capital. As GCC governments pivot from energy-dependent growth to knowledge-based economies, they are investing heavily in upskilling their workforce, reforming education, and adopting new talent management strategies—all of which are essential to run and maintain cutting-edge technology and infrastructure.

The ongoing transformation in the GCC region is driven by two powerful forces: sustainability and artificial intelligence (AI). Green projects across six core industries are expected to contribute up to US\$2 trillion to the region’s GDP by 2030, creating over one million jobs and attracting foreign investment.

This shift is both an opportunity and a challenge – businesses must equip their workforce with the right skills to remain competitive in a rapidly evolving economy. Green upskilling is no longer optional; it is essential for meeting ambitious sustainability targets while ensuring business resilience.

However, upskilling alone does not guarantee sustainability progress. Without the right tools and frameworks, businesses may struggle to translate new skills into real-world impact.

As the GCC accelerates its adoption of AI-driven sustainability, workforce readiness will define the region’s success. Organisations that invest in upskilling their teams today will be the ones shaping a sustainable, resilient, and profitable future.

### Outlook

All four core Gulf Cooperation Council states have realised that their current economic reliance on oil and gas revenue is not sustainable, as energy prices have been very volatile in the recent year. The GCC countries are trying to future proof their economies by introducing VAT and income tax, as well as reforming the labour market. In the case of Saudi Arabia, this refers to the “Saudization” of its labour market, and for the United Arab Emirates the “Nationalization” of its labour market. This means that certain industries will be prohibited to hire foreign nationals or there will be financial incentives for the private sector to hire more local nationals.

### Conclusion

These steps are important to combat their economic challenges, the GCC states are hoping to increase the number of their own nationals in their labour force and to reduce their citizens’ reliance on state support as well as to increase state income sources. This involves training their citizens for modern labour markets, which are trending towards higher automation rates. [Source](#)

## Gulf Rethinks Foreign Labour Dependence, Focuses on Attracting Global Talent, Education Reform, and Citizen Training for Knowledge Economy

*Historically, the Gulf economies have depended on vast numbers of expatriate workers to drive growth. However, in the race towards a knowledge economy, GCC states are now re-examining this reliance. Governments are crafting policies that prioritise the upskilling of nationals through both formal education reform and robust work-based training. Initiatives are underway to shift the focus from traditional credentials to a dynamic, skills-centric approach that better aligns with future job requirements. [Source](#)*



### The Case with Egyptian Citizens

The migration of highly skilled professionals from Egypt to the Gulf Cooperation Council (GCC) countries has become a central pillar of regional labour mobility and economic development. As detailed in Dina Abdel Fattah's policy report, this migration flow embodies a "triple win": Egypt reduces domestic unemployment and benefits from vital remittance inflows, GCC states gain access to a skilled workforce needed for economic diversification, and individual migrants enjoy improved income, career growth, and overall quality of life. This interdependence reflects the evolving nature of Gulf labour markets, which are increasingly focused on high-skill sectors like healthcare, technology, and education—areas where Egyptian professionals have proven especially valuable.

This movement is driven by powerful push and pull dynamics. In Egypt, structural unemployment, stagnant wages, and limited professional opportunities compel highly educated individuals to seek better prospects abroad. Inflation and economic stagnation exacerbate the challenge, often leaving even qualified professionals underemployed. At the same time, the GCC's rapid push towards knowledge-based economies has created an urgent demand for external expertise. While nationalisation programmes such as Saudization and Emiratization aim to increase local participation in the workforce, they have not yet filled the demand in many high-skill industries. Consequently, Egyptian professionals are well-positioned to fill these roles, aided by shared language, cultural ties, and geographic proximity.

However, despite the benefits, both sending and receiving countries face challenges in managing this migration effectively. For Egypt, gaps in governance—such as weak pre-departure orientation, limited support during migration, and inadequate reintegration programmes—undermine the ability to fully capitalise on the skills of its diaspora. The lack of comprehensive bilateral agreements also means that protections for Egyptian professionals abroad, particularly in terms of social security and benefit portability, remain limited. Without mechanisms to connect migrants back to domestic industries or to support their return, the country risks a long-term brain drain.

On the receiving side, the GCC countries must address the structural and legal barriers that limit the integration and long-term retention of skilled migrants. The sponsorship system, while partially reformed, still restricts mobility and ties workers to single employers, creating a sense of precarity. Social protections are often inadequate or inconsistently applied, discouraging skilled professionals from settling permanently. Furthermore, gender-specific challenges persist, with both local and foreign women facing systemic obstacles to entering and advancing in high-skilled roles. These limitations not only hinder progress on gender equity but also reduce the talent pool available to meet economic goals.

### Re-evaluating Reliance on Foreign Labour

The Gulf Cooperation Council (GCC) countries, including Saudi Arabia, the UAE, Qatar, Kuwait, Bahrain, and Oman, have long been dependent on foreign labour to drive their economies, particularly in sectors such as construction, domestic work, and services. This reliance was historically fuelled by the vast revenues generated from oil exports, enabling the region to attract migrant workers from Asia, Africa, and other regions. Foreign labour became integral to the region's rapid economic development, particularly during the boom years of the oil industry in the late 20th and early 21st centuries.

However, as the Gulf nations begin to diversify their economies and reduce their dependence on oil, they are reassessing their labour market policies. Economic visions such as Saudi Arabia's Vision 2030, Qatar's National Vision 2030, and the UAE's strategies emphasize the transition from an oil-based economy to a knowledge-based economy, one that relies more on technological innovation, education, and human capital development. Central to these efforts is the re-evaluation of the role of foreign labour, especially low-skilled migrant workers, in the labour market.

### Attracting Global Talent

One of the key components of the Gulf's transition is attracting global talent. Governments are now creating more welcoming environments for highly skilled workers and entrepreneurs who can help drive the growth of new industries such as technology, finance, healthcare, and education. Reforms have been introduced, such as the provision of long-term residency and permanent residency schemes (e.g., the UAE's "Golden Visa" and Saudi Arabia's introduction of a permanent residency program). These measures are designed to encourage highly skilled professionals, foreign investors, and business owners to contribute to the development of the region's knowledge economy.

The importance of this shift is highlighted by the increasing role of sectors like digital technology, artificial intelligence, and renewable energy, which require highly skilled workers and innovators. To facilitate this transformation, Gulf countries are also working to improve their international education systems, collaborating with renowned universities, and increasing funding for research and development. [Source](#)



To enhance the benefits of skilled migration, a more strategic and coordinated policy approach is required. Egypt must strengthen data collection on migration trends, align education with regional market needs, and improve cooperation among government ministries. Building stronger bilateral agreements with GCC countries that include clear social protections, benefit portability, and support for returnees will also be essential. Simultaneously, GCC states need to modernise labour laws, expand social protection schemes, and develop clearer, more accessible pathways to long-term residency. Reforms that support both male and female professionals, including family-friendly policies and anti-discrimination measures, will make the region more attractive to high-skilled talent in the long run.

Ultimately, high-skilled migration from Egypt to the GCC reflects not just economic necessity but also a shared opportunity. By reforming their respective systems and embracing a model of collaborative, people-centred migration governance, Egypt and the Gulf states can ensure that talent mobility becomes a source of resilience, inclusion, and sustainable development for both regions. [Source](#)

## Reforming Education and Training Citizens for the Knowledge Economy

Alongside attracting global talent, the Gulf states are investing heavily in reforming their education systems. A key priority is to enhance the skills of their own citizens to meet the demands of the knowledge economy. Educational reforms focus on STEM (Science, Technology, Engineering, and Mathematics) education, vocational training, and a broader emphasis on critical thinking and creativity—skills that are in high demand in a rapidly evolving global job market.

Nationalization initiatives, such as Saudization in Saudi Arabia and Emiratization in the UAE, are aimed at increasing the employment of local citizens in the private sector. These policies, which require companies to employ a certain percentage of nationals, seek to address high levels of youth unemployment and ensure that citizens have the skills and opportunities to participate in the burgeoning knowledge economy. Despite these efforts, the effectiveness of such programmes remains an ongoing challenge, as many young citizens may lack the qualifications or interest in the sectors where jobs are being created.

## The Challenges of Reducing Dependence on Low-Skilled Foreign Labour

While there is a clear shift towards reducing dependence on low-skilled foreign labour, these workers still represent a significant part of the Gulf labour market, particularly in industries such as construction, hospitality, and domestic work. Despite reforms designed to attract high-skilled workers, low-skilled migrants remain marginalized in the evolving labour landscape.

The Kafala system, which ties migrant workers to specific employers, has been a source of criticism due to its potential for exploitation and lack of worker protections. While some countries are beginning to ease Kafala restrictions, low-skilled migrant workers continue to face significant challenges in terms of labour rights, social integration, and opportunities for upward mobility. Moreover, nationalization policies often fail to address the needs of these workers, leaving them with limited opportunities for advancement or legal recourse.

## Social and Economic Implications

The increasing focus on attracting high-skilled global talent and the push for local citizens to participate more in the workforce have significant social and economic implications. As Gulf countries aim to integrate more nationals into the workforce and encourage foreign investment, they must also find ways to balance these goals with the ongoing need for low-skilled labour. The continued reliance on migrant workers for essential services and infrastructure projects is an issue that remains largely unaddressed, with significant potential for social and economic inequality.

There is a growing concern that the benefits of economic reforms may be unevenly distributed, leading to a situation where highly skilled foreign nationals and investors enjoy greater access to opportunities, while lower-skilled migrant workers remain in precarious conditions. This inequality could hinder the social cohesion needed for a successful transition to a diversified, knowledge-based economy.

### Conclusion

The Gulf's labour market is undergoing a profound transformation as the region strives to diversify its economy and move away from an over-reliance on oil. Attracting global talent and investing in the education and training of local citizens are critical components of this transformation. However, despite these efforts, the region still faces significant challenges in reducing its dependence on low-skilled foreign labour and ensuring that all workers, regardless of their skill level, have opportunities for social and economic integration. For the Gulf to successfully navigate this transition, it will need to implement policies that address the needs of all workers, promote inclusivity, and create a more sustainable and equitable labour market for the future. [Source](#)

## Visa Programmes, Universities, Edtech, and Upskilling Platforms are the new Pipelines

### Visa Programmes

In today's rapidly evolving job market, the GCC is developing new "pipelines" to create and attract talent. Modern visa programmes are being revamped to offer long-term residency and incentives for global professionals, while universities are updating curricula to incorporate digital skills and hands-on learning opportunities. Investments in educational technology (edtech) and specialized upskilling platforms create dynamic opportunities for continuous learning, ensuring that employees and students can meet the demands of emerging industries. [Source](#) & [Source](#)

### GCC Universities Make Historic Gains in Global Rankings, Advancing Towards Global Recognition

In 2025, universities in the Gulf Cooperation Council (GCC) region have made significant strides in global rankings, underscoring the region's commitment to advancing higher education and research. According to the latest Quacquarelli Symonds (QS) World University Rankings, universities across Saudi Arabia, the UAE, Qatar, Bahrain, and Oman have seen notable improvements, reflecting their ongoing investments in education and research.

University rankings play a pivotal role in attracting students and influencing government policy decisions regarding education funding, resources, and strategies. The GCC's rise in global rankings signals the successful alignment of their national strategies with global academic standards.

Saudi Arabia is particularly close to securing a spot in the top 100 global universities, with King Fahd University of Petroleum & Minerals (KFUPM) advancing 79 places to 101st globally. This improvement is a direct result of the country's Vision 2030, which aims to position at least two Saudi universities in the world's top 100. Through initiatives such as the Human Capital Development Programme, Saudi Arabia is bolstering faculty recruitment, expanding research, and fostering stronger partnerships between academia and industry, positioning its institutions for future success.

Qatar has also made impressive progress, with Hamad Bin Khalifa University climbing 127 places to 183rd globally, one of the region's highest gains. Qatar University, advancing 51 places to 122nd, is further evidence of the country's continued investment in faculty development, interdisciplinary research, and strategic international collaborations. These moves align with Qatar's National Vision 2030, which emphasizes research-driven excellence and knowledge creation.

In the UAE, Khalifa University rose 28 places to 202nd globally, and United Arab Emirates University advanced 29 places to 261st, reflecting the nation's continued investment in research and higher education. Bahrain's Applied Science University climbed 43 places to 539th globally, and Oman's Sultan Qaboos University saw a remarkable rise of 92 places to 362nd globally, fuelled by national education reforms.



As GCC universities continue to climb the rankings, experts emphasize the need for institutions to understand their strengths and weaknesses across four key pillars: teaching quality, research impact, international outlook, and industry engagement. Tailored strategies addressing these areas will be essential for further improving the quality of education and meeting labour market needs. Investing in world-class faculty and fostering interdisciplinary innovation will be crucial for GCC universities to not only ascend the rankings but also become globally recognised knowledge hubs.

The success stories of global universities such as Spain's IE University, Purdue University in the U.S., and the National University of Singapore (NUS) offer valuable lessons. These institutions have leveraged international diversity, industry partnerships, and research-driven innovation to enhance their global standing. By adopting similar strategies, GCC universities can continue to strengthen their rankings and play a pivotal role in driving regional innovation.

As GCC nations focus on building knowledge-driven economies, the rise of their universities in global rankings marks a significant step towards achieving broader economic and educational goals. The investments in education, research, and global partnerships are laying the foundation for the region's continued success on the world stage. [Source](#)

### EdTech and Upskilling Platforms as New Pipelines in the Gulf Region

The Gulf countries, particularly through the evolving landscape of Global Capability Centres (GCCs), are witnessing a transformation in how talent is sourced, developed, and integrated into the workforce. As GCCs have advanced to what is now referred to as "GCC 8.0," they are no longer peripheral units but central to global business strategy, integrating innovation, operational excellence, and human capital development into their core functions. This evolution is closely tied to the growth of EdTech and upskilling platforms, which are emerging as key pipelines to fuel this transformation.

### The Role of GCCs in Talent Development

GCCs, previously seen as mere extensions of headquarters, have evolved into multifunctional hubs of expertise that are crucial to driving technological and operational innovation. One of the central components of this transformation is their ability to attract and nurture top-tier talent. This process is heavily reliant on the development of AI-driven capabilities, which has propelled these centres into becoming hubs for AI talent development, ensuring that GCCs remain competitive on a global scale.

To maintain this edge, GCCs are increasingly focusing on upskilling their workforce in cutting-edge areas such as machine learning, natural language processing, and data analytics. This focus on advanced technologies creates a strong demand for continuous learning and skill enhancement, a need that is met through platforms like EdTech and online upskilling resources. These tools play an essential role in ensuring that employees are equipped with the skills necessary to meet the challenges of a rapidly evolving digital economy.

## The Expansion of EdTech and Upskilling Platforms

As GCCs broaden their expertise to include diverse sectors such as healthcare, finance, and manufacturing, they are increasingly relying on EdTech and upskilling platforms to bridge the knowledge gaps in these fields. The increasing need for specialized knowledge, along with the rapid pace of technological advancement, has made lifelong learning essential. EdTech platforms, which offer scalable and flexible training solutions, are pivotal in providing employees with the up-to-date skills required for success in these various industries.

The rise of these platforms also aligns with the Gulf's broader strategy of fostering innovation and creating a knowledge-driven economy. As these platforms continue to grow, they become a vital source of talent for emerging fields and sectors, ensuring that GCCs remain competitive and can meet the demands of both local and global markets.

## A Key Focus on Multidisciplinary Expertise

GCCs are no longer limited to tech-driven roles but are expanding into fields such as healthcare, finance, and energy, which requires a diverse skillset. Upskilling platforms are becoming critical in preparing workers for these shifts by providing targeted training programmes tailored to industry-specific needs. This diversification of talent not only strengthens the GCCs but also contributes to the broader objective of enhancing the region's competitiveness in the global economy.

