

Gulf Research Center
Knowledge for All

Gulf Research Center

2026 Strategic Dossier

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EXECUTIVE SUMMARY

As the Gulf region moves into 2026, it does so against a backdrop of persistent geopolitical tension, strategic uncertainty, and accelerating global change. Long-standing conflicts in Gaza, Yemen, Syria, Libya, and Sudan remain unresolved, while the evolving confrontation between Israel and Iran and the growing sophistication of non-state actors continue to test regional stability and existing frameworks of deterrence and crisis management. At the same time, intensified great-power competition, shifting alliance structures, and ongoing ambiguity surrounding U.S. policy toward the Middle East, particularly on the Palestinian issue, Iran's nuclear program, and Gulf security commitments, have reinforced perceptions of a more fluid and less predictable external environment.

This strategic dossier provides an analytical assessment of Gulf regional security and strategic positioning in 2026, situating current developments within broader structural transformations at both the regional and international levels. It examines the challenges facing the GCC in managing cohesion and divergence, the implications of multipolarity for Gulf engagement with multilateral institutions, and the evolving dynamics of key regional flashpoints, including Egypt's role in regional security, Sudan's ongoing state crisis, Iraq's post-election pathways, Libya's uncertain trajectory, and the enduring Syria question. The dossier also considers the impact of global power shifts on Gulf

relations with the United States, the European Union, China, East Asia, and Africa, highlighting how external partnerships are being recalibrated amid fragmentation in global governance.

In parallel, the dossier analyzes the Gulf's evolving economic and strategic landscape in a period of global disorder. It explores the changing role of oil, natural gas, and sovereign capital as instruments of economic and political influence, alongside emerging strategic sectors such as energy transition technologies and critical minerals. Environmental security and sustainability feature as integral components of Gulf policy, reflecting efforts to balance long-term development objectives with climate-related risks. Finally, the dossier addresses key instruments shaping Gulf influence and resilience, including social cohesion, digital and technological autonomy in areas such as artificial intelligence and semiconductors, and the growing use of sports diplomacy as a tool of soft power.

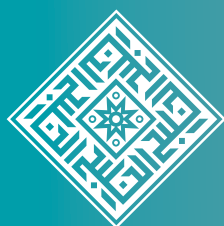
Overall, this strategic dossier is intended to serve as a timely and policy-relevant resource for understanding the Gulf region's evolving strategic environment in 2026. By examining the intersection of security dynamics, economic transformation, sustainability and social challenges, it offers insights into the strategic imperatives shaping Gulf decision-making and the region's role in regional and global affairs in the years ahead.





Section I

Strategic Overview & Core Threat Assessment



1



The Israel Threat: Escalation Risk and Regional Instability



Dr. Abdulaziz Sager

Founder & Chairman, Gulf Research Center (GRC)

The regional security environment in the Middle East is undergoing a period of profound strain. Long-standing assumptions about conflict management, deterrence, and restraint are increasingly difficult to sustain amid overlapping crises and heightened geopolitical competition. Within this context, Israel's evolving security posture has become a focal point of regional concern, not only because of its military capabilities, but because of the broader escalation risks associated with its actions across multiple theaters.

Since the outbreak of the Gaza conflict, Israel's military operations have expanded in scope and intensity. While framed as responses to immediate security threats, their cumulative effect has been to widen both the geographic and political footprint of the conflict. Engagements involving Lebanon, Syria, Yemen, and maritime spaces linked to the Red Sea have reinforced the perception that the confrontation is no longer confined to a single front. For many regional actors, this expansion has raised fundamental questions about whether escalation can still be managed within established bounds.

It was against this backdrop that developments involving Qatar were closely watched across the region. Qatar has long positioned itself as a critical mediator and facilitator of dialogue, maintaining open channels with a wide range of actors with broad international backing. This role was severely tested by the Israeli airstrike on Doha on September 9, 2025, which targeted a building in the Leqtaifiya

district believed to house members of Hamas's negotiating team. The strike, which reportedly resulted in the deaths of several Hamas members and a Qatari official, was widely interpreted as a turning point rather than an isolated incident.

From a regional perspective, the significance of the Doha strike lay not only in the breach of Qatari sovereignty, but in the deeper assumptions it dismantled. Qatar's mediation role, including hosting Hamas's political office, had been undertaken at the explicit request and with the approval of both Israel and the United States, precisely to enable communication, de-escalation, and crisis management. By striking Doha, Israel effectively signaled that even states performing high-risk diplomatic functions on behalf of others could no longer rely on an implicit understanding of protection.

Equally consequential was the challenge this attack posed to another deeply embedded assumption: that Qatar's security was reinforced by U.S. assurances and by its hosting of the largest American military base in the region. Targeting a close U.S. ally that harbors critical American forces gave rise to uncomfortable questions about the credibility of deterrence and the practical limits of U.S. security guarantees when Israeli operational priorities are involved. Regional threat assessments viewed this not as a one-off bilateral incident, but as a sign that traditional alliances may no longer reliably prevent escalation.



Photo Source: Carnegie Endowment (2025)

These dynamics had an immediate impact on Gulf security thinking. The attack was widely seen as jeopardizing the fragile ceasefire negotiations that Qatar was hosting. More broadly, it reinforced the view among regional policymakers that escalation thresholds are eroding, and that traditional roles, mediation, humanitarian facilitation, or alignment with major powers, may no longer provide sufficient insulation. In this sense, the Doha strike solidified perceptions of Israel as a leading source of escalation risk.