## The Future Outlook

With GCC 8.0 pushing the envelope on innovation, the Gulf region is positioning itself as a leader in global operations. The region's emphasis on nurturing talent through EdTech and upskilling platforms will continue to be instrumental in maintaining a competitive advantage. As GCCs evolve and new opportunities emerge, these platforms will increasingly serve as critical pipelines for talent development, ensuring that the Gulf countries can meet the challenges of the future and drive economic growth. [Source](#)



## Nationalisation (e.g. Saudization) vs international Talent Attraction



The Gulf Cooperation Council (GCC) countries are navigating a complex labour market transformation, striving to balance two competing imperatives: the nationalization of their workforces and the continued attraction of international talent. This dual agenda is driven by demographic realities and economic diversification goals. With rapidly growing youth populations and high unemployment rates among nationals, governments across the region—especially in Saudi Arabia, through its Saudization policy—have instituted aggressive localization measures aimed at integrating more citizens into the private sector.

### Localization and its Target Levels in the GCC Region

Country	Current Localization Level	2025 (or latest) Target
Saudi Arabia	<b>23%</b> (Saudi General Authority for Statistics, Q1 2022)	<b>30%</b> (Saudi Ministry of Human Resources 2025 Target)
Bahrain	<b>55%</b> (Bahrain Economic Quarterly Report Q1 2021)	<b>67-75%</b> (Bahrain Economic Vision 2030)
UAE	<b>10%</b> (UAE Ministry of Human Resources and Emiratization, 2022)	No published target
Oman	<b>19%</b> (National Centre for Statistics and Information, 2021)	<b>30%</b> (Oman Vision 2024)
Qatar	<b>19%</b> (Qatar 2022 Population Report)	<b>20%</b> (Qatarization Policy, 2013)
Kuwait	<b>31%</b> (PACI Labour Force Survey, 2021)	<b>70%</b> (Kuwait Vision 2035)

### Balancing workforce transformation

**More than 88% of SMEs in the GCC rely heavily on expat workers for business continuity.**

These efforts include implementing quotas, creating incentives for companies to hire nationals, restricting certain job categories to locals, and investing in national training and reskilling programmes. While these policies address long-term socioeconomic stability, they also risk creating friction in industries where expatriates have historically dominated. Foreign workers, who currently make up the bulk of the labour force in critical sectors such as construction, healthcare, finance, and tech, bring specialized expertise and global perspectives that many emerging local professionals have yet to acquire. Consequently, a sudden withdrawal of this international workforce could disrupt business continuity, reduce productivity, and stifle innovation—especially considering that expats own more than 88% of small and medium enterprises (SMEs) across the GCC.

This creates a strategic dilemma. On one hand, localization is vital for inclusive growth and national identity. On the other hand, economic resilience still depends on foreign talent that contributes not only through labour but also through tax revenues, consumer activity, and entrepreneurial ventures. Policymakers must therefore find a middle ground: one that prioritises national employment without undermining the value that international professionals bring to the region. This means focusing initially on culturally and administratively sensitive roles for localization while allowing sectors that require global knowledge and experience to remain open to foreign experts—at least until national capabilities have matured sufficiently.

To achieve this balance, GCC nations must adopt integrated and forward-thinking labour strategies that align workforce nationalization with broader development plans. These strategies should coordinate employment policies with education reform, vocational training, immigration regulation, and private sector incentives. Such a cohesive approach can ensure that localization unfolds at a pace that allows local talent to grow organically, while international talent continues to support economic transformation, competitiveness, and innovation. Only by managing this transition strategically can the region ensure that the goals of workforce nationalization do not come at the expense of long-term economic dynamism. [Source](#)

## Reforming Education, enabling Edtech, and closing the Youth - Skills Gap

### Closing the Youth-Skill Gap in the GCC Region / Middle East

The youth unemployment rate in the Middle East and North Africa (MENA) is one of the highest in the world, with youth aged 15–24 being three times more likely to be unemployed than their older counterparts. The situation is particularly severe for young women, who have the lowest employment rates globally. Despite recent progress in school enrolment, the region faces a significant challenge in preparing its youth for successful transitions from education to decent work. A major contributing factor is the growing mismatch between the skills young people acquire and those demanded by the labour market. To close this youth-skill gap, the Gulf Cooperation Council (GCC) countries and the broader MENA region must adopt transformative measures to modernize their education systems, integrate lifelong learning, and align training programmes with current and future labour market needs.

### The Need for Modernized Education and Training Systems

One of the most pressing recommendations is to overhaul the region's education and training systems to ensure they are aligned with the rapidly changing demands of the global economy. Traditional education systems in many MENA countries have not been able to adequately equip young people with the skills they need to succeed in a modern, knowledge-based economy. These outdated systems often focus on rote learning rather than fostering critical thinking, problem-solving, creativity, and digital literacy – skills that are now essential for success in a tech-driven world.

The introduction of lifelong learning principles into educational policies is crucial. Young people must be equipped not only with the skills necessary for their first job but also with the ability to continuously adapt and upskill, and reskill throughout their careers. Lifelong learning programmes will help youth remain competitive in a rapidly evolving labour market by allowing them to stay up-to-date with technological advancements, new industry trends, and emerging fields of work. This approach will require comprehensive investments in both formal education and vocational training, ensuring that young people can transition smoothly from learning to work.

### Promoting Digital Literacy and Transferable Skills

In today's digital age, digital literacy is no longer optional; it is essential. As technology continues to reshape industries and job markets, young people in the GCC and MENA regions must be well-versed in digital tools and platforms. However, digital literacy must go beyond basic computer skills; it must include the ability to navigate and leverage technologies like artificial intelligence, data analysis, and automation. These digital competencies will be key to accessing jobs in fields such as IT, software development, digital marketing, and e-commerce.

Equally important is the development of transferable skills, such as communication, leadership, critical thinking, and problem-solving. These competencies are essential for enabling youth to thrive in diverse work environments, especially as the nature of work evolves with global trends such as remote working and gig economies. These skills will provide the flexibility and adaptability needed to navigate the changing landscape of employment and ensure long-term career success.

### Engaging the Private Sector

The private sector has a pivotal role in addressing the youth-skill gap. Employers must be active partners in the design and implementation of education and training systems. By engaging with educational institutions, businesses can help ensure that training programmes are aligned with the specific needs of industries. This could include offering internships, apprenticeships, and on-the-job training opportunities, which can provide young people with the hands-on experience necessary to succeed in the workplace.

Furthermore, the private sector can play an essential role in identifying emerging job opportunities and facilitating the development of specialized training programmes. The transition to a green economy, for instance, presents opportunities in renewable energy, sustainable agriculture, and environmental technology. By supporting training programmes in these fields, businesses can not only fill gaps in the labour market but also contribute to the region's broader economic diversification goals.

## UNICEF Policy Recommendations for the GCC Region

To close the youth-skill gap, GCC countries must implement several key reforms:

- **Education System Overhaul:** Governments must prioritise education reforms that promote critical thinking, digital literacy, and lifelong learning. This includes updating curricula to reflect the changing demands of the labour market and integrating technology into classrooms.
- **Stronger Collaboration with the Private Sector:** There should be a concerted effort to involve employers in the education and training process. This can be achieved by promoting public-private partnerships that facilitate the creation of relevant training programmes and internship opportunities.
- **Investment in Digital Skills:** Given the growing importance of digital technologies, there must be a significant investment in digital skills training for young people. Specialized programmes in fields such as data science, cybersecurity, and software development should be expanded.
- **Promoting Vocational and Technical Education:** Vocational and technical training must be better integrated with labour market needs. More efforts should be directed towards expanding and modernizing TVET programmes, with a focus on sector-specific skills and hands-on experience.
- **Lifelong Learning Initiatives:** Governments and educational institutions must embrace lifelong learning as a central element of their education and workforce policies. This involves offering flexible training programmes that allow individuals to continually update their skills and knowledge throughout their careers.

### UNICEF Conclusion

The youth-skill gap in the GCC and broader MENA region is a complex challenge that requires immediate and comprehensive action. By modernizing education systems, enhancing vocational training, promoting digital literacy, and engaging the private sector in skills development, the region can significantly reduce youth unemployment and build a workforce that is prepared for the future. As the global economy continues to evolve, closing the youth-skill gap will not only help young people secure decent jobs but also drive economic growth, social development, and innovation across the MENA region. [Source](#)



## What has been achieved?

*Advancing education in the GCC*

**Regional enrolment rates in early education reached 99.2%, with 100% of schools receiving essential services.**

The GCC countries have made significant investments in education, dedicating over 15% of state budgets to the sector in several cases. This financial commitment, coupled with partnerships with international institutions and exposure to global educational standards, has modernized the region's education systems. Additionally, the inclusion of educated women in the workforce has become essential following the economic shift from oil dependence to knowledge-based industries.

These efforts have led to increased student enrolment, higher literacy rates, and enhanced educational infrastructure. Female literacy in the region has tripled since 1970 in the region, and women are now more likely to pursue higher education than ever before.

At the same time, all the GCC countries have improved the quality of women's education and significantly invested in educational infrastructure and reforms aimed at promoting women's access to education. [Source](#)

His Excellency Jasem Mohamed Albusdaiwi, Secretary General of the Gulf Cooperation Council (GCC), emphasized the crucial role of education in achieving sustainable development goals across the GCC. Speaking at the Fourth International Educational Conference held in Kuwait in November 2024, he stressed the importance of equipping national talent with modern knowledge and skills to effectively contribute to the region's comprehensive development agendas. He highlighted the shared commitment of GCC leaders to foster educational systems that are responsive to the evolving demands of the modern world, underscoring the foundational role education has played since even before the Council's formation.

Albusdaiwi outlined several ongoing joint initiatives, including the GCC's 2022–2026 cooperation plans for general and higher education, as well as the launch of the Gulf Information Base (Jisr), a collaborative research and academic data platform. He stressed the urgency of preparing future generations for rapid global transformations, especially in light of international responsibilities like the UN's fourth Sustainable Development Goal—ensuring inclusive, quality education and promoting lifelong learning. His message called for innovative approaches that integrate modern technologies and educational reform to ensure that children in the GCC are equipped with the skills, values, and adaptability needed for future success.

The Secretary General also shared key achievements, noting the GCC's strong performance in early childhood education, school infrastructure, and teacher training. For instance, regional enrolment rates in early education reached 99.2%, with 100% of schools receiving essential services and all teachers receiving minimum required training. On the global stage, the GCC showed significant progress as well, with early education enrolment reaching 72.4% in 2022. In closing, Albusdaiwi praised the efforts of all participating organisations and expressed hope that the conference would lead to transformative recommendations and initiatives that continue to elevate education in the Gulf. [Source](#)

## GCC Universities Make Major Strides in Global Rankings

In 2025, universities across the Gulf Cooperation Council (GCC) region saw significant improvements in global rankings, reflecting a strong commitment to enhancing higher education and research. According to the latest QS World University Rankings, institutions in Saudi Arabia, the UAE, Qatar, Bahrain, and Oman have advanced due to ongoing investments in education.

Saudi Arabia is nearing a top 100 spot, with King Fahd University rising 79 places to 101st, thanks to Vision 2030 and initiatives like the Human Capital Development Programme. Qatar's Hamad Bin Khalifa University climbed 127 spots to 183rd, and Qatar University moved up 51 places to 122nd, driven by investments in research and global collaborations. The UAE's Khalifa University and United Arab Emirates University also saw notable rises in the rankings.

Bahrain's Applied Science University and Oman's Sultan Qaboos University both experienced significant gains, fuelled by national reforms. To continue this momentum, experts suggest focusing on teaching quality, research impact, and industry engagement, while investing in faculty and interdisciplinary innovation.

By adopting strategies similar to global success stories like Spain's IE University and Purdue University in the U.S., GCC universities can enhance their global standing and drive regional innovation, marking a crucial step towards achieving the region's broader educational and economic goals. [Source](#)



## From Labour-heavy to Knowledge-driven Economies

*From labour to knowledge economies*

**Saudi Arabia's plan to automate 4,000 factories marks a bold shift towards high-value, technology-intensive jobs.**

The Gulf Cooperation Council (GCC) countries have reached a pivotal moment in their economic development. Historically dependent on oil and gas for growth and modernisation, the region now faces mounting pressure to diversify its economic base. Global shifts towards renewable energy and digital innovation have made it increasingly clear that hydrocarbon reliance is not sustainable. The Fourth Industrial Revolution offers the GCC a transformative pathway to shift from labour-heavy industries to knowledge-driven economies.

Emerging technologies such as artificial intelligence, blockchain, robotics, and the internet of things are presenting new opportunities to reconfigure the region's economic framework. Countries like Saudi Arabia and the United Arab Emirates are spearheading this shift with national strategies that aim to automate industrial processes, develop renewable energy infrastructure, and implement smart urban planning. **Saudi Arabia's plan to automate 4,000 factories and Dubai's initiative to lead in 3D printing technology exemplify the commitment to building advanced manufacturing capabilities.** These projects not only enhance productivity and reduce import reliance but also create high-value, technology-intensive jobs that mark a departure from traditional labour models.

The transformation into knowledge-based economies requires a significant investment in human capital. As automation and digitization phase out low-skilled roles, the GCC's future depends on cultivating a digitally fluent, highly skilled workforce. To meet this challenge, countries across the region have launched initiatives such as Saudi Arabia's Digital Skills Initiative and the UAE's Artificial Intelligence Academy. These programmes, supported by partnerships with global technology firms like Microsoft and Google, aim to upskill local talent in fields like data science, cybersecurity, and software engineering. Through lifelong learning programmes and vocational training, the GCC is preparing its citizens to thrive in the digital economy.

Equally essential to this transformation is the development of robust regulatory frameworks that can keep pace with technological advancements. Issues such as cybersecurity, data privacy, and AI ethics are becoming increasingly relevant as digital infrastructure expands. In response, GCC governments have launched national cybersecurity strategies and created controlled environments like Bahrain's Regulatory Sandbox to promote innovation while ensuring compliance. The goal is to establish governance structures that enable innovation while safeguarding critical infrastructure and personal data.

Sustainability also plays a central role in the region's shift towards knowledge economies. Visionary projects such as Saudi Arabia's NEOM and the UAE's Masdar City integrate renewable energy, smart grids, and green construction practices. These initiatives are designed not only to reduce the carbon footprint but also to position the GCC as a global leader in climate-aligned urban

development. The integration of artificial intelligence and IoT technologies in these smart cities ensures resource efficiency and supports long-term environmental goals.

Beyond national strategies, regional collaboration among GCC countries will be crucial to maximize the benefits of the Fourth Industrial Revolution. By creating shared innovation hubs, harmonizing digital platforms, and aligning regulatory frameworks, the region can pool resources, attract foreign investment, and enhance its geopolitical standing. The GCC's strategic location between Asia, Europe, and Africa further amplifies its potential to become a global hub for trade, technology, and innovation.

Ultimately, the shift from labour-intensive to knowledge-driven economies in the GCC marks a profound transformation with far-reaching implications. Embracing emerging technologies, investing in human capital, and aligning national visions with sustainability and digital leadership will enable the region to achieve lasting economic resilience. The Fourth Industrial Revolution presents not just a path away from oil dependence, but a blueprint for a smarter, more inclusive, and globally competitive economic future. [Source](#)



## The Urgency of “Green Upskilling” in the GCC

*At the forefront of green growth*

**The GCC’s green economy is expanding at unprecedented pace, with 45% of new renewable energy jobs concentrated in the UAE.**

The demand for sustainability expertise in the GCC is rising rapidly, driven by four key factors:

- **Rapid Growth in Green Job Opportunities:** The green economy is expanding at an unprecedented pace. The International Labour Organisation (ILO) estimates that up to 100 million new jobs will be created globally by 2030, with the GCC positioned to benefit significantly. The renewable energy sector alone is expected to drive substantial employment, with 45% of these jobs in the region concentrated in the UAE, solidifying its leadership in sustainability.
- **The Widening Skills Gap:** Despite the growing demand for sustainability expertise, the workforce is not yet equipped to meet it. Currently, only 35% of public sector employees in the Middle East possess the necessary skills for their roles, underscoring the need for targeted upskilling programmes. At the same time, nearly 49% of the GCC’s population is under 35, presenting an opportunity to prepare the next generation with the skills required for a sustainable economy.
- **Workforce Sentiment and Mobility:** Employees are actively seeking career growth, and sustainability presents a compelling path forward. In 2024, 31% of professionals in the GCC plan to change employers, citing a lack of career development opportunities. Providing structured pathways for green upskilling can help retain talent while aligning businesses with future job market trends. Notably, 59% of Generation Z professionals in the UAE have expressed interest in sustainability-related careers, reinforcing the need for corporate training and skill-building initiatives.
- **Economic Diversification and Policy Initiatives:** Governments across the region are embedding sustainability into their long-term economic strategies. The World Bank projects that if GCC countries fully adopt green growth strategies, their combined GDP could exceed US\$13 trillion by 2050 — more than double the US\$6 trillion projected under a business-as-usual scenario. National initiatives, such as the UAE Green Jobs Programme, are already in place to define and support the development of green jobs, ensuring that policy and workforce readiness move in tandem.

### The Key Skills for a Green Workforce

Green upskilling requires practical, AI-enabled capabilities that allow businesses to embed sustainability into their operations. The most critical skills fall into three core areas:

- **Data Intelligence & AI-Driven Decision-Making:** AI is transforming sustainability management by enabling businesses to process vast amounts of environmental data and turn insights into action. Employees must develop expertise in:
- **Proficiency in Data Analysis and Interpretation:** Handling large datasets, utilizing statistical tools, and extracting actionable insights to inform sustainability strategies.
- **Machine Learning and Predictive Modelling:** Understanding AI algorithms to forecast environmental trends, simulate sustainability initiatives, and optimise resource use.
- **AI Integration in Environmental Monitoring:** Deploying AI for real-time tracking of pollution levels, resource consumption, and ecosystem changes to enhance operational efficiency. AI also plays a role in exploring new materials and optimising designs for sustainable business models.
- **Ethical AI Application:** Ensuring AI-driven sustainability solutions align with environmental justice and equity principles, avoiding unintended negative consequences.

Mastering AI and data-driven decision-making is critical for sustainability professionals, but modern tools like Net0 simplify this process by eliminating the need for manual data handling. Instead of requiring deep technical expertise, Net0 automates data collection, analysis, and forecasting, presenting users with clear insights and recommended actions. This enables teams to focus on implementation rather than manual data management, making AI-driven sustainability accessible across all levels of an organisation.

- **Sustainability Competencies:** Sustainability management requires both technical expertise and strategic thinking to align environmental goals with business performance. Employees must develop:
- **Knowledge of Environmental Policies and Regulations:** Understanding global and regional sustainability laws ensures compliance and allows businesses to stay ahead of regulatory shifts.
- **Sustainable Design and Innovation:** Leveraging AI-driven generative design to create eco-friendly products, improve energy performance, and reduce material waste.
- **Resource Management and Circular Economy Principles:** Implementing strategies to minimize waste, extend product life cycles, and promote responsible consumption.



- **Stakeholder Engagement and Communication:** Clearly articulating sustainability goals, progress, and impact to investors, employees, and regulatory bodies to drive collaboration and accountability.

While sustainability regulations and reporting requirements continue to evolve, platforms like Net0 make upskilling easier by providing a structured, data-backed approach. Net0's industry-specific tools work seamlessly with all major reporting frameworks, allowing businesses to automate disclosures and track sustainability progress without extensive manual effort.

- **Sustainable Operations & Value Chain Innovation:** A company's sustainability strategy must extend beyond its own operations to create a lasting impact. Employees need to be equipped with:
  - **Operational Efficiency & Resource Optimization:** Reducing waste, improving process sustainability, and maximizing the efficient use of materials across industries.
  - **Sustainable Supply Chain Management:** Tracking supplier emissions, assessing sustainability risks, and integrating responsible sourcing practices.
  - **Climate Risk Analysis & Resilience Planning:** Using AI-driven risk assessment tools to anticipate climate-related disruptions and integrate adaptive strategies into business planning.

Managing sustainability across complex operations requires continuous monitoring and analysis, but AI-powered solutions like Net0 streamline this process by automatically identifying inefficiencies, risks, and opportunities for improvement. Instead of manually sifting through fragmented data, employees receive actionable insights that allow them to drive sustainability initiatives with confidence and efficiency.

## How GCC Enterprises & Governments Can Make Green Upskilling Effective

The GCC is taking significant steps to build a sustainability-ready workforce, yet many companies still struggle to apply newly acquired skills in a way that delivers measurable impact. Training programmes provide essential knowledge, but businesses need structured systems to ensure sustainability expertise is integrated into daily operations.

- **Government Initiatives:** Laying the Foundation: Governments across the GCC are embedding sustainability and AI into workforce development. The Green Capabilities Global Alliance in the UAE fosters international collaboration on green skills, while Saudi Arabia's Technical and Vocational Training Corporation (TVTC) is incorporating sustainability into technical and vocational education. These programmes are creating a talent pipeline that aligns with the region's sustainability and economic diversification goals.

The UAE is also investing in AI training through the National Program for Artificial Intelligence. As businesses increasingly rely on AI for sustainability management, employees must be equipped to work with AI tools that analyse emissions, optimise resources, and automate sustainability reporting.

From Training to Execution: The Business Challenge: While government-led programmes build foundational knowledge, businesses must ensure that sustainability skills lead to real operational improvements. The challenge is not only in training employees but in providing them with the right frameworks and tools to implement sustainability at scale. Key obstacles include:

- » **Managing sustainability data efficiently:** Employees need the ability to track emissions, monitor resource consumption, and assess environmental risks in real-time.
- » **Ensuring cross-departmental collaboration:** Sustainability initiatives require coordination across procurement, operations, and finance, yet many companies lack systems that integrate these efforts.
- » **Scaling sustainability across large enterprises:** Without centralized platforms, businesses struggle to maintain consistency in reporting, decision-making, and performance tracking.

Building a Workforce That Can Act on Sustainability Goals: For businesses, green upskilling must go beyond training sessions and be embedded into how sustainability is managed daily. AI-powered sustainability solutions like Net0 help companies:

- » Translate sustainability strategies into measurable actions by connecting environmental goals with real-time operational data.
- » Enable teams to work with sustainability insights effortlessly by automating data collection, tracking performance, and identifying areas for improvement.
- » Strengthen long-term business resilience by providing decision-makers with the insights they need to continuously refine and scale sustainability initiatives.

Governments are setting the stage for a sustainability-ready workforce, but businesses must provide the systems that turn knowledge into results. Upskilling is only effective when sustainability is seamlessly embedded into operations, supported by AI-driven platforms that make decision-making faster, smarter, and more impactful.

## The Future of Green Upskilling: Turning Skills into Impact

Green upskilling is essential for the GCC's transition to a sustainable economy, but training alone does not create impact. Businesses need AI-driven solutions to apply sustainability expertise effectively. [Source](#)

## Turning Visa Policies and Lifestyle Infrastructure into Talent Magnets



*A cornerstone of the economic transformation in the GCC Region is the introduction of 2023 of the Unified GCC Visa, which streamlines travel and talent mobility across all six member states—Saudi Arabia, UAE, Qatar, Kuwait, Oman, and Bahrain. However, to fully realise its potential, the visa must be paired with robust lifestyle infrastructure to attract and retain skilled professionals. Together, visa reform and lifestyle investments can create a powerful draw for top-tier talent.*

### Unified Visa Policies as Talent Catalysts

- The Unified GCC Visa is a game-changer, simplifying access and reducing bureaucratic barriers for both regional and international professionals. By allowing workers and job seekers to move freely within the bloc, the GCC is now able to:
- Unlock a broader regional labour market.
- Encourage cross-border job mobility.
- Foster collaborative economic growth and innovation.

### Lifestyle Infrastructure: The Missing Piece

Visa access alone isn't enough to attract top global talent. Professionals also weigh quality of life heavily in their relocation decisions. Lifestyle infrastructure—ranging from healthcare and housing to education, cultural vibrancy, and family support—plays a critical role in where people choose to live and work.

To become true talent magnets, GCC countries should focus on:

- World-class healthcare systems
- Affordable and accessible housing
- International schools and universities
- Vibrant entertainment and arts scenes
- Green and sustainable urban development

These aspects make the region not just a place to work, but a place to thrive.

### Building a Regional Employer Value Proposition

With improved mobility, GCC-based companies now face a broader but more competitive talent market. To stand out, employers must develop a compelling employer value proposition (EVP) that goes beyond salary. This includes:

- Career growth opportunities
- Inclusive work cultures
- Work-life balance and family-friendly policies
- Hybrid and remote work flexibility

Companies that invest in employer branding and employee well-being will gain an edge in recruiting top talent regionally and globally.

### Technology and Talent Infrastructure go Hand-in-Hand

Finally, attracting talent is only part of the equation. Retaining it requires sustained investment in learning, development, and innovation. Governments and businesses must collaborate to:

- Fund STEM education and upskilling initiatives
- Build innovation hubs and incubators
- Support cultural integration for expatriates
- Encourage public-private partnerships in workforce planning

### Conclusion

The Unified GCC Visa marks a pivotal moment in the region's evolution into a cohesive and dynamic economic bloc. But to transform into a true global talent magnet, visa reform must be matched with strategic investment in lifestyle infrastructure, technology, and employer practices. The GCC now has the tools to become a region where the world's brightest minds don't just come to work—they come to stay. [Source](#)

## Women's Education and Equality

The expansion of women's education has resulted in a growing presence of women in the workplace and society. The proportion of women with jobs has increased and in the 20 years from 2000 until 2019, women's economic opportunity in the region has improved. Since 2005, women in Kuwait have received the same political rights as men, enabling them to vote and run for office. Divorced or widowed women increasingly pursue employment, gaining financial independence that was previously uncommon.

Although women remain underrepresented in political and leadership roles, their growing presence in education and the labour force is shifting societal norms and breaking down prejudices. This progress is fostering greater advocacy for women's rights and gender equality across the GCC.

Education has been a cornerstone of this transformation, laying the groundwork for broader social and economic advancements. By prioritising women's access to education and workforce participation, GCC countries are not only empowering half of their populations but also driving innovation and sustainable growth in the region. [Source](#)

Moverover, on the occasion of the International Day of Women 2024 and Girls in Science, it was highlighted that women in the GCC are making significant strides in the field of STEM (Science, Technology, Engineering, and Mathematics), both as learners and educators. Countries such as the UAE and Saudi Arabia are seeing a rise in female participation due to strong government policies, strategic vision documents, and public-private partnerships. Initiatives like the UAE's National Science, Technology and Innovation Festival and the Emirates Foundation's Think Science programme have inspired many young women to pursue STEM fields. Female role models such as Her Excellency Sarah Al Amiri and innovators like Fatima Al Kaabi have further encouraged participation, while institutions such as KAUST in Saudi Arabia report female student enrolment exceeding global averages.

Despite these advancements, challenges persist. Experts point to issues such as gender bias, lack of mentorship, family expectations, and a global shortage of female STEM educators—particularly in fields like physics and engineering. Educational leaders across the GCC, including those from Innoventures Education, Fortes Education, and Misk Schools, stress the importance of building robust educational pipelines and providing equitable access to resources for girls. Initiatives like the FEMSTEM Girls Group and partnerships with organisations such as Girls4Tech and KAUST are actively working to bridge this gap by offering hands-on experience, mentorship, and exposure to emerging technologies.

The future for women in STEM education in the GCC looks promising, with female educators playing a pivotal role in shaping the next generation. Schools are working to attract

and retain female teachers, especially in specialised subjects, by offering professional development opportunities and promoting gender parity. With a growing number of leadership positions held by women and increased visibility of successful female professionals in the region, the momentum for change is strong. Experts agree that this is one of the most exciting and impactful times for women in STEM education in the GCC, offering significant opportunities for growth, leadership, and innovation. [Source](#)

Notably the UAE stands out as a beacon of gender equality in the GCC region. Ranking #1 for gender equality in the GCC region, the UAE has demonstrated a commitment to creating an environment where women not only participate in the workforce but thrive. This progress is a testament to strategic policies and cultural shifts that can serve as a model for other GCC countries and the international community.

The UAE government has implemented a series of policies aimed at promoting gender equality. The introduction of the Gender Balance Council in 2015 was a pivotal move. This council's mission is to ensure that women have equal opportunities in leadership and decision-making roles. Additionally, the UAE has enacted laws such as the Federal Decree-Law No. 6 of 2020, which guarantees equal pay for men and women in the same role, reinforcing its commitment to economic fairness.

Women in the UAE hold influential positions across various sectors, from government to business. The UAE appointed its first female minister in 2004, and since then, women's representation has continued to grow. The current leadership includes prominent female figures in key governmental roles, such as the Minister of State for Advanced Sciences and the Minister of State for International Cooperation. These roles not only showcase women's capabilities but also set a precedent for future generations.

Education is a cornerstone of the UAE's approach to gender equality. The country has invested heavily in women's education, with women constituting a significant portion of university graduates. Programmes aimed at nurturing female talent, such as scholarships and mentorship initiatives, further support women's entry and advancement in various professions. The emphasis on STEM (Science, Technology, Engineering, and Mathematics) fields is particularly notable, with numerous initiatives designed to encourage young women to pursue careers in these traditionally male-dominated areas.

The UAE's labour laws provide a supportive framework for working women. Policies related to maternity leave, flexible working hours, and childcare facilities are designed to help women balance their professional and personal lives. Furthermore, there is a growing recognition of the need for

workplace diversity, with many organisations actively promoting gender-inclusive practices and creating environments that support the career growth of women.

Other GCC countries can benefit from adopting similar policies that promote gender equality. Implementing legal measures to ensure equal pay and opportunities, alongside creating councils or ministries dedicated to gender balance, can drive substantial progress. The success of such initiatives in the UAE underscores the importance of a robust legal framework in achieving gender parity.

Encouraging women to take on leadership roles is crucial. The UAE's example shows that having women in prominent positions can create role models and inspire other women to aspire to leadership. GCC countries should consider policies that promote female representation in executive and decision-making roles, ensuring that women's voices are heard at all levels.

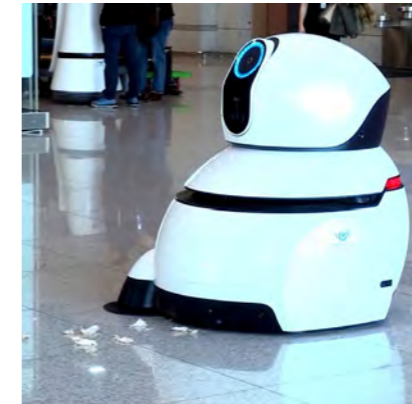
A supportive work environment is vital for women's participation in the workforce. GCC countries and international organisations should focus on developing policies that offer flexible working conditions, adequate maternity leave, and accessible childcare options. By addressing these practical needs, countries can make it easier for women to enter and remain in the workforce.

### Conclusion

The UAE's progress in gender equality serves as an inspiring example for the GCC and the global community. By adopting policies that promote equal opportunities, supporting female leadership, investing in education, and creating supportive work environments, other nations can work towards achieving similar success. As the UAE continues to lead by example, it sets a high standard for gender equality, demonstrating that with strategic initiatives and a commitment to progress, meaningful change is not only possible but achievable. [Source](#)



# AI & Automation as Levers of Leverage



**\$40 billion -**  
Saudi Arabia's AI investment fund aims to position the Kingdom as a global AI leader.



**\$320 billion -**  
AI could contribute this much to the GCC economy by 2030.



**20% -**  
Projected share of GCC GDP to be generated by digital sectors by 2030, driven by AI and automation.

## AI & Automation as Levers of Leverage

GCC countries are strategically embracing AI and automation not just for efficiency but as tools for enhancing their power and influence. This involves significant investments in frontier models, data centres, and smart governance systems, allowing the region to potentially leapfrog industrial bottlenecks.