These concerns are particularly acute for Gulf states, which in recent years have invested considerable diplomatic and financial capital in a strategy centered on de-escalation and stabilization. Initiatives such as the Saudi-Iranian rapprochement and Qatar's sustained mediation efforts were designed to lower regional tensions, diversify security partnerships, and create a more predictable operating environment. The perceived impunity of actions such as the strike on Doha, however, fundamentally undermines this carefully constructed architecture. By demonstrating a willingness to violate the sovereignty of a key regional mediator and sideline diplomatic processes, Israel's current trajectory introduces a destabilizing uncertainty

into the regional security equation, forcing Gulf policymakers to reassess both risk exposure and the reliability of international norms.

At the same time, the perception of Israel as a primary driver of escalation does not negate the persistence of other longstanding challenges. Iran's regional network, the destabilizing role of non-state armed groups, and broader geopolitical rivalries remain central to Middle Eastern security dynamics. What has shifted, however, is the way Israel's actions are now seen to interact with these challenges. Rather than operating in isolation, Israeli military behavior is increasingly viewed as a catalyst that can activate or intensify existing fault lines, emboldening retaliatory dynamics and accelerating cycles of escalation that Gulf states have actively sought to contain.

For Gulf states and regional stakeholders, navigating this environment will be a balancing act. Continued engagement with international partners, sustained investment in diplomatic channels, and efforts to preserve communication even under heightened tension remain essential. At the same time, there is a growing recognition of the need to reinforce regional dialogue mechanisms aimed at preventing conflicts from expanding beyond their immediate theaters.

At the core of these dynamics lies the unresolved Israeli war on Palestine. Increasingly, regional stability is viewed as inseparable from progress on this front. For Saudi Arabia, this linkage is now explicit. The Kingdom has made clear that any future normalization with Israel is contingent on a genuine and irreversible path toward a two-state solution, including the recognition of a sovereign Palestinian state. This position reflects a deliberate recalibration of regional diplomacy and places the Palestinian issue back at the center of any sustainable security arrangement.

In this context, the challenge associated with Israel today is less about stated intentions and more about cumulative effects. Expanded military activity, weaker external constraints, and the absence of credible diplomatic exit routes have combined to create a regional environment in which escalation appears increasingly easy, and restraint increasingly fragile. For many in the Gulf, this raises concerns not only about immediate security risks, but about the long-term viability of the regional order itself.

Reducing these risks will require more than ad hoc crisis management. It will demand renewed diplomatic commitment, greater restraint, and a serious effort to rebuild confidence-building mechanisms that have eroded over time. It also places responsibility on international actors, particularly those with direct influence over Israel, to engage more consistently and credibly. Without addressing the core political conflict, and without aligning with clearly articulated regional conditions, efforts to stabilize the Middle East are likely to remain partial and temporary at best.

Looking Ahead: Implications for Regional Security Calculations

The Qatar episode reinforces a growing regional perception that Israel's threat posture has entered a more unpredictable and less controllable phase. For other GCC states, the lesson is stark: there is no immunity. Neither close relations with Israel nor strategic alliance with the United States guarantee insulation from escalation or coercive pressure.

For GCC states, this fundamentally alters security calculations. It accelerates concerns about exposure, reduces confidence in existing deterrence and alliance frameworks, and reinforces the need to reassess risk management and diversification of security partnerships in an environment where traditional safeguards can no longer be taken for granted.



Photo Source: CNN (2025)

The developments discussed in this analysis point to a regional security environment where old assumptions no longer hold. The strike on Doha was not just another escalation; it brought into focus how fragile existing understandings around restraint, alliances, and diplomatic roles have become. What once helped manage risk now offers far less certainty.

For Gulf states, the importance of this shift lies less in the incident itself and more in what it signals about the wider environment. The line between conflict zones and states seeking to stay out of the fighting is becoming harder to draw. Tools that once helped contain spillover, mediation, partnerships, and external guarantees, no longer carry the same weight. This makes de-escalation harder to sustain and long-term planning more uncertain.

Without credible political paths forward and greater restraint from key international actors, the region risks settling into a cycle of recurring tension rather than meaningful stability. Managing this reality will require careful risk management, and sustained efforts to keep escalation from becoming the norm rather than the exception.

2

The Evolution of Armed Non-State Actors as Instruments of Regional Control: The Iranian Model



Dr. Mustafa Alani

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Introduction

The history of modern civilization has consistently faced the challenge of non-state groups that use coercion beyond the control of state sovereignty. While these actors differ in their goals and characteristics, they share a common ability to destabilize their host nations and threaten the fragile global balance. Their influence extends beyond national borders, enabling them to project power across regional and even international arenas.

In the Gulf and Middle East regional context, there exists a more complex category of organizations distinct from purely criminal entities, such as Somali maritime piracy gangs and kidnapping groups. These groups operate under a political-ideological framework, often weaponizing religious or sectarian narratives to achieve their objectives.

The rise of these militias is directly tied to the erosion of state authority and national weakness, a trend that has swept across the Arab world and parts of Africa. This paper examines these armed groups by analyzing the behavior of the Islamic Revolutionary Guard Corps (IRGC), specifically in Yemen, Lebanon, Iraq, and Syria. These militias are

the primary tools for establishing Iranian influence, whether directly or indirectly. By securing control over these nations, Iran seeks to build an “Empire of Influence” stretching from the Arabian Gulf to the Mediterranean, effectively hijacking their “strategic sovereignty” to ensure their national decisions serve Iranian interests.