### AI as a Catalyst for Transformation:

- AI is being leveraged to transform governance, infrastructure, and public services within the GCC.
- Leading companies in the GCC are focusing their AI investments on reshaping core business functions and creating entirely new AI-powered business models.
- There is widespread optimism among GCC executives about AI's potential, with Qatar, the UAE, and Saudi Arabia ranking AI/GenAI among their top three strategic priorities.
- The GCC's approach emphasizes practical AI applications, focusing on a balance of algorithms, data/technology, and people/processes/culture for successful implementation
- AI is seen as a crucial tool for productivity and innovation in the GCC.

### Investments and Partnerships:

- The GCC is actively investing in frontier technology firms and autonomous systems.
- Saudi Arabia plans to create a US\$40 billion fund to invest in AI.
- Microsoft committed US\$1.5 billion to the Emirati AI firm G42 following its partnership with OpenAI.
- Mubadala invested US\$500 million in Anthropic.
- Saudi Arabia's Digital Skills Initiative and the UAE's Artificial Intelligence Academy are examples of efforts to provide advanced digital skills training, supported by partnerships with global technology companies like Microsoft, IBM, and Google.

### AI in Key Sectors:

- **Logistics:** AI is being implemented for route optimization in trucking and warehouse automation, enhancing efficiency in the GCC logistics sector. AI-powered logistics management systems are also being adopted.
- **Smart Ports:** AI and machine learning are used in smart ports to improve operational efficiency, enable proactive maintenance, and facilitate intelligent decision-making through predictive analytics.

- **Energy:** AI has the potential to drive energy efficiency, reduce emissions, and improve environmental performance across sectors. AI is also crucial for data analysis and interpretation in green upskilling for sustainability initiatives.
- **Urban Development:** AI-driven systems are part of the vision for megaprojects like NEOM. Smart cities like Lusail are designed with AI-driven services.
- **Security:** AI and cyber technologies are increasingly emphasized in addressing security challenges, with discussions on cyber defence and the regulation of emerging technologies. AI is being integrated into surveillance and threat detection systems.

### Sovereign AI and Soft Power:

- Sovereign AI is considered a potential next pillar of soft power for the GCC.
- By controlling platforms that drive trade, data, and energy flow through investments in AI, GCC nations aim to cement their position as global hubs.

### Balancing AI with Human Capital:

- While embracing AI and automation, the GCC recognises the need for human capital development. Upskilling the workforce is essential to thrive in the digital economy as automation replaces low-skill jobs.
- GCC executives acknowledge that more research and development are needed to ensure the workforce is ready to meet AI demands .
- The "10-20-70 principle" being adopted in the GCC emphasizes that organisational and cultural changes, particularly focusing on people and processes, are essential for AI success.

### Risks and Challenges:

- Regional executives are aware of the risks of scaling AI, including data privacy and security, lack of control over AI decision-making, and regulatory challenges<sup>24</sup> .
- Regulatory frameworks must evolve to address the legal, ethical, and social implications of AI and other new technologies.

In conclusion, the GCC is strategically investing in and deploying AI and automation across various sectors as a powerful lever to enhance efficiency, drive economic diversification, and ultimately project greater global influence. This ambitious push requires a parallel focus on developing human capital and navigating the inherent risks associated with these advanced technologies.



## GCC Countries are moving fast on AI — not as Hype, but as Statecraft

*GCC countries are strategically embracing AI as a key element of their statecraft, going beyond mere technological enthusiasm. This involves deliberate government-led initiatives, substantial investments, and a clear vision for leveraging AI to achieve national objectives.*

### National Strategies and Visions

Countries like Saudi Arabia (Vision 2030) and the UAE (AI Strategy 2031, Artificial Intelligence Strategy 2050) explicitly prioritise the development and adoption of AI. These national frameworks underscore the strategic importance of AI in achieving broader economic diversification and sustainability goals.

**Significant Investments:** The GCC is making substantial financial commitments to advance AI capabilities. This includes Saudi Arabia’s plan for a US\$40 billion AI investment fund, Microsoft’s US\$1.5 billion investment in UAE’s G42, and Mubadala’s US\$500 million stake in Anthropic. These investments demonstrate a serious commitment to becoming leaders in the AI domain.

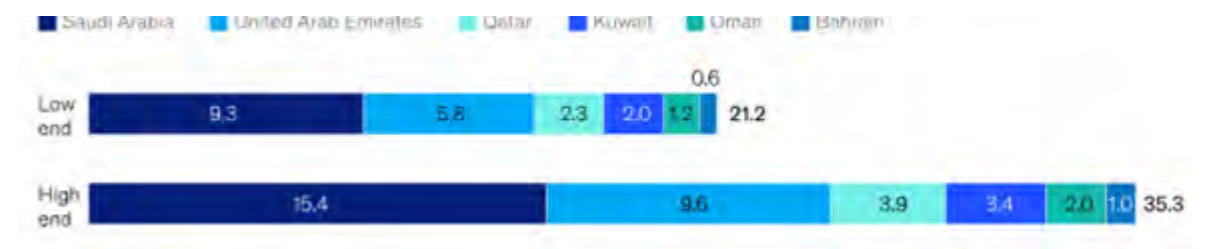
**Focus on Practical Applications:** As highlighted in our previous conversation and supported by the sources, the GCC’s approach to AI emphasizes practical implementation across various sectors rather than just experimentation. This includes:

- **Governance and Public Services:** AI is seen as a catalyst for transforming governance and public services.
- **Economy and Industry:** AI is being strategically applied to reshape core business functions, create new AI-powered business models, and enhance productivity and innovation across industries..
- **Logistics:** AI is being used for route optimization, warehouse automation, and AI-powered logistics management systems, aiming to establish the GCC as a central hub in the global economy. Smart ports are leveraging AI for seamless cargo handling and improved efficiency.
- **Energy:** AI is recognised for its potential to drive energy efficiency, reduce emissions, and optimise resource management in the transition to clean energy.
- **Urban Development:** Smart cities like NEOM and Lusail are designed with AI-driven systems and infrastructure at their core.
- **Security:** AI and cyber technologies are being prioritised to address security challenges, including cyber defence and threat detection.
- **Developing Human Capital:** Recognising that infrastructure alone is insufficient, GCC countries are investing heavily in upskilling their workforce for the AI-driven economy. Initiatives like Saudi Arabia’s Digital Skills Initiative and the UAE’s Artificial Intelligence Academy, along with partnerships with global tech

companies, aim to build a resilient and competitive workforce.

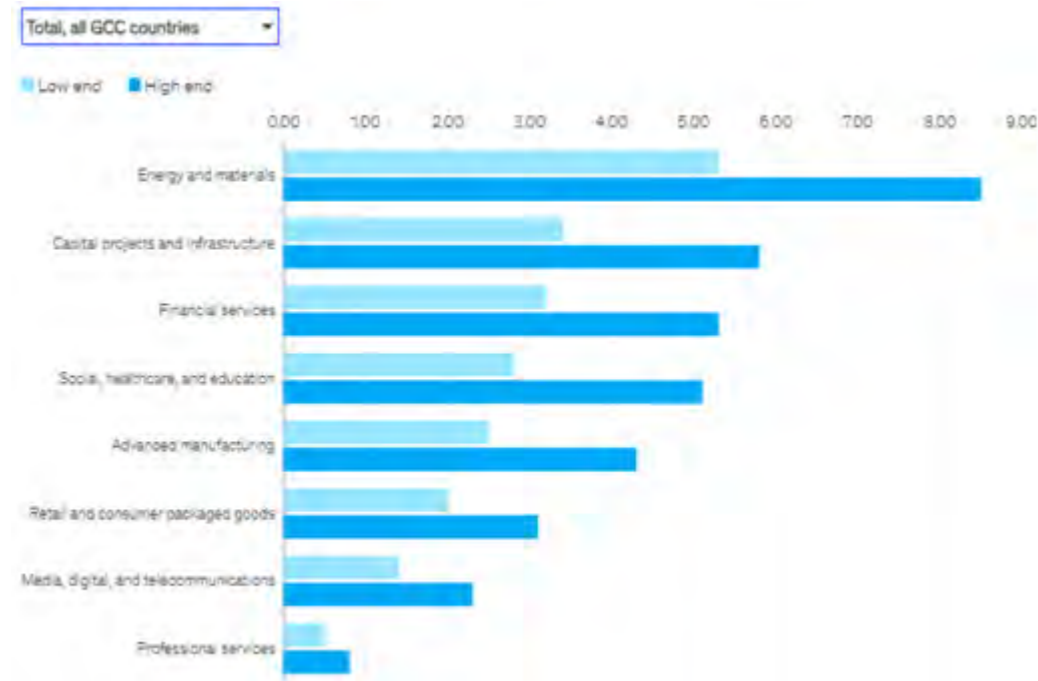
- **Sovereign AI and Geopolitical Influence:** The concept of “sovereign AI” as a potential pillar of soft power indicates the strategic geopolitical dimension of the GCC’s AI push. By dominating platforms driving trade, data, and energy flow through AI investments, these nations aim to cement their position as global hubs and reduce reliance on external systems.
- **Strategic Non-Alignment:** As the GCC positions itself as a “global pivot zone,” AI becomes a tool to navigate a multipolar world. By developing advanced technological capabilities, the region aims to strengthen its strategic autonomy and leverage technology for global leverage.

### Potential Annual Value-Added Impact from GenAI by GCC, billion USD



- Recognition of that potential and the likely disruption it will unleash across sectors has prompted a surge in gen AI investments and partnerships in the GCC region, both by governments keen to position their economies as global leaders in the technology as well as by private organisations. While many organisations are investing in gen AI, few have begun to scale its implementation and extract value from their investments. A small number—those we call the value realisers—stand out from the crowd, however, already generating more than 5 percent of their earnings from gen AI.
- The value potential is the biggest by far in the energy sector, where annual gains of between \$5 billion and \$8 billion are possible, followed by capital projects and infrastructure and financial services. [Source](#)

**Potential annual value-added impact from generative AI in Gulf Cooperation Council (GCC) countries, by sector, billion USD**



**Conclusion**

In essence, the GCC’s rapid adoption of AI is not simply about embracing technological trends. It is a calculated and comprehensive strategy aimed at diversifying economies, enhancing global standing, and securing long-term prosperity and influence in a post-oil world. The investments, national plans, and cross-sectoral applications of AI clearly indicate its role as a fundamental element of the GCC’s statecraft.



## With investments in Frontier Models, Data Centres, and Smart Governance Systems, the Region is using Automation to leapfrog industrial Bottlenecks

*It is already clear that the GCC region is strategically investing in frontier AI models, data centres, and smart governance systems as a deliberate approach to leapfrog traditional industrial bottlenecks and accelerate their economic diversification.*

### Investments in Frontier AI Models

- The GCC is making significant financial commitments to develop and access cutting-edge AI models. This is evidenced by Saudi Arabia’s plan to create a US\$40 billion fund for AI investment and major investments in frontier AI firms like Microsoft’s US\$1.5 billion in G42 and Mubadala’s US\$500 million stake in Anthropic. These investments aim to position the GCC at the forefront of AI innovation and leverage advanced AI capabilities.
- This focus on AI is not just hype but a core element of the GCC’s statecraft, aimed at enhancing their power and influence. The development and deployment of sophisticated AI models are seen as crucial for driving innovation and efficiency across various sectors. [Source](#)

### Development of Data Centers

- Robust data centre infrastructure is fundamental for the development, training, and deployment of advanced AI models. Saudi Arabia has recognised this by investing US\$18 billion in data centres as part of its efforts to build advanced communication infrastructure. This investment demonstrates a commitment to providing the necessary computational resources for AI-driven growth.
- These data centres will support the storage and processing demands of AI applications in areas like smart cities (NEOM, Lusail), smart ports, and other digitally transformed sectors. [Source](#)

### Implementation of Smart Governance Systems

- The GCC is leveraging technology, particularly AI, to modernize governance and public services. AI is identified as a catalyst for governance transformation, aiming to improve efficiency, decision-making, and service delivery.
- Smart city initiatives across the region, such as Lusail City with its AI-driven services and the broader vision for NEOM with AI-driven systems, exemplify the use of advanced technologies for urban management and governance.
- Furthermore, as we discussed, the development of regulatory frameworks for new technologies like AI is a crucial aspect of smart governance, ensuring responsible and ethical adoption of these powerful tools. [Source](#)



### Leaping Industrial Bottlenecks

- The strategic deployment of AI and automation, supported by robust data centre infrastructure and smart governance, allows the GCC to potentially leapfrog traditional stages of industrial development. By embracing these advanced technologies, the region aims to overcome limitations in existing infrastructure, workforce skills in traditional industries, and bureaucratic processes.
- The automation of industrial processes, logistics operations, and port management is used as a means to leapfrog industrial bottlenecks.
- As the GCC transitions from labour-heavy to knowledge-driven economies, AI and automation are crucial for creating high-value, technology-intensive jobs and enhancing productivity beyond traditional industrial models.
- The focus on AI in key sectors like logistics aims to transform the GCC into a central hub in the global economy, overcoming logistical inefficiencies through AI-powered route optimization, warehouse automation, and smart port operations.

### Conclusion

The GCC’s concerted investments in frontier AI models, data centres, and smart governance systems represent a strategic and forward-looking approach to bypass traditional industrial constraints. By leveraging these advanced technologies, the region aims to accelerate economic diversification, enhance global competitiveness, and establish itself as a leader in the emerging digital and sustainable global landscape.

## AI as a Catalyst for Governance, Infrastructure, and Public Service Transformation

**The Gulf Cooperation Council (GCC) is rapidly emerging as a global leader in digital governance and AI-driven public service transformation.** A recent Boston Consulting Group (BCG) report highlights how countries such as Saudi Arabia, the UAE, and Qatar are setting global benchmarks in citizen satisfaction through their forward-thinking use of AI and digital services.

With a net satisfaction score of 81% and digital government service usage 22% above the global average, the GCC's commitment to technology-enabled governance is clear. A key driver of this transformation is artificial intelligence, now embedded in everyday public service experiences. Approximately 76% of GCC citizens use AI-powered services—such as virtual assistants and personalized platforms—while 42% expect these services to perform at or above private-sector standards.

AI has not only improved service delivery but also enhanced public trust. GCC governments boast a 71% net trust score in AI usage—49 percentage points above the global average—demonstrating strong public confidence in these technologies.

National strategies further reinforce this trend. **Saudi Arabia's National Strategy for Data and AI is projected to add SAR500 billion (US\$133.3 billion) to GDP by 2030. Qatar is investing in upskilling through partnerships with Qatar University to train professionals in AI, 5G, and cloud computing. Meanwhile, the UAE's Technology Innovation Institute has positioned itself as a leader in generative AI with the development of the Falcon LLM, an open-source large language model.**

These efforts are supported by four key strategic pillars outlined in BCG's report: continuous innovation, prioritising usability, accelerating AI adoption in high-impact areas, and building trust through robust data governance. As GCC nations continue to treat data as a national asset and integrate responsible AI practices, they are laying the groundwork for smarter policies and globally recognised public service models.

By strategically leveraging AI, the GCC is not just digitizing government—it is redefining governance itself, positioning the region as a pioneer in responsive, inclusive, and future-ready public administration. [Source](#)

**Saudi Arabia's National Strategy for Data and AI is projected to add SAR500 billion (USD133.3 billion) to GDP by 2030.**

**Qatar is investing in upskilling through partnerships with Qatar University to train professionals in AI, 5G, and cloud computing.**

**Oman has launched its National AI Strategy to drive smart governance, digital transformation, and economic diversification.**

**Bahrain was the first GCC country to adopt a national cloud-first policy, enabling accelerated AI-driven digital services.**

**Kuwait is investing heavily in AI-driven public sector reforms as part of its New Kuwait 2035 Vision.**

## GCC investments in Frontier Tech Firms and Autonomous Systems

### GCC Investments in Frontier Tech Firms: Catalyzing the Digital Future

As the Gulf Cooperation Council (GCC) accelerates its digital transformation journey towards 2030, strategic investments in frontier technologies are becoming a core driver of regional growth. The GCC is not only adopting cutting-edge technologies like artificial intelligence (AI), the Internet of Things (IoT), and data analytics, but actively investing in the firms and ecosystems that develop them.

Projections suggest that AI alone could contribute up to US\$320 billion to the GCC economy by 2030, underscoring the region's commitment to innovation-led growth. These technologies are expected to collectively generate over 20% of the GCC's GDP, reflecting a future where digital sectors are foundational to economic resilience and global competitiveness.

This transformation is supported by a sharp focus on research and development, with the region aiming to increase R&D investment by 20% annually. Such commitments are positioning the GCC as an attractive hub for global frontier tech firms, while also fostering homegrown startups through robust innovation ecosystems.

In parallel, public-private collaboration is shaping success stories like the UAE's e-governance initiatives, which have improved service delivery efficiency by over 50%. These outcomes highlight the potential of strategic partnerships in scaling frontier technologies across sectors—from smart cities to customer experience platforms.

As part of its 2030 vision, the GCC is also integrating sustainability goals into its digital growth strategy. By targeting a 30% reduction in carbon emissions from digital operations, the region is demonstrating that investments in frontier tech can be both economically transformative and environmentally responsible.

Through strategic funding, ecosystem development, and global collaboration, the GCC is not just adopting technology—it is actively shaping the future of the digital economy. [Source](#)

### GCC Investments in Autonomous Systems: Driving the Future of Mobility

GCC is emerging as a key global player in the development and deployment of autonomous systems, with countries like the UAE and Saudi Arabia leading ambitious initiatives to transform future mobility. As the world prepares for a new era of transportation, the GCC is strategically positioning itself at the forefront of this transformation.

The UAE has taken a pioneering role with its Dubai Autonomous Transportation Strategy, which aims to shift 25% of the city's transport to autonomous modes by 2030. Initiatives such as the Dubai World Challenge for Self-Driving Transport, the launch of robo-taxis, and plans for aerial taxis by 2026 reflect the country's long-term investment in autonomous innovation.

Saudi Arabia is also making bold strides. As part of its national transport vision, the Kingdom is designing future cities with autonomy in mind, integrating volocopters, robo-taxis, and autonomous pods into urban planning. These developments align with the Kingdom's broader aspirations to play a leadership role in next-generation mobility.

While global AV (autonomous vehicle) maturity remains in early stages, Arthur D. Little research suggests the GCC is rapidly catching up with leading jurisdictions like the U.S., EU, China, and Singapore. This momentum is driven by the region's strong government commitment, infrastructure investments, and the ability to turn vision into reality at speed.

Despite past challenges in the autonomous sector—including Covid-19 setbacks and global semiconductor shortages—market forecasts remain optimistic, predicting a multi-trillion-dollar global AV market by 2035. The GCC's aggressive push into this space positions it not just as a regional leader, but as a serious global contender in the race towards full vehicle autonomy. [Source](#)

## Sovereign AI as the next Pillar of Soft Power

### Soft Power Definition

Soft power is the ability to attract and influence others without force or payment. In the contemporary context, technological advancement, particularly in cutting-edge fields like AI, can significantly enhance a nation's attractiveness and influence on the global stage. [Source](#)

### GCC's Existing Soft Power Strategies

The GCC states, particularly Saudi Arabia, the UAE, and Qatar, are already actively pursuing soft power through various means, including investments in media, academia, sports, culture, tourism, and diplomacy. [Source](#)

Their success is reflected in the 2024 Brand Finance Soft Power Index, where the UAE, Saudi Arabia, and Qatar rank above many Western nations. Sovereign AI can be seen as a modern extension of these strategies, leveraging technological prowess to project influence and shape global perceptions.

### Technological Leadership and Attraction

The GCC's ambition to be at the forefront of AI directly contributes to their soft power. Being recognised as a leader in a transformative technology like AI enhances a nation's image as innovative, forward-thinking, and a hub for talent and investment. Our previous discussion highlighted the significant investments being made in AI by GCC countries, signaling a serious commitment to technological leadership.

### Capital as Soft Power

We have discussed in our study the topic of "Capital as a Soft Power" and we noted the significant financial investments the GCC is making in AI. These investments, particularly in frontier AI models and infrastructure like data centres, not only build domestic capabilities but also position the GCC as a key player in the global AI landscape, attracting partnerships, talent, and recognition.

### Dominating Key Platforms

Sovereign AI capabilities can enable the GCC to exert greater control and influence over these crucial key platforms in the global systems. This dominance, achieved through technological superiority rather than coercion, aligns with the principles of soft power.

### Strategic Non-Alignment and Influence

Sovereign AI can become a crucial tool for maintaining the status of a global pivotal independent zone and projecting influence in a multipolar world. By developing their own advanced AI capabilities, the GCC can reduce reliance on external technologies and assert their digital sovereignty.

### Attracting Global Talent

The focus on developing a knowledge-based economy and investing in AI skills can attract global talent to the GCC. A thriving AI ecosystem, underpinned by sovereign capabilities, makes the region a more attractive destination for researchers, developers, and entrepreneurs, further enhancing its soft power. [Source](#)

### Conclusion

The GCC's strategic embrace of AI, manifested in substantial investments, national strategies, and infrastructure development, is not only about economic diversification and efficiency. It is increasingly intertwined with their ambition to enhance their global standing and influence. Sovereign AI, by projecting technological leadership, attracting talent and investment, and enabling greater control over key digital domains, is emerging as a significant and potent tool in the GCC's soft power arsenal.

*At the forefront of soft power*

**Sovereign AI is emerging as a potent tool, enabling the GCC to project influence through technological leadership and strategic autonomy.**

*Building a future of influence*

**The GCC's investments in AI position the region as a global hub for innovation, talent, and technological leadership.**

## Balancing Efficiency with the Need for Human Capital Development

*As we discussed, the GCC is actively investing in AI and automation to leapfrog industrial bottlenecks and enhance efficiency across various sectors. This includes using automation in logistics, implementing AI in smart ports for increased efficiency and reduced costs, and deploying AI for productivity gains in business operations. The aim is to modernize industries, improve governance, and optimise resource utilisation.*

### The Indispensable Role of Human Capital Development

Infrastructure and technological advancements alone are insufficient without the human capital to operate and innovate within these new systems. The transition to knowledge-based economies necessitates a digitally fluent and highly skilled workforce.

### Upskilling and Reskilling Initiatives

The GCC nations are investing in lifelong learning programmes and vocational training to prepare citizens for emerging fields like AI development, data science, and cybersecurity. Examples include Saudi Arabia's Digital Skills Initiative and the UAE's Artificial Intelligence Academy.

### Education Reform

Significant investments are being made to modernize education systems, focusing on STEM fields, critical thinking, and digital literacy to equip the youth for the demands of the future job market.

### Attracting Global Talent

Recognising the immediate need for specialized expertise, the GCC is also focused on attracting global talent through visa reforms and improvements in lifestyle infrastructure. This complements nationalization efforts by filling skills gaps while local talent is being developed.

### Balancing Efficiency with Human Capital Needs

The integration of AI and automation must be managed carefully to avoid negative social consequences like job losses.

#### Avoiding Job Displacement

While AI is expected to boost productivity, the GCC appears to have a positive outlook on workforce retention, with a low percentage of executives anticipating headcount reductions due to AI automation compared to the global average. This suggests a focus on leveraging AI to augment human capabilities rather than replace them entirely in the immediate term.

### The "70% on People, Processes, and Cultural Transformation"

The adoption of the "10-20-70 principle" for AI implementation, where 70% of the effort is dedicated to people, processes, and cultural transformation, underscores the importance of human factors in the successful integration of AI. This indicates a recognition that technology alone is not enough; organisational and human capabilities must evolve in tandem.

### Green Upskilling

The rapid growth in green job opportunities and the need for sustainability expertise further necessitate targeted upskilling programmes to ensure the workforce can support the GCC's ambitious environmental goals. This is another area where human capital development is crucial for realising efficiency and progress in a new sector.

### Challenges and Considerations

- **Nationalization Policies:** While aiming to increase local employment, nationalization policies need to be balanced with the need for foreign expertise in highly specialized roles to avoid hindering innovation and economic growth.
- **Youth Unemployment and Skills Mismatch:** Despite investments in education, a skills gap persists, with youth often lacking the specific skills demanded by the labour market. Bridging this gap through effective training programmes and private sector engagement is crucial.
- **The Need for Continuous Learning:** The rapid pace of technological advancement necessitates a culture of lifelong learning to ensure the workforce remains adaptable and competitive.

### Conclusion

The GCC is navigating the integration of AI and automation with a clear understanding of the critical need for parallel investment in human capital development. Their strategies involve not just acquiring advanced technologies but also actively upskilling their workforce, reforming education systems, and strategically attracting global talent. The success of their economic transformation hinges on effectively balancing the efficiency gains offered by AI and automation with the development of a skilled and adaptable human capital base capable of driving innovation and sustaining long-term growth in a knowledge-driven global economy.

## Risks: Fragile Foundations



*The foundations upon which many national strategies in the Middle East region are built remain increasingly fragile. Political instability, demographic strain, and environmental vulnerabilities form a complex backdrop to even the most ambitious development agendas. For the GCC and broader region, understanding these risks is critical to navigating a volatile geopolitical landscape. [Source](#)*

### Political Tension, Social Pressure, and Environmental Stressors

The geopolitical environment in 2025 is “stormy,” marked by unresolved conflicts, proxy dynamics, and rising environmental threats. Political tensions are sustained by the uncertain future of the Israel-Hamas ceasefire, Israel’s potential acceleration of West Bank annexation, and Iran’s recalibration of regional strategy—eschewing overt aggression while asserting itself through diplomatic and back-channel means.

At the same time, militant groups such as Islamic State-Khorasan (IS-K) and al-Qaida exploit unstable regions like Afghanistan and fragmented Syria, where governance is weak and state structures are in flux. The risk of transnational terrorist attacks remains active, worsening the regional security landscape and adding pressure on already fragile states.

Environmental stressors further exacerbate social pressures. The MENA region is identified as one of the world’s most climate-vulnerable, facing extreme weather, rising seas, droughts, floods, and severe water scarcity. State preparedness remains weak, with limited financial capacity to respond effectively. As livelihoods are threatened and reconstruction delayed, these stressors feed directly into instability, displacement, and public dissatisfaction.

[Source](#)

Despite strong economic projections—such as the GCC states expecting 3–4% GDP growth and steadily reducing debt levels—the foundations of transformation remain delicate. Fiscal balance is maintained through counter-cyclical policies, but the article warns that “conditions for deterioration remain,” and close fiscal management will be even more necessary in the face of suppressed oil prices and global uncertainties.

Geopolitical risks—such as a second Trump administration potentially ordering pre-emptive strikes on Iran’s nuclear sites—or escalating conflict in Syria or Yemen could swiftly disrupt regional stability, with ripple effects across trade, energy, and labour markets.

Furthermore, the ambition to lead in renewable energy investment (particularly in North Africa and the Gulf) sits atop political and security conditions that can rapidly shift. The article mentions that even a “sudden degradation of the security landscape” could halt foreign investment, demonstrating how fragile the surface of transformation is. [Source](#)

The Arab world holds immense potential for social transformation. With youth comprising more than half of the population, the region possesses a powerful driver for creativity and innovation. Investments in education and technology could lead to transformative progress. Efforts to empower women, particularly in Egypt, Saudi Arabia, and the UAE, have already contributed to social stability and economic diversification. Cultural heritage initiatives, alongside new visions in countries such as Egypt and Saudi Arabia, are also enhancing the region’s soft power and fostering unity.

[Source](#)



## Youth Unemployment, Demographic Imbalance, and Expat Dependency

### The Risk of Youth Unemployment



The youth unemployment rate in MENA was recorded at 24.4% in 2023, nearly double the global average of 13.0%. Although this represents a decline from pre-pandemic levels, the rate remains alarmingly high. In North Africa, the youth unemployment rate was slightly lower at 22.3% in 2023, showing a decrease from pre-pandemic levels. However, in the Arab States, the rate stood at 28%, which, although an improvement from the pandemic peak, has not yet returned to pre-pandemic levels.

Gender disparities in youth employment are particularly stark in the MENA region. In 2023, the unemployment rate for young women was 35.4%, more than 1.5 times higher than the rate for young men, which was 21.5%.

Moreover, the employment-to-population ratio (EPR) for youth in MENA was the lowest globally at 18.5% in 2023, with a particularly low rate for young women at just 6.4%.

In 2023, nearly one in three youth in the MENA region (31.5%) was NEET, a rate that had yet to fall below its pre-pandemic level. The situation was particularly dire for young women, with 44.2% being classified as NEET, more than double the rate for young men.

Looking ahead, the ILO projected a slight increase in the youth unemployment rate in MENA to 24.5% in 2024, driven in part by ongoing conflicts and economic challenges such as oil production cuts. However, the rate is expected to decline slightly to 24.2% in 2025 as the region's economy stabilises. The ILO called for a "long-term real commitment" from policymakers to work with social partners and young people to create an integrated approach to youth employment. This included expanding demand-side policies that stimulate job creation in dynamic sectors, particularly for young women, and ensuring that education and skills policies are aligned with the needs of the economy. [Source](#)

### The Risk of Demographic Imbalance

Globally, many countries are experiencing increases in lifespan that are surpassing birth rates, a factor that is leading to demographic shifts toward older populations. This trend is also being observed in the Gulf Cooperation Council (GCC) countries – Bahrain, Kuwait, Oman, Qatar, Saudi Arabia (KSA), and the United Arab Emirates (UAE) – with significant demographic changes expected. Given the current trends, the elderly (over 50 years of age) will comprise 18.5% of the population by 2025, up from 14.2% in 2020.

Furthermore, the GCC population is also expected to significantly age until the end of this century, with the median age rising from 32 years in 2022 to 51 years in 2100, leading to an overall older population. While this demographic shift can have many positive implications, there are many challenges that may arise, such as a significant increase in the burden of disease for the economy. Currently, the health expenditure and the cost of healthcare

are rising in the GCC. As populations age, there is a prevalence of chronic conditions and diseases associated with aging, such as cancer, diabetes, Alzheimer's, and osteoporosis, leading to a greater burden on healthcare systems. The region also has limited availability of specialised treatment centres, an insufficient number of local specialist health practitioners and an over-reliance on expatriate labour. All this has led to a growing burden on the healthcare system and high costs. But on a positive note, GCC governments still have time to learn from countries with "older" populations, given that their current demographic structures are relatively young compared to the global average. Moreover, the region readily embraces technological innovations that will play a central role in improving the quality of life and reducing healthcare costs in this 'older' future. From advances in regenerative medicine (RM) – many of them enabled by Artificial Intelligence (AI) – to investments in wearable technology that enable mobility and independence, regional governments have prioritised needs of senior citizens as part of their national transformation agendas. Also, in line with WHO's worldwide push for Universal Health Coverage (UHC), the GCC nations have underscored their commitment to ensure healthcare access to all residents.

Collectively, these initiatives and investments have led to a marked improvement in healthcare infrastructure, service quality, and access, with accompanying positive changes in life expectancy rates.

Some of the consequences of aging are unavoidably negative. None of the proposals in this report alter the reality that the GCC citizens, like their peers worldwide, will become economically less productive and need more healthcare as they become older. Yet there are good reasons why tomorrow's highly digitalised GCC "knowledge economies" can also be societies that value the region's best traditions, ensuring that older citizens lead fulfilling lives to the end of their days.

Prime determinants contributing to the ageing populations in developed nations include declining birth rates, improved healthcare, and longer life expectancies. Yet the picture is more complex than it seems, presenting an additional challenge to governments and healthcare professionals, because there remains significant variations in individual lifespans, which may be partly due to genetic variants.