Since the early 1980s, following the Islamic Revolution, Iran has invested heavily in creating sectarian militias across the Arab world and the broader region, including Afghanistan. These militias serve as the primary tool for Iran’s expansionist foreign policy, acting as strategic launchpads that project power and secure Tehran’s interests.

This militia-focused strategy has yielded rapid and tangible results. Establishing these proxies has enabled Iran to expand its regional influence and bolster its national security, often at the expense of neighboring nations’ stability. However, while building spheres of influence can be done quickly, maintaining them is a costly and difficult task. Iran now faces a dangerous dilemma: its own survival is so tied to its regional empire that the collapse of one could bring down the other.



Photo Source: [CSIS \(2019\)](#)

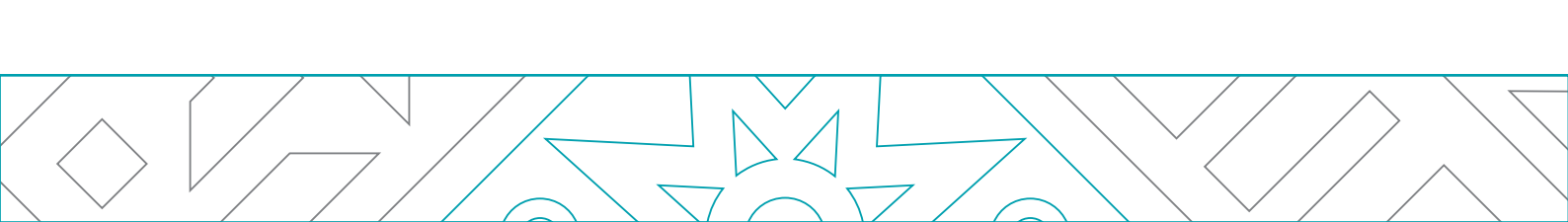
What sets Iran apart from other nations is that it has integrated militias into the core of its national strategy. These groups are built on long-term sectarian loyalty and backed by priority funding. To manage them, Iran created the Quds Force within the IRGC, led by a commander with exceptional state powers. Furthermore, Tehran provides these proxies with advanced weaponry that many regular armies lack, including sophisticated drones, cruise missiles, and long-range ballistic systems.

Iran has developed a sophisticated ideological framework to institutionalize its militia-centric strategy. The emergence of terms such as “The Resistance Front,” “The Axis of Resistance,” and “Unity of Fields” reflects a cohesive doctrine. These concepts highlight how regional proxies are connected to Iranian national security goals, acting as the primary instruments for Tehran’s pursuit of regional dominance and its policy of strategic interventionism.

The foundation of Iran’s militia-building policy is a bond of loyalty and subordination based on Shia sectarian affiliation. This affiliation serves as the main link between Tehran and its regional

proxies, transcending geographical distances and diverse ethnic or cultural backgrounds. Iran and its religious leadership have effectively established a broad regional support network based on the principle that sectarian identity must take precedence over national or ethnic allegiances. Within this framework, Shia sectarian identity is prioritized not only over broader Islamic religious identity but also over any national or patriotic affiliations.

Iran has skillfully used the Palestinian cause to assert leadership over regional militias, effectively wresting control of the issue from Arab states and positioning it as a central media priority. Under the guise of “Liberating Palestine,” Tehran has granted legitimacy to these armed groups by labeling them as “Resistance Movements against Israeli occupation.” The Iranian regime has openly adopted the slogan of “wiping Israel off the map.” This strategic move to take charge of the Palestinian cause capitalizes on Arab failures to address the Israeli occupation and serves to influence Arab public opinion. In doing so, Iran aims to legitimize its militias as the leading force capable of achieving Palestinian liberation.



Since the 1980s, Iran has established a network of sectarian militias throughout Shia communities. Through the Islamic Revolutionary Guard Corps (IRGC), Tehran has institutionalized its presence in countries such as Lebanon, Iraq, Syria, Yemen, and also within Afghanistan and Pakistan. Additionally, Iran has sought to incite armed opposition and terrorist cells within Shia populations in Bahrain and the Eastern Province of Saudi Arabia. It has also successfully integrated the Palestinian “Islamic Jihad” in Gaza into the “Resistance Front,” overseen by the IRGC’s Quds Force.

As the capabilities of Iran-linked militias have expanded, many of these groups have gained control or exerted significant influence over political and strategic decision-making within their respective countries. Their ability to threaten internal stability and operate across national borders has led to an evolution in Iranian strategy, which now incorporates these militia capabilities as a core element of Iran’s state strategic power. This integration has transformed these militias into instruments of Iran’s “Regional Deterrence Strategy,” posing a threat to various regional states and serving as tools for strategic blackmail that Tehran uses to maintain and enforce its power and control across the region.

The Hamas attack on Israeli positions on October 7, 2023, “Operation Al-Aqsa Flood,” marked a historic turning point for the sectarian militias linked to the Islamic Revolutionary Guard Corps (IRGC). Historically, the Iranian leadership did not maintain close ties with Hamas’s field commanders in Gaza. Generally, Hamas avoided a formal alliance with Iran to preserve its standing within the Arab world and to avoid the sensitivities associated with Tehran among Arab political groups. This stood in contrast to the Palestinian Islamic Jihad (PIJ), a rival movement in Gaza, which was deeply integrated into Iranian strategy and relied heavily on Tehran for financial and military support.