For example, a study published in 2019 of more than 650,000 people, drawn from the AncestryDNA and UK Biobank databases found that such variants accounted for "up to 8% of the variance in human lifespan". From a demographic perspective, the age distribution of GCC countries is relatively young compared to most developed nations. By illustration, in 2023, Japan, Denmark, the United Kingdom (UK), the United States (US) and Switzerland constituted 28% of the population over 60 years of age, whereas in the GCC countries, this average is only 6%. In addition, the median age of the above-mentioned developed countries is 42 years whereas that of GCC



countries is 30 years. Interestingly, populations in the GCC countries are ageing at a significantly faster rate than populations in developed countries have in the past, due to rapid changes in fertility rates and lifespan. And changes in social structure increase the demand for professional senior care facilities, as availability or willingness of extended family to provide care decreases as part of the shift towards a more individualistic society. As an overall result, these GCC countries are beginning to face challenges related to healthcare, pension systems, and social welfare programmes that are designed to support elderly populations.

Oman has the youngest population, with a median age of 28.8 years, followed by Saudi Arabia (29.8 years), Bahrain (32.7 years), UAE (32.8 years), Qatar (33 years) and Kuwait (38.3 years). Conversely, many developed nations have significantly older populations, such as the US (37.7 years), UK (39.6), Denmark (41.3), Switzerland (41.8) and Japan (48.4). [Source](#)

### Projected average Age Demographics by Country (percentage of total population, both sexes) in 2023

	Year	+60	+65	+70	+80
Bahrain	2023	7.3	4.0	2.1	0.5
Kuwait	2023	10.1	5.4	2.6	0.5
Oman	2023	4.6	2.8	1.6	0.4
Qatar	2023	3.5	1.6	0.7	0.2
KSA	2023	5.8	3.1	1.5	0.5
UAE	2023	3.6	1.9	1.0	0.4

### Prevalence of Diabetes in the GCC

	Estimated adult diabetes population (20-79 y), 1,000s	Adult total population (20-79y), 1,000s	Diabetes age-adjusted comparative prevalence (20-79 y), %	Cost per person with diabetes (20-79 y), USD	Diabetes-related deaths (20-79 y)	Properties of undiagnosed diabetes (20-79 y), %
Bahrain	119.8	1,328.4	11.3	1,324.9	536	34.2
Oman	445.6	3,762.3	13.8	845.2	2,100	50.0
KSA	4,274.1	24,194.3	18.7	1,745.3	32,054	43.6
UAE	990.9	8,057.1	16.4	2,109.5	4,343	54.0
Kuwait	803.4	3,152.8	24.9	1,823.6	2,153	37.3
Qatar	394.9	2,406.6	19.5	2,017.2	892	34.2

### Projected increases in obesity and its impact in the GCC, 2020-2035

	Annual increase in child obesity 2035-2020	Annual increase in adult obesity 2035-2020	Overweight impact on National GDP 2035
Bahrain	1.8%	2.5%	43%
Oman	4.3%	3%	52%
KSA	3.6%	2.1%	57%
UAE	3.0%	1.9%	45%
Kuwait	1.9%	1.5%	52%
Qatar	2.3%	1.8%	51%

Another lifestyle trend that can affect longevity is urbanisation. Several GCC countries are among the most urbanised in the world. As urbanisation continues to increase in the region, a shift in health and quality of life metrics is expected.

The downside of urbanisation is associated with increased stress levels, which have shown to be detrimental to mental and physical health. Globally, relationships between mental disorders and urban living have been observed, due to urban features, such as social stress, income inequality and poor infrastructure. The GCC has not been exempt from this trend, as evidenced by the rising prevalence of mental health conditions among the younger generation in countries like Saudi Arabia, which may affect healthy longevity and quality of life as they age.

Another particular lifestyle factor that remains to be a significant problem globally, despite significant efforts to control is tobacco use, which takes several forms, such as cigarettes, cigars, water pipes, vapes and chewing tobacco. The WHO estimates tobacco use in the Eastern Mediterranean region, including GCC countries, to be nearly 3% higher compared to worldwide prevalence. Moreover, the trend of susceptibility to initiating tobacco use among youth, aged 13 years to 15 years, has increased in multiple GCC countries, including Oman, Qatar, KSA, and the UAE, with a growing number of female youths who were willing to initiate tobacco use. [Source](#)

As nations across the GCC experience a trend of rising longevity, it's crucial to address the nuanced implications that come along with this demographic shift. A critical distinction to be made is that the challenge lies not in the extension of life per se, but in the potential proliferation of unhealthy ageing patterns. Decreased mortality rates, while seemingly a victory, could inadvertently lead to an uptick in the prevalence of chronic and age-related conditions, such as heart diseases, dementia, and cancer. Such a development could impose a substantial strain on healthcare systems, particularly those inadequately prepared for the demographic shift and associated increase in disease prevalence. To illustrate, consider the case of the UK – the health of the ageing population is improving, but not at the same rate as life expectancy. This circumstance results in a larger number of older individuals grappling with health issues, culminating in elevated healthcare costs for both the government and individuals. In the GCC nations, data shows that similar demographic transitions are occurring. [Source](#)

*The Human Cost of Prosperity*

**Growth and prosperity in the GCC economies can be viewed as intrinsically linked to the abuse and hard labour of migrant workers' backs, and the cruel hardships they face in daily life.**

**Life expectancy and healthy life expectancy (HALE) in the GCC. Data is for both sexes. Data compiled from the World Health Organisation**

	Year	Life Expectancy	Healthy life expectancy
Bahrain	2019	75.8	65.9
	2015	76.5	66.2
	2010	74.5	65
	2000	70.5	61.9
Kuwait	2019	81	70.1
	2015	81.1	70.2
	2010	79.8	69.2
	2000	77.9	67.7
Oman	2019	73.9	64.7
	2015	72.5	63.7
	2010	70.4	62
	2000	69.1	60.9
Qatar	2019	77.2	67.1
	2015	76.4	66.4
	2010	74.1	64.7
	2000	71.3	62.4
KSA	2019	74.3	64
	2015	73.2	63.2
	2010	71.8	62.2
	2000	70.5	61.2
UAE	2019	76.1	66
	2015	75.3	65.4
	2010	74.9	65.1
	2000	73.2	63.9

**The Risk of Expat Dependency**

The presence of migrant workers in the member states of the Gulf Cooperation Council (GCC), has been a problematic issue for decades. The current wave of migration has its roots in the 1960s in large part due to the oil boom, and it intensified during the 1970s and 1980s. During that period, it was primarily persons from surrounding Arab countries who migrated to the Gulf region. Today, however, migrant workers typically hail from South Asia, particularly from India, Bangladesh, or Pakistan; from South-East Asia, as well as from various African countries.

Indeed, migrant workers constitute a large percentage of the overall population of each of the GCC states. For instance, in Qatar and the UAE, around 90% of the population are foreigners; in Kuwait two-thirds, in Bahrain and Oman half; and in Saudi Arabia one third. The GCC countries are therefore characterized by their high levels of remittances, money sent by migrant workers back to families in their countries of origin.

Migrant workers are particularly involved in the construction sector, sanitation, transportation, hospitality, and health care, as well as in the domestic sector. Many of these workers are low-skilled but contribute in a substantial way to the economic prosperity and development of their host countries. For example, one of the main works of the GCC in which migrants are currently involved starting from May 2020, involves the construction of stadiums to host the 2022 World Cup in Qatar, the structures of Expo 2020 in Dubai (currently estimated to bring US\$33 billion to the economy of the United Arab Emirates), as well as facilities to host the G20 summit in Riyadh in November.

Prospective migrant workers are lured under false pretences of economic prosperity. Foreign workers are confronted with high risks, low wages, exploitation, and abuse. These abuses can be psychological, verbal, physical, or even sexual, particularly in the case of female domestic workers. Labour abuse of migrant workers became a particularly pressing issue during the 2010s, when Human Rights Watch published a report highlighting the stark reality faced by many, particularly in the construction sector.

Employment of migrants throughout the GCC countries takes place under the framework of employer sponsorship, otherwise known as the kafala system. Under the kafala system, a relationship of dependency is created between the migrant worker and the employer or sponsor: the migrant worker is not permitted to change work or leave the country without explicit written permission. The kafala system, therefore, makes it easier for sponsors to escape legal consequences for the abuse of migrant workers that happens under their purview.

Growth and prosperity in the GCC economies can be viewed as intrinsically linked to the abuse and hard labour off migrant workers' backs, and awful hardships they face in daily life.



For instance, the UAE government currently continues to ban trade unions and strikes by workers, making it close to impossible to enact much-needed change to benefit the situation of migrant workers. This tacit acceptance renders the GCC member states in violation of the Convention Against Torture and Other Cruel, Inhuman, or Degrading Treatment or Punishment, the International Covenant of Economic, Social and Cultural Rights, as well as the International Covenant on Civil and Political Rights.

The preparation of the 2022 World Cup in Qatar has raised international attention to the abuses and rigid conditions that migrant workers regularly face. An exclusive story was published in *The Guardian* in 2013, describing the stark conditions of migrant workers, especially evidence of forced labour. One migrant worker recalled that they had been working on an “empty stomach” for 24 hours, and when he complained, he was assaulted by his manager. Workers claimed that they did not have free access to drinking water in the desert heat. Between 4 June and 8 August 2013 at least 44 workers died. More than half died of heart attacks, heart failure, or accidents at work. This state of affairs has continued to this day, apart from incremental changes. In response to this state of affairs, Amnesty International in 2019 campaigned to raise to the attention the plight of migrant workers constructing the stadiums, and labels the kafala system as being “at the heart of the abuse”.

### Conclusion

The GCC states need to make necessary reforms for the benefit of migrant workers' lives. These include the improvement of health and safety standards, living conditions, the legal pursuit of employers who abuse physically, psychologically, and sexually their employees, as well as the overall abolishing of the Kafala system. [Source](#)



## Which Initiatives are being taken, and which should be taken?

### International Policy, Strategies, Initiatives and Outcomes

Amid the increasing complexity of regional and global geopolitics, the Gulf Cooperation Council (GCC) states are navigating their foreign policies with a combination of strategic adaptability and cautious pragmatism. The initiatives being taken by GCC countries—particularly Saudi Arabia, the United Arab Emirates, and Qatar—are primarily shaped by shifts in the international landscape, including evolving US interests, China’s rising influence, and Russia’s recalibration in the region. These initiatives are not born out of ideological shifts, but rather represent reactive and calibrated responses to the external environment.

Currently, the GCC states are deepening their economic and strategic partnership with China, driven by China’s role as the region’s largest trading partner. This includes official visits and bilateral agreements that bolster cooperation, with potential Chinese involvement in regional diplomacy—particularly acting as a mediator between Saudi Arabia and Iran—being an extension of Beijing’s strategy to promote a new global diplomatic model.

With Russia, engagement is marked by uncertainty, particularly in the aftermath of the Assad regime’s potential collapse. Though Russia continues to operate its military bases in Syria, its regional influence is under pressure. In this context, Gulf countries—especially Saudi Arabia—must navigate the fragile OPEC+ dynamic, particularly in response to the implications of increased US shale oil production, which has historically destabilized oil markets and could do so again.

The United States remains a key strategic partner, although its commitment to the Gulf is increasingly ambiguous. While official rhetoric underlines a pivot towards Asia and domestic priorities, Washington continues to reinforce its security commitments through military agreements with Gulf states, including defence designations for Bahrain, Qatar, the UAE, and discussions of a mutual defence pact with Saudi Arabia.

The return of Donald Trump to the US presidency introduces additional complexity. On one hand, his administration may rekindle strong ties based on past cooperation; on the other, it may take a more confrontational posture, particularly regarding Iran. Trump’s dual focus on expanding normalization with Israel and reviving a “maximum pressure” campaign on Iran presents the GCC with a diplomatic dilemma. For Saudi Arabia in particular, normalization with Israel will have to be weighed against its longstanding position linking such a move to the establishment of a Palestinian state.

In response to these developments, the initiatives that should be taken involve enhancing regional diplomacy and internal coordination among GCC states to proactively address geopolitical volatility. This includes:



- Building independent crisis management mechanisms, reducing overreliance on fluctuating US policies.
- Investing in multilateral diplomacy, leveraging platforms such as the Arab League or new regional forums to shape dialogue on security, energy, and trade.
- Developing long-term energy diversification strategies to mitigate vulnerabilities from oil market shocks, particularly in the face of shifting global energy trends.
- Strengthening intra-GCC cohesion, minimizing policy divergence and projecting a more unified external posture.

### Conclusion:

The GCC countries have developed expertise in navigating external dynamics, providing confidence in their ability to address future challenges. Ultimately, while the GCC states have traditionally pursued conservative and stability-oriented foreign policies, their accumulated diplomatic experience and capacity to absorb external shocks equip them well for the uncertain road ahead. Rather than radical reinvention, they must pursue adaptive resilience—responding smartly to changes without compromising their core strategic interests. [Source](#)

### Internal Policy in Terms of Respond to the Demographic Imbalances

The risks of a rapidly growing and ageing population in the GCC signals a pressing need to focus on healthy ageing. This has resulted in various initiatives and programmes that are tailored to regional national agendas, along with innovative approaches that leverage the latest advances in medical science, driven by AI-enabled digital technologies. Moreover public-private partnerships (PPPs) are boosting collaboration between governments, private companies, and academia to address complex scientific and social challenges. In Saudi Arabia, the Quality of Life Programme, as part of the larger Vision 2030 goals, aims to improve the overall quality of life in the Kingdom and increase life expectancy to 80 years by 2030. In the UAE, the National Strategy for Wellbeing 2031 aims to improve the health and wellbeing of citizens, promote healthy eating, physical activity, and improve access to healthcare services for the ageing population. Similarly the national visions of Qatar, Bahrain, Oman and Kuwait aim to strengthen the healthcare needs of their rapidly growing and ageing populations, reduce the prevalence of chronic diseases, and promote healthy lifestyles.

## Healthcare Innovation Rising

### AI-driven therapies are transforming longevity care

New healthcare models in the GCC are using AI technologies to accelerate treatment development and address ageing-related illnesses.

## Nutrition Transition Challenges

### Obesity and chronic diseases are rising in the GCC

Countries are tackling public health issues by promoting healthy eating, labelling calories, and introducing education programmes in schools.

Some pioneering initiatives across the region include:

- **Hevolution Foundation, Saudi Arabia: Launched in 2021**, the not-for-profit foundation provides grants and early-stage investments in healthspan science, an emerging field focused on the biological mechanisms of aging. The foundation's key goals include using the latest technologies to reduce drug development timelines and broadening access to therapeutics that can help increase healthy lifespans.
- **Sharjah Research Technology & Innovation Park (SRTIP)** and Deep Knowledge Analytics (DKA) longevity industry mapping partnership, UAE: In 2021, the tech analysis company DKA and SRTIP formed a joint venture to map the UAE's longevity industry, a sector that ranges from biotech and pharma companies to fintechs and insurers. The goal is to provide a reliable, up-to-date database for UAE policymakers and government institutions.
- **Abu Dhabi Stem Cell Centre (ADSCC), UAE:** Established in March 2019, the ADSCC, owned by UAE's PureHealth. Conducts stem cell research in fields such as tissue regeneration and the rejuvenation of ageing cells, which have the potential to increase longevity, as well as in other areas. The ADSCC is owned by the UAE's PureHealth private sector healthcare network.
- **The Omics Centre of Excellence, UAE:** Part of the M42 Group that was launched last year as a result of a merger between the healthcare units of Mubadala and artificial intelligence company G42, the Omics Centre is invested in the accentuated power of genomics that enables healthcare transformation.
- Other recent developments in the UAE include a **biocomputing innovation research laboratory** – a partnership between Abu Dhabi's Mohamed bin Zayed University of Artificial Intelligence and the international AI life science modelling company BioMap.20 Based in Masdar City, it will focus on age-related illnesses.

Robust policymaking to tackle the challenges of ageing societies demands a sound understanding of how advances in preventive and personalised medicine are transforming approaches to healthcare for older people, especially in the field of genomics. In many cases, these advances are based on AI-enabled therapies and treatments that utilise rapidly evolving digital technologies.

Longevity and quality of life are affected by many lifestyle and behavioural factors, such as living conditions and socioeconomic status, activity levels, and physiological and psychological stress. These factors stretch way beyond the realms of healthcare delivery, as illustrated by the fact that only 10% of undesirable health outcomes are related to suboptimal access to medical care. Several lifestyle factors have a significant effect on healthy ageing and can be targeted to improve longevity. One lifestyle factor with implications for longevity is diet. As countries become increasingly wealthier and urbanised, the diet of their population shifts towards eating more ultra-processed foods,



a phenomenon known as nutrition transition. Along with a higher incidence of nutritional deficiencies, countries undergoing nutrition transition tend to experience increases in heart disease, diabetes, and obesity.

It has been observed that countries within the GCC are well into the later phases of the nutritional transition, a shift which has substantial and discernible impacts on public health. For example, obesity rates in the GCC have increased, with national prevalence rates higher than the global average of 13.1%. Additionally, the GCC has relatively high rates of diabetes and hypertension as well. Furthermore, nicotine abuse continues to be a major challenge in the GCC, as well as physical inactivity. The percentage of adults who meet recommended physical activity levels is well below the global activity levels. To address these issues, several GCC countries have introduced initiatives, such as mandating the printing of calories on restaurant menus, increasing taxes on soft drinks and sweetened beverages, and promoting healthy nutritional items in restaurants and retail establishments. Additionally, educational programmes in schools and communities that aim to improve awareness regarding healthy eating and physical activity habits have been introduced.

[Source](#)

### Internal Policy in Terms of the Risk of Expat Dependency

The GCC's high dependence on expat labour—especially in the private sector where it makes up almost 90% of the workforce – has stymied its development of human capital in the national population. The majority of the local workforce is employed by the public sector, which weighs on governments' fiscal positions, especially in times of lower oil prices. GCC governments are increasingly implementing policies to boost nationals' participation in the private sector, mainly through measures that restrict the hiring of expats. We believe these nationalization policies could hamper economic growth and diversification if they impede productivity, efficiency, or competitiveness.

The GCC's longer-term economic trajectory will depend on the strength of governments' balance sheets as well as their willingness and ability to implement reforms that support a dynamic private sector. "Specifically, we see reforms that improve GCC national populations' education and skills, the participation of women in the workforce, labour market flexibility, and competition as paramount to unlocking sustainable growth in the region. [Source](#)

## The Gulf as a Global Pivot Zone



### Not East. Not West. The Gulf is becoming both — and neither.

The GCC states are carving out a distinctive geopolitical identity that transcends traditional alignments. As the article emphasizes, the Gulf's strategic interactions with China, India, the EU, the U.S., and even Russia reflect a deliberate avoidance of exclusive alignment with any one bloc. This is not neutrality in the Cold War sense, but a dynamic posture of "strategic non-alignment"—an attempt to benefit from relationships across geopolitical divides without becoming entangled in their rivalries. The Gulf is not merely reacting to global shifts; it is repositioning itself as a hub of influence within a multipolar framework.

### It is trading with China, investing in the US, co-building with Europe, mediating regional Crises, and shaping AI policy

- **Trading with China:** The GCC, especially Saudi Arabia and the UAE, has built deep trade ties with China, particularly in energy and technology sectors.
- **Investing in the US:** Sovereign wealth funds from the region remain heavily invested in U.S. markets and startups, sustaining deep financial linkages.
- **Co-building with Europe:** The upcoming EU-GCC summit and increasing collaboration with the EU on energy and sustainability projects highlight this co-building trend.
- **Mediating regional crises:** Qatar with the Taliban, Saudi Arabia in Sudan, and Oman in US - Iran talks are just a few examples demonstrating the Gulf's role as an active diplomatic mediator.
- **Shaping AI policy:** While not mentioned directly, the Gulf's investment in technology and smart city projects (e.g., NEOM) signals a desire to shape the future of digital infrastructure and AI governance—positioning themselves as knowledge economies in the making.

### It's not neutral — it's strategically non-aligned

Rather than "choosing sides," the GCC is leveraging its position between global poles to its advantage. The region has engaged with OPEC+ with Russia, hosted COP28 in the UAE, pursued trade and infrastructure projects with China, and maintained security partnerships with the U.S. This strategy of flexible alignment is not passive; it is a calculated diplomatic playbook that enhances the Gulf's leverage in both regional and global affairs. [Source](#)

### The rise of sovereign Capitalism with geopolitical Intent

#### Not East, not West — the Gulf as a global Middle Power

By balancing strategic autonomy with global engagement, the GCC is positioning itself as a middle power—influence-rich, resource-strong, and diplomatically agile. Its ability to host summits, mediate conflicts, and shape global conversations on energy and security gives it middle power characteristics. Unlike traditional middle powers that serve as bridge-builders, the Gulf states are more active shapers of the new order, particularly in energy diplomacy and regional security. [Source](#)

## Energy, Trade, and Tech as Tools of Global Leverage



The Gulf countries are well-placed to redefine global decision-making. The GCC is transitioning from an energy hub to a future-focused leader in global technology, investing in emerging tech, economic diversification and cultural outreach.

By leveraging sovereign wealth funds, advancing AI governance and launching projects like Saudi's new city NEOM and Abu Dhabi's Masdar City hub, the region is shaping tomorrow's economy and strengthening its role in future tech revolutions.

As global power structures shift, the GCC also has an unprecedented opportunity to redefine its role in global decision-making. Through inclusive dialogues and multi-stakeholder engagement, the Gulf region can set a new standard for resilient governance in a complex, multipolar world.

The GCC's growing influence stems from economic strength, modernisation and visionary strategies. However, investment in co-creative capacity is crucial. Developing frameworks for inclusive stakeholder engagement and outcome-focused dialogue can enhance leadership and establish new global governance models.

Collectivist traditions like the "majlis" – Arabic for "sitting place" – set a good foundation to incorporate co-creative best practices that bridge diverse international groups to maximize potential. By enabling collaborative design towards real-world solutions, GCC nations can redefine global discussions and build resilience to global challenges.

GCC nations are leveraging tech diplomacy and emerging technologies to enhance global influence and shape digital governance. Through artificial intelligence (AI) partnerships, cloud investments and regulatory harmonization – evident in the UAE's AI agreements and Saudi Arabia's Vision 2030 – digital collaboration and tech manufacturing are prioritised.

Meanwhile, sovereign wealth funds like the UAE's Mubadala and Saudi's Public Investment Fund (PIF) drive innovation in smart traffic management, AI utilities and real-time digital twins.

The GCC acts as a digital bridge, advancing the global tech ecosystem and leading in AI and emerging technologies. Initiatives like the UAE's National AI Strategy 2031 and Saudi Arabia's AI Centre of Excellence highlight a focus on ethical AI governance, while investments in quantum computing, biotechnology and Web3 reflect long-term digital leadership. The region is also shaping global policies by applying AI to renewable energy, smart grids, cybersecurity, healthcare and genomics.

By nurturing AI talent through education, startup incubation and ethical frameworks, the GCC is building a responsible digital economy. These efforts will position the region as a resilient global tech hub and a key player in the digital arena.

The GCC nations are transitioning from oil to tech and culture-driven economies, with digital transformation fuelling sustainability with many initiatives focusing on AI, cloud computing, biotech and fintech.



Tech hubs such as Abu Dhabi's Hub71 and Riyadh's The Garage attract global startups and venture capital, while PIF and Mubadala invest heavily in emerging technologies. Regulatory reforms, digital nomad visas and smart city projects create business-friendly environments, establishing the GCC as a global innovation hub and diversifying revenue streams.

The UAE is also investing in future-focused cultural institutions like the Dubai Museum of the Future, showcasing AI and biotech innovations to build the curiosity and futures-capacity of residents, and the Dubai Future Foundation, which fosters global dialogue and policy-making with a mandate to integrate GCC perspectives into future initiatives.

Recent reforms improve governance transparency, while investments in education, healthcare and social reforms – particularly for women and youth – drive societal transformation and sustainable growth.

The GCC has also expanded diplomatic ties beyond Western partners to include China, India and regional players, bolstering its role in a multipolar world. Soft power investments, such as cultural diplomacy, high-profile summits and international events, enhance the region's global image as a dynamic hub.

The GCC has built a strong foundation for global leadership through economic diversification, tech innovation and cultural outreach.

To become a decision-making hub, it must enhance collaboration beyond tech and infrastructure, creating frameworks for diverse stakeholder engagement. Prioritising collective sensemaking and outcome-focused dialogue can help transition from a hydrocarbon to a knowledge-based economy, leveraging its strategic location for global influence.

Establishing formal structures for multi-stakeholder engagement – moving beyond hierarchical and static panels to practical design sessions – can integrate diverse perspectives from governments, industry, academia and civil society, while respecting traditions and improving decision-making with broad insights.

Globally, leaders often struggle with emergent, inclusive decision-making due to control concerns. However, structured collaborative conversations can create safe spaces for unconventional ideas, fostering innovation and alignment through collective sensemaking without requiring full consensus.

Adopting co-creative processes demands and builds transformative skills like facilitation, comfort with ambiguity and iterative problem-solving. Continuous learning and cross-sector exchanges can institutionalize adaptive decision-making. Investing in collaborative frameworks can position the GCC to build inclusive global governance, setting a standard for sustainable, forward-thinking leadership. [Source](#)

# The GCC as a Post-Western Mediator



## From Taliban talks in Doha to ceasefires in Ukraine, the Gulf is increasingly acting as a global Convener

The Gulf region is experiencing growing significance as a host and facilitator of international negotiations and mediation efforts. The Gulf states are leveraging their strategic positioning, economic resources, and perceived neutrality to convene discussions and broker agreements on a range of global issues. [Source](#)

The 2021 collapse of the US-backed government in Afghanistan derailed the Doha, Qatar-hosted talks between the Taliban and the republic's disjointed delegation. But despite a convenient loss of interest by Taliban rulers, who have been in power-consolidation mode ever since their Kabul takeover, the prospect for practical intra-Afghan talks is not dead. In fact, February saw a blitz of conferences from the highly diversified Afghan diaspora and more moderate voices representing Afghan civil society. There are also signs of renewed interest on the part of the United Nations in adopting a more comprehensive trust-building approach rather than single-item agendas as a precondition for wider engagement and recognition.

Paired with a new US administration at the helm, which appears willing to break from diplomatic norms to drive results—as recently seen in the case of back-channel facilitations leading to the release of two American detainees in Kabul—there is a renewed urgency in achieving a streamlined vision for a dialogue framework.

The international community now has an opportunity to pursue a two-track policy of ad hoc engagement on issues that are of interest to key stakeholders, while supporting a UN-led effort to address key recommendations as part of Security Council resolutions 2721 and 2777.

A slew of Afghan dialogueues have emerged in recent months. The focus of the talks is as expansive as the diverse range of perspectives participating in them, and they address devastating cuts in humanitarian funding, deteriorating economic and environmental conditions, new regime restrictions on female education, and a lack of recognition compounded by governance weaknesses.

On the diaspora side, three factions emerge. One, those who oppose any type of engagement, under any circumstances, involving the Taliban. This group is subdivided into those who support a military option using force to bring about radical change, and those who favour sanctions and the isolation of the current regime. Two, those who favour nonviolent engagement, but with softer conditions or practical objectives that would bring about policy reform or modifications, but also minimize the economic impact felt by more than 90 percent of the population as a result of sanctions and aid cutoff. The range of expectations within this group varies from lifting bans on female education and work to improving governance and widening political



participation. And three, Taliban supporters and defenders—in much smaller numbers—who see no harm and generally agree with the regime's policies.

Several intra-Afghan initiatives took place in February across various Afghan and international centres. A "dialogue forum" held in Istanbul brought together a number of former officials as well as diaspora and Kabul-based civil society participants. They expected Taliban de facto government members or associates to attend the event, but none were present. Two other meetings took place in Qatar. Among them, the Afghanistan Future Thought Forum (AFTF), involving regime sympathizers, civil society and non-Taliban Afghans, held its 10th session in Doha, during which pressing issues such as the evolving regional and international scene, women and girls' access to education and health, and livelihood and ecological challenges facing Afghans, were discussed.

Another gathering sponsored by the National Resistance Front was held in Vienna. At this gathering, anti-Taliban figures from the republic era and diaspora representatives discussed adopting a program to pursue armed resistance while simultaneously bringing like-minded fractious groupings under a single umbrella.

Two cross-continental structured dialogue groups, the Salaam Centre for Dialogue based in the US and the Intra-Afghan Dialogue in Australia, are among active groups merging research and dialogue facilitation methods with external expertise aimed at studying root causes of conflict and bridging the divide between civil societies and other stakeholders inside and outside Afghanistan. Another group, the Afghan Institute for Strategic Studies, held a pro-democracy event in Madrid that included opposition figures and select foreign commentators focusing, mainly, on a post-Taliban future. [Source](#)

Qatar has specifically carved out a role as a trusted mediator in international conflicts due to its diplomatic flexibility and open communication channels with a wide range of political actors. Qatar's influence has grown largely due to its diplomatic flexibility – it maintains open communication channels with a wide range of political actors, including groups that many Western countries avoid, such as Hamas and the Taliban. This unique ability has enabled Qatar to play key roles in major mediation efforts, such as:

- **The 2020 Doha Peace Agreement between the United States and the Taliban,**
- **The 2011 Darfur Peace Agreement,**
- **And ongoing negotiations between Israel and Hamas, particularly involving hostage and ceasefire mediation.**

Beyond conflict resolution, Qatar also uses its economic resources to support post-conflict reconstruction, providing aid and development assistance in regions like Gaza, Darfur, and Lebanon. [Source](#)

Beyond Afghanistan, GCC countries engage in mediation efforts

on various humanitarian issues, such as the exchange of prisoners of war and the reunification of families. The GCC as a whole is increasingly seen as a diplomatic powerhouse, prioritising dialogue in response to regional upheavals. Recent efforts by the GCC Secretary General in Syria illustrate the Council's growing role in conflict mediation and regional peacebuilding. [Source](#)

## Conclusion

Notable is the GCC's growing ambition and capacity to act as a convener in various global and regional contexts, leveraging its unique position to facilitate dialogue and potentially shape outcomes in international affairs.



## Its Diplomacy is transactional, not ideological. Infrastructure and Capital, not Declarations and Doctrines

The Gulf's diplomacy is described as transactional, prioritising infrastructure and capital over ideological declarations. This pragmatism allows the region to engage with diverse global actors to achieve specific objectives related to their economic diversification and strategic autonomy. [Source](#) & [Source](#)

Qatar's role as a mediator, maintaining open communication with various political actors like the Taliban and Hamas, exemplifies this flexible, outcome-oriented approach. Their ability to bridge divides through dialogue, even with groups avoided by many Western nations, underscores a focus on practical results rather than ideological constraints. [Source](#)

The development of smart ports, integrated rail and road networks, and advanced logistics infrastructure aims to position the GCC as a central hub in the global economy, connecting Asia, Africa, and Europe. These tangible assets facilitate trade and solidify the Gulf's role in global supply chains. [Source](#)

Sovereign wealth funds (SWFs) are being strategically deployed to invest in diverse sectors globally, enhancing the GCC's economic influence and building partnerships that transcend ideological boundaries; these investments serve not just economic goals but also contribute to the region's soft power. [Source](#)

The pursuit of projects like intercontinental energy corridors for renewable energy exports further illustrates the use of infrastructure as a tool for power diplomacy, aiming to maintain global standing in a post-oil future. [Source](#)

In a fragmented global landscape, the Gulf projects an image of neutrality, reliability, and control. This is facilitated by a diplomatic approach that prioritises practical engagement and tangible outcomes over taking sides based on ideology. The GCC's strategic non-alignment allows it to act as a bridge between polarized global actors. [Source](#)

In the GCC Region we are witnessing a shift from client states to conveners: This transactional and pragmatic approach marks a shift in the Gulf's diplomatic identity, moving from client states to global conveners. By focusing on shared economic interests and leveraging their strategic location and financial resources, the Gulf states are increasingly hosting and shaping global negotiations. [Source](#) & [Source](#)

### Conclusion

In essence, the Gulf's diplomacy is characterized by a pragmatic, results-oriented approach that utilises infrastructure development and capital investments as key tools for building global influence and fostering relationships across diverse political spectrums, rather than adhering strictly to ideological doctrines. This transactional nature allows the region to navigate a complex global order with agility and to potentially serve as a crucial bridge in a fragmented world. [Source](#) & [Source](#)



## In a fragmented World, GCC may become one of the last credible Bridges

The Gulf's diplomacy is described as transactional and pragmatic, focusing on infrastructure, capital, and tangible outcomes rather than being driven by ideology or declarations and doctrines. This approach allows the region to engage with diverse global actors without being constrained by rigid ideological alignments, making them potentially credible intermediaries between ideologically opposed parties.