Subsequent evidence revealed that the Iranian leadership was not informed in advance about Hamas’s incursion into Israel. Iran’s regional militia apparatus was not consulted during the planning or decision-making stages of the operation. As a result, Iran had to formulate its intervention strategy only after the scale of the Israeli response became apparent. This development put Iranian strategy in a difficult and sensitive position, compelling a decision on whether to activate its regional proxies in response to the escalating situation in Gaza.

Militia Containment Strategy

Even before Israel launched its ground operation in Gaza on October 27, 2023, aimed at dismantling the military capabilities of Hamas and Islamic Jihad, the Iranian leadership had made a centralized decision to escalate. Their strategy was to exert operational pressure on Israel by activating regional proxies to open multiple, synchronized fronts.

The escalation began on October 8, when Hezbollah began launching rockets from Lebanon. By October 19, the Houthi militia in Yemen joined the conflict, firing missiles and drones toward Israeli territory. This was followed by involvement from other Iranian-linked groups, including sporadic attacks from Iraqi factions associated with the IRGC (part of the Popular Mobilization Forces) and limited strikes from militias in Syria.

These coordinated efforts were designed to execute Iran’s strategy of simultaneous multi-front warfare. The ultimate goal was to exhaust Israel’s defensive capabilities and overwhelm its aerial defense systems through a high volume of attacks launched from diverse geographical locations.

Iran’s long-standing strategy of relying on regional proxies thus faced its ultimate test. A new counter-strategy by Israel and its allies has shifted the landscape entirely. Backed by significant U.S. military and intelligence support, this approach challenged the assumed power of Iran’s militias, moving the focus from Iranian influence toward a coordinated international response.

After rapidly neutralizing Hamas's military capabilities, Israel and its allies launched a broad, relentless, and high-intensity offensive. By targeting Hezbollah in Lebanon and proxies in Syria through a combination of superior air power and massive intelligence, Israel dealt these groups

a crushing blow. While Iran spent years building these militias, Israeli strikes dismantled their strength in a fraction of that time. These precise, high-intensity operations yielded immediate results, disabling defenses and systematically eroding the militias' military power.



Photo Source: NBC News (2025)

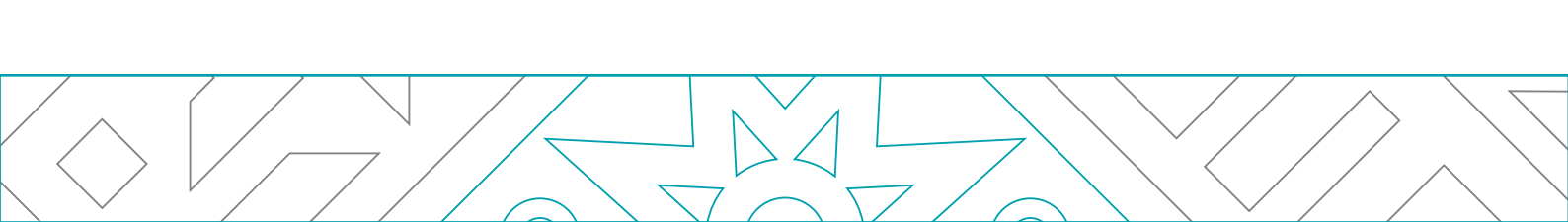
The primary goal of the Israeli and Western counter-strategy was to dismantle the foundational pillars of these militias. Because these groups enjoy extensive state backing, they were long considered far more resilient than typical underground terrorist organizations. However, this strategy successfully neutralized them by systematically destroying these critical components of their infrastructure as follows:

1. **Attacking Military Capabilities of the Militias:** This strategy involved destroying various types of weapons and ammunition stores. It also targeted maintenance and manufacturing centers, command-and-control hubs, communication and coordination centers, and logistics services.
2. **Striking all components of the intelligence infrastructure**
3. **Attacking Leadership at All Levels:** This included eliminating top political leaders and key military commanders, followed by efforts to target leaders of field units.

Israeli and Western operations have focused on dismantling the infrastructure of most Iran-linked militias, starting with Hezbollah in Lebanon, the oldest and most organized group. After targeting Hezbollah, they carried out selective strikes on other groups, including the Houthis in Yemen, various militias in Iraq, and Iranian-supported forces in Syria (comprising Iraqi, Afghan, and Pakistani fighters). The operations also aimed at Iran's military and intelligence presence in Syria.

Since October 2023, Israel and the United States have been working to weaken the capabilities of Iranian militias. This effort is covertly supported by several European nations. The campaign has persisted since the onset of the conflict with Hamas and continues to adapt based on battlefield developments and new intelligence.

Following the military campaign's successes, the strategy has entered its next phase, which involves employing strong diplomacy to disarm the militias. This process requires international oversight, and there are clear demands for the complete dismantling of these groups.



Strategy for Targeting the Militias' Patron State

The rapid and cost-effective dismantling of Iran's proxy militias enabled a significant shift in strategy. Moving beyond mere containment, the new objective became the direct destruction of Iran's military and nuclear infrastructure. This was achieved through a series of joint Israeli-American operations focused on the Iranian heartland.