- Strategic Non-Alignment: The GCC states, particularly the UAE and Saudi Arabia, are carving out a "strategically non-aligned" geopolitical identity, avoiding exclusive alignment with any single global bloc (East or West). [Source](#)
- This neutrality and independence can build trust with different sides in a fragmented world, enhancing their potential as mediators. The region is "becoming both – and neither," trading with China, investing in the US, and co-building with Europe. [Source](#) & [Source](#)
- Shift from Client States to Conveners: This transactional and pragmatic approach marks a shift in the Gulf's diplomatic identity, moving from client states to global conveners. By focusing on shared economic interests and leveraging their strategic location and financial resources, the Gulf states are increasingly hosting and shaping global negotiations. [Source](#) & [Source](#)
- Qatar's Mediation Example: Qatar is specifically highlighted for its role as a trusted mediator in international conflicts due to its diplomatic flexibility and open communication channels with a wide range of political actors, including groups avoided by many Western nations. Its success in mediating the 2020 Doha Peace Agreement between the US and the Taliban is a key example. [Source](#)
- Neutrality, Reliability, and Control: The Gulf projects an image of neutrality, reliability, and control, which stands in contrast to polarized global actors. This perceived neutrality can make the region a more acceptable and credible venue and facilitator for dialogue among conflicting parties. [Source](#)
- Leveraging Economic Tools: The Gulf's diplomatic toolkit is pragmatic, utilizing trade corridors, infrastructure, and capital rather than relying on moral high ground. These tangible assets and economic incentives can be leveraged to facilitate dialogue and build consensus. [Source](#)

### Conclusion

In essence, the Gulf's pragmatic, non-ideological, and strategically non-aligned approach, coupled with its growing economic influence and experience in mediation, positions it as a region that can potentially bridge divides in an increasingly fragmented global landscape. Its ability to maintain relationships with diverse actors and focus on practical solutions rather than ideological stances enhances its credibility as a convener and mediator.



## Transaction Over Ideology

- The concept of “**Transaction Over Ideology**” accurately describes a key characteristic of the Gulf region’s evolving diplomatic approach. This signifies a shift towards a more pragmatic and results-oriented foreign policy, prioritising tangible benefits and strategic positioning over strict adherence to ideological doctrines. [Source](#)
- **The Gulf’s diplomatic toolkit** is increasingly **pragmatic**, focusing on **trade corridors, infrastructure, and capital** rather than moral high ground. This allows the region to engage with a wide array of global actors, even those with differing ideologies, to achieve its economic and strategic objectives. [Source](#)
- Projects like **smart ports, rail networks** and **investments through sovereign wealth funds** are used to build partnerships and enhance the region’s role in global trade and the economy, transcending ideological boundaries.
- The Gulf states are undergoing a **profound economic transformation** to reduce their reliance on hydrocarbons. [Source](#)
- This necessitates a **transactional approach to diplomacy** that fosters collaborations in diverse sectors like technology, tourism, and renewable energy; ideological constraints would hinder the region’s ability to attract the necessary investment and expertise for this diversification. [Source](#)
- The Gulf region is increasingly adopting a **stance of strategic non-alignment, avoiding exclusive alignment with any single global power bloc**. This allows them to maintain relationships with diverse actors, driven by mutual interests and pragmatic considerations rather than ideological allegiances. AI is becoming a tool to navigate this multipolar world and strengthen strategic autonomy. [Source](#)

### Conclusion

In essence, the Gulf’s diplomacy is characterized by a pragmatic, results-oriented approach that leverages its economic power and strategic positioning to build relationships and achieve its goals in a complex global landscape, with less emphasis on rigid ideological commitments. This allows the region to be a potentially credible bridge in a fragmented world. [Source](#) & [Source](#) & [Source](#)



## A New Diplomatic Identity

*In a rapidly shifting global order, the Gulf Cooperation Council (GCC) is not only adapting – it is evolving a new diplomatic identity rooted in pragmatism, collective action, and strategic autonomy. Moving beyond the divisions of the 2017 rift, the GCC has entered a post-crisis era marked by cohesion, where member states increasingly align around shared values of political stability, economic modernisation, and regional diplomacy. The resolution of past disputes has ushered in a new phase—less defined by competition and more by cooperation, laying the groundwork for a reinvigorated Khaliji identity.*

### From Fragmentation to Functional Unity

The GCC has demonstrated a stronger capacity for collective action. While foreign policy nuances remain – such as varied stances on Iran or Israel – these differences are increasingly managed within a cohesive strategic framework. The Gulf’s monarchies have realised that socio-economic stability and regional security are intertwined, prompting deeper integration in both policy and vision. The growing number of joint summits with global powers and intra-bloc initiatives reflects this trend towards functional unity, rather than enforced conformity.

### Diplomatic Rebirth in a multipolar Era

In a multipolar world, the GCC has asserted itself not as a bystander, but as a diplomatic actor with agency. From Saudi Arabia’s mediation in Sudan to Qatar’s talks with the Taliban, and Oman’s role in U.S.-Iran dialogue, Gulf states are leveraging their neutrality and financial clout to facilitate conflict resolution. Rather than acting in unison militarily, the GCC has embraced mediation and diplomacy as its collective strength, with the bloc itself playing a more visible institutional role—offering pan-Gulf approaches to regional crises like Syria and Yemen.

This shift is part of a broader redefinition of the GCC’s international posture. The bloc no longer operates within a binary global framework, but instead balances relations with China, the U.S., Europe, and Russia. It is investing in green energy and advanced tech, while maintaining strategic energy ties through OPEC+. In this balanced diplomacy, the GCC projects a new kind of soft power, based on resilience, dialogue, and economic diplomacy.

### Unity through economic Diversification and regional Identity

Positive intra – GCC competition – particularly among Saudi Arabia, the UAE, and Qatar – has spurred innovation and diversification, while also deepening cooperation in key areas like infrastructure, education, and AI policy. The push towards a knowledge-based economy is no longer a national endeavor but increasingly a GCC – wide strategic goal, reinforcing the idea of a shared Khaliji future. The region’s unified engagement with global AI policy and green energy transition are clear signs of this maturing diplomatic identity.

### A Khaliji Future Shaped by Shared Vision

What emerges from these shifts is not just a change in policy – but a redefinition of Gulf identity itself. The new Khaliji unity is pragmatic, globally connected, and diplomatically confident. It avoids ideological rigidity and instead emphasizes results, whether in energy diplomacy, technological innovation, or conflict mediation. As the GCC prepares for the EU – GCC summit and other multilateral forums, it enters with a renewed mandate: to act as a unified yet pluralistic bloc that safeguards regional stability while influencing global discourse. [Source](#)

### Conclusion

In this way, the GCC’s evolving diplomatic posture reflects more than adaptation – it reflects transformation. From fragmented competition to a collective strategic vision, the Gulf is forging a new diplomatic identity that aligns unity with sovereignty, and cooperation with autonomy



## The Gulf projects Neutrality, Reliability, and Control — a stark Contrast to polarised global Actors

*The Gulf Cooperation Council (GCC) is increasingly projecting an image of neutrality, reliability, and control in global affairs, distinguishing itself from more polarized global actors. This strategic positioning is evident in several key areas:*

- **Strategic Neutrality and Diplomatic Engagements:** GCC states have adeptly maintained balanced relations with major global powers. For instance, Saudi Arabia has engaged in direct talks with both Russia and Ukraine during the ongoing conflict, while also maintaining strong ties with Western allies. This balanced neutrality enhances its diplomatic influence and ability to navigate complex geopolitical landscapes. [Source](#)

Similarly, the UAE and Saudi Arabia have positioned themselves as neutral hubs, fostering strong trade relationships with both Western and Eastern economies. This non-aligned stance has proven economically advantageous, attracting foreign direct investment and reinforcing the region's role as a critical logistics and supply chain gateway. [Source](#)

- **Mediation and Conflict Resolution:** GCC countries have actively engaged in mediation efforts to resolve regional conflicts. Qatar has facilitated talks with the Taliban, Saudi Arabia has been involved in peace negotiations for Sudan, and Oman has played a role in US - Iran discussions. These efforts underscore the GCC's commitment to stability and its capacity to act as a mediator in complex geopolitical situations. [Source](#)
- **Balancing Ambition with Restraint:** While pursuing ambitious economic and technological advancements, GCC states have exercised restraint to maintain regional stability. For example, the UAE's hosting of COP28 highlights its commitment to sustainable energy, balancing traditional oil revenues with future demands of a carbon-neutral world. [Source](#)

### Conclusion

In summary, the GCC's approach of strategic neutrality, active mediation, and balanced ambition positions it as a reliable and stabilizing force in an increasingly fragmented global order.

## Can the Gulf maintain Credibility with all sides — and does it want to?

*The Gulf Cooperation Council (GCC) is navigating a complex global landscape by adopting a strategy of strategic non-alignment, aiming to maintain credibility with diverse international partners while balancing ambition, influence, and restraint.*

The GCC's approach involves diversifying international relations to avoid overreliance on any single partner. This strategy, rooted in a security dilemma, seeks protection from external powers while mitigating associated risks. For instance, countries like Qatar and the UAE have signed defence agreements with the U.S. while also forming partnerships with France and the UK, showcasing a desire for autonomy within cooperative frameworks. [Source](#)

Additionally, the GCC has engaged in diplomatic initiatives, such as the China-brokered Saudi-Iran deal to restore diplomatic relations, reflecting a pragmatic reevaluation of regional threats and a commitment to balanced neutrality. This balanced approach allows the GCC to maintain strong ties with both Western and Eastern powers, enhancing its role as a stabilizing force in a polarized world. [Source](#)

## Balancing Ambition, Influence, Restraint in a fragmented global Order

*The GCC's strategy also encompasses balancing its ambitions with influence and restraint in a fragmented global order. By engaging with multiple global powers, including China, Russia, the EU, and the U.S., the GCC positions itself as a key player without being forced to choose sides. This balancing act enhances diplomatic leverage and allows the GCC to exert influence over global affairs while avoiding entanglement in great power conflicts.*

Moreover, the GCC's role in global energy markets exemplifies its influence and restraint. As major energy producers, GCC states contribute to stabilizing energy prices despite geopolitical tensions, pursuing pragmatic policies within OPEC+ to mitigate price volatility. This approach not only strengthens their economies but also positions them as responsible actors in the global economic system. [Source](#)

### Conclusion

In summary, the GCC's strategic non-alignment and balanced approach enable it to maintain credibility with diverse partners while navigating the complexities of a fragmented global order.

# Conclusion – The Gulf’s New Identity



## This Is Not Just a Transition—It’s a Repositioning

The Gulf Cooperation Council (GCC) is in the midst of a profound realignment that transcends mere economic reforms. Historically anchored in oil exports, Gulf states are now redefining themselves as strategic global actors. Rather than relying solely on hydrocarbons, they are forging new pathways in advanced manufacturing, technology, logistics, and diplomacy. This repositioning not only protects them against the volatility of energy markets but also cements their place as orchestrators—rather than mere observers—of global economic, political, and technological change.

## From Extraction to Orchestration

Gulf states are moving decisively from the role of resource extractors to that of system architects. Traditional commodity-driven models are being superseded by national visions—such as Saudi Arabia’s Vision 2030 and the UAE’s Vision 2050—that emphasize knowledge-intensive industries, sustainable infrastructure, and societal transformation. As sovereign wealth funds channel billions into AI, biotech, sports, and clean energy, the region has emerged as a “global pivot zone,” convening diplomatic dialogueues and mediating conflicts. These activities reflect more than an economic pivot: they embody a fundamental reconfiguration of the Gulf’s place in the world, extending its influence into areas once considered peripheral to its core identity.

## Capital + Vision + Execution

A defining hallmark of this new identity lies in the GCC’s capacity to synergize robust financial liquidity, forward-looking policy frameworks, and rapid project implementation. Sovereign wealth funds—collectively exceeding trillions of dollars in assets—now pursue global investments aimed at shaping, not just following, market trajectories. Megaprojects like NEOM in Saudi Arabia and Masdar City in the UAE epitomize the synthesis of capital, strategic clarity, and execution speed. They function as living laboratories for cutting-edge technologies and sustainable development, offering test cases in how swift action can yield transformative economic and social results. These initiatives underscore the GCC’s evolving self-conception as builders and innovators at the global level.



## The Silk Road Reborn

The GCC’s role in connecting continents is reminiscent of the historical Silk Road, albeit with new corridors constructed from fiber-optic networks, special economic zones, and strategic diplomacy. Projects such as the India-Middle East-Europe Economic Corridor (IMEC) and China’s Belt and Road Initiative (BRI) place Gulf nations at critical junctures of intercontinental trade and infrastructure. By investing heavily in ports, railways, and digital platforms, the region has positioned itself as a central conduit for future flows of goods, ideas, and capital. This renaissance of transregional connectivity underscores the Gulf’s ambition to be an indispensable node in 21st-century globalization—linking Asia, Africa, and Europe through a blend of physical and virtual pathways.

## The Open Question

Amid these sweeping transformations, the most pressing inquiry centres on the end goals and beneficiaries of the Gulf’s grand ambitions. While GCC governments emphasize economic diversification, security, and international standing, broader social, environmental, and geopolitical implications linger under ongoing scrutiny. Observers worldwide are monitoring how this wave of development will address labour practices, inclusive growth, and the balance of power in a changing global order. In many respects, the Gulf now possesses unparalleled tools to chart the future; how it wields this capacity—whether for shared prosperity or more narrowly defined interests—will define the legacy of its repositioning. By transcending the boundaries of mere resource extraction and adopting a posture of active orchestration, the GCC has opened a new chapter in its history, one whose full impact remains to be seen.



## About PatternTheories

PatternTheories is a research and publishing platform dedicated to uncovering the macroeconomic, geoeconomic, technological, and behavioural patterns shaping the future. We publish in-depth reports and articles – freely accessible to the public – with the aim of equipping decision-makers with clear, actionable insight.

Our work focuses on global shifts: from private markets and the AI arms race to emerging venture ecosystems and the transformation of economic power across regions. We combine human expertise with causal, AI-driven analysis to identify trends early and distil complexity into clarity.

Our reports benefit from insights shared by a trusted network of professionals across sectors – from capital markets and geopolitics to health, energy, and emerging technologies. Their on-the-ground perspectives help us see deeper into patterns as they unfold.

At the core of our philosophy is a simple belief: systems can't be fully understood from within. Like Gödel's Incompleteness Theorems in mathematics – which show that a system must be viewed from the outside to grasp its full logic – we approach economies, technologies, and institutions through the lens of adjacent systems and broader context. Only by mapping the surrounding terrain can we truly see the pattern.

This report was produced by PatternTheories under the editorial direction of **Aleksander Meidell-Hagewick**,  
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The logo for PatternTheories features a circular graphic composed of numerous thin, concentric, slightly overlapping lines that create a sense of depth and movement, resembling a stylized globe or a complex pattern. The text "PATTERN THEORIES" is overlaid on this graphic in a bold, black, sans-serif font. "PATTERN" is on the top line and "THEORIES" is on the bottom line, with the letters of "THEORIES" appearing slightly larger and more prominent.

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