As the regional militia network, a key element of Iran's deterrent power, collapsed under intense military and intelligence pressure, a direct assault on Iranian soil emerged as a viable strategic option. This new approach provided a high probability of success with significantly reduced costs and risks.

On June 13, 2025, Israel initiated an unprecedented wave of airstrikes deep within Iran. These operations targeted command centers, nuclear facilities, missile production sites, and air defense networks. The kinetic campaign was complemented by the targeted assassination of top military officials and nuclear scientists. Within 24 hours, Israel achieved near-total air superiority, allowing for expanded sorties and disruptive cyberattacks against state institutions.

By June 22, the United States entered the theater of operations, deploying advanced aerial capabilities to ensure the complete destruction of Iran's nuclear sites. After two days of intensive American bombardment, a ceasefire was brokered on June 24, marking the end of the "12-Day War." The conflict left Iran's offensive capabilities and air defense systems in ruins.

The collapse of Iran's regional doctrine was further accelerated by the fall of the Syrian Ba'athist regime on December 8, 2024. This pivotal event led to the expulsion of Iranian-backed militias from Syria, the total removal of Iranian influence in the country, and the severing of critical supply lines to Hezbollah in Lebanon.

Conclusion

The most significant shift in the regional balance of power is the effective neutralization of Iran's militia network. For years, Iran relied on these armed proxies as "strategic arms" at the core of its military doctrine. However, with this proxy-based deterrence dismantled, Iran's entire strategic framework has collapsed. This development marks a turning point in the modern strategic landscape, enabling direct confrontation with Iran on its own soil and paving the way for operations that could dismantle its primary military strength and retaliatory capacity.

The primary lesson from the military and intelligence battles following the "Al-Aqsa Flood" operation is clear: relying on regional militias for strategic deterrence was an illusion. This strategy was built on false assumptions and a massive exaggeration of what these groups could achieve against superior military and intelligence power. The rapid breakdown of these militias has forced a new reality, proving that such groups can be neutralized when military power and political will are aligned. It is now evident that ending their role in regional politics is possible with the right capabilities and decision-making.

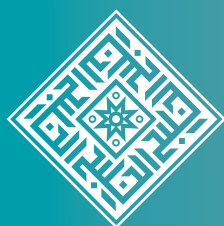
Finally, international sanctions and pressure on countries hosting these militias, such as Lebanon and Iraq, have placed local leaders in a difficult position. They are increasingly faced with the need to disarm or dismantle these groups. This global strategy, which supports official state institutions, is gaining momentum; disarmament has become a central theme in national conversations, backed by a public that wants to see the state reclaim its monopoly on the use of force.

By 2026, we may see the influence of regional militias shrink significantly as the world begins to address non-state actors effectively. This shift follows years of international efforts to contain terrorism. Just as Al-Qaeda and ISIS were weakened through global cooperation and field operations, the same process is now unfolding for other non-state actors. By dismantling their networks, the international community has proven it can successfully protect global stability.



Section II

GCC Order, Cohesion, and Strategic Direction



3

GCC



From Consensus to Disparity Management: The GCC's Greatest Challenge in 2026



Prof. Dr. Saleh Al Khathlan

Senior Advisor

To understand where the GCC is headed in 2026, one must look back at 2025, a year that fundamentally altered the regional landscape. Broadly speaking, 2025 proved relatively stable for the GCC, despite the global volatility triggered by Donald Trump's second presidency. While his isolationist rhetoric and shifting policy priorities raised questions about America's long-term security commitments, the direct fallout for the GCC remained manageable.

The same cannot be said for Europe. Caught in the "eye of the storm," European leaders grappled with a perfect storm of challenges: demands for higher defense spending during a recession, the withdrawal of U.S. support for Ukraine, and a U.S. foreign policy increasingly aligned with Russian interests, all further strained by aggressive trade tariffs.

In 2025, there was a remarkable positive shift in relations between the GCC and the United States, which contrasted sharply with the pre-election climate of apprehension. The strategic partnership between Washington and the GCC was clearly reaffirmed, notably when President Trump chose the Gulf as the first foreign destination of his second term, visiting Saudi Arabia, Qatar, and the UAE. During these visits, he emphasized the crucial role of the Gulf states as strategic allies, praised their leadership, and commended their economic and developmental transformations as global models of success. Additionally, broad economic and investment partnerships were announced to

strengthen historic ties. This positive trajectory was especially evident in Saudi-U.S. relations following the Crown Prince's visit to Washington, which resulted in the unveiling of landmark projects in defense, artificial intelligence, and energy.

At the end of the year, these developments were further enhanced by the release of the U.S. National Security Strategy. This document explicitly addressed the nature of the relationship with regional states, particularly those in the Gulf. The strategy emphasized commitment to non-interference and rejected the imposition of foreign governance models. It called for "abandoning the failed U.S. experiment of lecturing and pressuring these nations, especially the GCC states, to discard their traditions and historical forms of governance." The strategy asserted that reform should be encouraged only when it develops naturally from within societies, rather than being imposed externally. It concluded that the key to successful relations in the Middle East lies in accepting regional states and their leaders as they are, based on shared interests. This speech was met with clear satisfaction in Gulf capitals as a fundamental shift in official U.S. discourse.

The GCC states benefited from further positive developments in 2025, most notably the relative stability emerging under the new Syrian regime. While this stability remains fragile, it served as a significant de-escalating force, tempering regional tensions compared to previous years.



Photo Source: Ministry of Foreign Affairs Bahrain (2025)

In contrast, the most unsettling event of 2025 was the military clash between Israel and Iran, which was exacerbated by American support for Israel and raised fears of a broader regional war. Although a wider conflict was ultimately avoided, this episode tested U.S.-Gulf security relations. Alarm bells sounded more loudly after Israel targeted Doha, a situation that was initially met with troubling silence from Washington, despite the U.S. having the leverage to intervene. Eventually, the U.S. scrambled to address these concerns, with President Trump urging the Israeli Prime Minister to issue a formal apology. This was further supported by a significant action: the signing of an executive order reaffirming the U.S. commitment to defending Qatar against armed threats.

Nevertheless, regional dynamics remain the primary driver of strategic challenges for the GCC. Specifically, the evolving situations in Sudan and Yemen as 2025 draws to a close are poised to become the bloc's most significant hurdles in 2026. Beyond their immediate fallout, these conflicts highlight the friction between collective alignment and national disparities. This reflects the core dilemma of 2026: The emergence of disparities among certain member states, and how these disparities are managed and contained, is expected to be the GCC's ultimate test, particularly in the highly sensitive arena of Yemen.

Since the truce in 2022, the direct military threat from Yemen has greatly diminished compared to the prior years of intense conflict. However, this reduction in hostilities has not led to a complete political solution. The truce essentially halted at its initial humanitarian phase and did not progress to the crucial final stage: a comprehensive dialogue among Yemenis aimed at achieving a lasting political settlement. The relative success of the truce can be partially attributed to the regional context, particularly the warming relations between Saudi Arabia and Iran. This situation underscores that external dynamics are at least as important as internal consensus in shaping the Yemeni crisis, which complicates the prospects for a sustainable, homegrown solution. Consequently, Yemen continues to be a primary political and security concern for the GCC, particularly for Saudi Arabia.

A significant dilemma has emerged in southern Yemen, specifically within Hadramout, as the UAE-backed Southern Transitional Council (STC) seeks to establish a new political status quo. These maneuvers have sparked local backlash, especially within Hadramout, and raised concerns that new conflicts could arise, potentially deepening the complexity of the ongoing Yemeni crisis.

In this regard, KSA has moved to stabilize developments and prevent a spiral toward military

escalation, succeeding relatively in containing the situation. However, the STC's refusal to withdraw from Hadramout or relinquish its field gains has kept uncertainty high and increased the likelihood of renewed clashes. This situation effectively positions the Yemeni crisis as a direct challenge to Gulf consensus at a critical juncture.

The challenge is further intensified by the inherent structural flaws within the Presidential Leadership Council, which is Yemen's internationally recognized government. With its members often pulling in different directions, the Council's ability to function cohesively or lead an effective peace process is severely limited. This political void has enabled various local actors to gain power and has strengthened the Houthis, who exhibit greater organizational and political cohesion than the fragmented opposition. Adding to this complexity is the ambiguous stance of certain regional players who support specific Yemeni parties; despite official denials of such support, there are still indicators that suggest these ties exist. This ambiguity creates political confusion and undermines the possibility of establishing a unified Gulf approach to managing the crisis.

In light of these developments in the south and the lack of clarity involved, the Yemeni crisis is poised to become the key challenge for the GCC in 2026.


It will be a direct test of the Council's ability to manage internal differences over highly sensitive regional issues.

This test is particularly significant given the evolution of how GCC states manage internal friction. Before 2017, consensus was the norm, and there was a concerted effort to insulate disagreements from the public eye through quiet diplomacy. However, the post-2017 era has seen this method fray as traditional dispute-resolution mechanisms lose their efficacy. There is now a marked decline in the political hesitation once associated with airing grievances, often channeled through informal platforms. This shift significantly raises the stakes of failing to contain disparities in critical arenas like Yemen.

This shift is linked to deeper changes in the strategic culture and ambitions of some GCC states. A new discourse has emerged that emphasizes regional influence, the assertion of individual roles, and the pursuit of status recognition. This marks a significant departure from the past, when the prevailing focus was on collective Gulf interests rather than on national identities. Presently, the emphasis on national agendas has become more prominent in regional policies, raising legitimate questions about the GCC's ability to present unified positions on regional challenges, especially regarding the Yemeni crisis.



Photo Source: [Arab News Japan](#) (2025)



In this context, achieving consensus within the GCC is a fundamental challenge, as highlighted once again by the crisis in Yemen. The differences in perceptions regarding the most viable solutions and the nature of the local actors involved are not simply situational disagreements. Instead, they reflect deeper shifts in how some member states view their roles on both regional and international stages.

Looking back over the last twenty years, the foundations of these transformations become clearer, as some GCC nations have significantly scaled up their external influence. This growth wasn't just about wealth or shifting power dynamics; it was driven by a change in mindset among a new era of leaders who believe in their countries' ability to play influential and signature roles on the world stage. Consequently, there is an increasing tendency to project a semi-independent identity. This is not viewed as a break from Gulf unity or a move toward competition, but rather as a way to carve out a specific national standing and a recognizable presence in global affairs.

This shift marks a departure from a previous era when collective approaches were the norm, and the founding generations adopted a more conservative view toward individual roles outside the Gulf framework. However, today, embracing the drive for a unique identity has become a strategic necessity, especially for those states that play a crucial role in shaping the internal dynamics of the GCC.

The key challenge, therefore, is not about stifling or ignoring these aspirations. Instead, it is about navigating the interaction between certain nations' rightful push for individual prominence and the need to protect shared goals, ensuring that disparities do not evolve into friction or clashes. Achieving this requires a shared understanding, whether implicit or formal, that allows for a degree of autonomous action. This space should fulfill the drive for impact while safeguarding the core pillars of Gulf security and maintaining high levels of mutual confidence.

In this context, the GCC states appear fundamentally capable of balancing these two objectives. However, reaching this equilibrium relies on sincere internal discussions that acknowledge the evolving sense of political identity and role within some member states. These changes must be recognized as a new structural reality- one that is enduring and cannot be overlooked.

In March 2024, the GCC states announced a joint vision for regional security that focuses on principles of stability and non-interference. This vision could help address the growing disparities in 2026, particularly in Yemen and Sudan. However, this progress depends on honest internal dialogues among the parties involved, where each party is willing to clearly express its interests and vision. Relying exclusively on official statements and media rhetoric, which often claim consensus while failing to reflect reality, is no longer sufficient. Past experience has shown that such rhetoric is effective only when it genuinely reflects a shared agreement; it becomes inadequate when confronted with noticeable differences.

Consequently, transparency within the GCC framework has emerged as a practical necessity, aimed at defining the boundaries of disparities and establishing non-negotiable red lines to protect shared interests. It is essential to build clear mechanisms for managing these differences before they escalate beyond control. Safeguarding any achievements, no matter how modest, requires a collective understanding that the cost of division is high. The regional environment of 2026 leaves no room for ignoring, denying, or postponing the resolution of these disparities.

In addition to the developments in Yemen and Sudan, the strategic environment of the GCC in 2026 will be influenced by several other important factors. The most significant of these are: (1) potential internal changes in Iran related to succession issues, considering the Supreme Leader's advanced age and declining health, which could lead to rivalry or instability among power centers and subsequently affect Tehran's behavior

in the region; and (2) Iran's attempts to reposition itself regionally following recent setbacks, such as direct confrontations with Israel and strikes that have weakened its proxies-particularly Hezbollah-and the collapse of the al-Assad regime, which was an ally.

These developments pose a direct challenge to the GCC as it seeks to manage the potential for domestic upheaval in Iran and counter any Iranian efforts to restore its regional influence. While Gulf capitals are actively encouraging Tehran to align regionally, notably through the ongoing thaw in Saudi-Iranian relations, they remain vigilant. The internal dynamics within Iran and its attempts to recalibrate its position are critical factors that will require careful monitoring in 2026, as they have the potential to reshape the strategic landscape of the Gulf.

Finally, two additional factors may shape the GCC's strategic environment in 2026. The first involves U.S.-backed Israeli efforts to expand the normalization track regardless of its political prerequisites, a strategy that stands in direct tension with Saudi Arabia's firm stance

articulated during the Crown Prince's recent visit to Washington. This friction could lead to indirect pressures, necessitating a delicate balancing act by Gulf states.

The second issue concerns economic vulnerabilities tied to fluctuating oil prices and a potential surge in global supply should a settlement in the Ukraine war lead to the lifting of sanctions on Russia. Such a scenario would strain financing for major developmental projects and slow the pace of economic transformation, creating varied domestic pressures across the GCC and narrowing their margins for foreign policy maneuver.

Ultimately, the dynamics of 2026 will be defined by the intersection of these political and economic stressors. However, the decisive factor in risk assessment remains the GCC states' ability to manage internal disparities over complex regional issues, most notably the Yemen crisis. The objective will be to keep these disagreements within a manageable framework to prevent the erosion of Gulf cohesion at a time that demands unprecedented coordination.



Photo Source: **Arabian Business** (2018)

A decorative horizontal band at the top of the page featuring a repeating geometric pattern of triangles, diamonds, and lines in a light teal color.

4

A low-angle photograph looking up at numerous flagpoles against a clear blue sky. Various national flags are flying, including the United Arab Emirates, Saudi Arabia, and others. The image has a teal overlay at the bottom where the title is located.

Navigating Multipolarity: The GCC, Multilateral Institutions, and Global Order in 2026



Layla Ali

Senior Research Associate

The state of the global order as 2026 approaches is not merely evolving, it is undergoing a structural transition. The post-Cold War multilateral system, anchored in Western-led institutions and liberal norms, is increasingly contested by a re-emerging power-based logic driven by strategic rivalry, coercive economic statecraft, and selective adherence to rules. While major powers seek to replace institutional constraint with spheres of influence and transactional dominance, this shift risks producing a fragmented international system that benefits few and destabilizes many.

Within this transition, the Gulf Cooperation Council (GCC) states occupy a paradoxical and constrained position. While they have been deeply embedded in, and at times supportive of, the existing international order, their current engagement is less about collectively shaping a new global architecture than about managing exposure to its fragmentation. GCC states are responding pragmatically to systemic uncertainty by prioritizing de-escalation, crisis management, and strategic hedging in areas of direct national interest.

This is most visible in their diplomatic engagement: Saudi-led efforts to reduce regional tensions through dialogue with Iran, the UAE's emphasis on conflict de-escalation and economic diplomacy, and Qatar's mediation in regional and international crises, illustrate a shared preference

for stability-orientated statecraft. While these initiatives do not constitute a unified GCC vision for reshaping the global order, they nonetheless highlight differing national approaches within the Gulf. Taken together, they reflect a broad recognition across GCC states that sustained regional instability carries significant economic and security implications, reinforcing the incentive to pursue pragmatic and risk-mitigating diplomacy.

This dynamic helps explain the GCC's current diplomatic approach. Gulf states are not rejecting multilateral cooperation, nor are they comfortable with a global order driven by unrestrained power politics, as both extremes undermine stability, predictability, and their own strategic autonomy. Instead, they view effective multilateral institutions as essential tools for managing competition, mitigating conflict, and safeguarding economic and security interests in an increasingly fragmented system.

As a result, GCC countries are positioning themselves as reform-oriented actors that seek to preserve the value of multilateral institutions while adapting them to a multipolar reality. Their objective is to ensure that these institutions remain relevant, inclusive, and capable of managing shifting power balances without becoming instruments of dominance by any single state or bloc.



Photo Source: [UN](#) (2025)

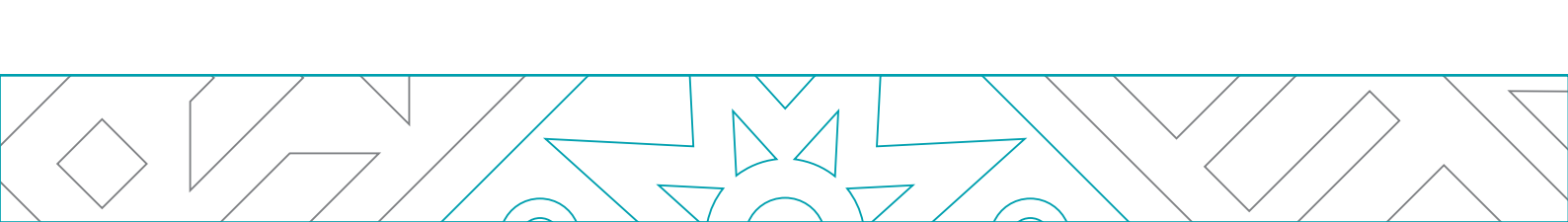
Rejecting a Purely Power-Based Global System

The renewed emphasis on power-centric approaches to global governance, reflected in the expanded use of sanctions, the politicization of economic interdependence, and increasingly rigid bloc dynamics, has highlighted the vulnerabilities of the current international transition. While such instruments may yield tactical advantages for major powers, their broader systemic effects are more ambiguous, particularly for energy-producing states, emerging economies, and regions already exposed to geopolitical and economic volatility.

Rather than contesting the role of major powers, Gulf diplomacy has been guided largely by pragmatic national interests. GCC states have prioritized flexibility and balance to safeguard their security, economic resilience, and political autonomy in a more uncertain international environment. This has translated into a strategy

of diversified external partnerships, sustaining longstanding security relationships while expanding economic, technological, and political engagement across Asia, Europe, and the Global South. Seen in this light, the Gulf's approach is less about actively shaping a new world order than about adapting to one in flux. By avoiding rigid alignment structures and preserving strategic options, GCC states aim to protect their interests and leave room to maneuver as global power dynamics continue to shift.

In parallel, Gulf engagement in conflict mediation and dialogue facilitation has reflected a preference for inclusive approaches. By supporting diplomatic platforms and confidence-building mechanisms in a range of regional and international contexts, GCC states have sought to demonstrate that stability is more likely to emerge from dialogue and institutional legitimacy than from dominance or coercion.



Taken together, these positions point to a consistent Gulf perspective: that an international system governed primarily by power risks amplifying instability, whereas adaptable, credible, and inclusive institutions offer a more sustainable basis for managing competition. This stance reflects a pragmatic assessment of contemporary geopolitics and a strategic interest in preserving stability during a period of systemic transformation.

Gulf states have embraced what can be described as *institutional pluralism*: engaging simultaneously with established multilateral bodies, emerging platforms, and informal diplomatic mechanisms. This approach reflects a recognition that no single institutional order currently commands universal legitimacy.

The GCC as Shapers of Multilateral Debate

The GCC's expanding role as a diplomatic convener illustrates how Gulf states are reshaping multilateral practice at a time of institutional paralysis. As formal multilateral bodies struggle with political deadlock, GCC actors have increasingly filled gaps by facilitating mediation, sustaining dialogue, and enabling humanitarian outcomes where official mechanisms stall.

Saudi Arabia exemplifies this approach. It has hosted dialogue formats on conflicts such as those in Sudan and Yemen while supporting humanitarian coordination and confidence-building initiatives alongside UN-led processes. These efforts do not seek to replace existing institutions but to preserve diplomatic momentum when formal tracks are constrained.

This convening role has extended to core global issues. In late 2024, Saudi Arabia co-launched the Global Alliance for the Implementation of the Two-State Solution with the European Union and Norway. The initiative moves beyond declaratory support by aligning states and international organizations around concrete action, upholding international law, expanding humanitarian access, ending occupation, and supporting Palestinian

self-determination through coordinated diplomatic pressure.

Saudi Arabia reinforced this role in September 2025 by co-chairing, with France, the UN High-Level International Conference in New York on the Peaceful Settlement of the Question of Palestine. Held at a moment of acute regional tension, the conference demonstrated Riyadh's ability to mobilize broad international participation around a politically sensitive agenda and re-anchor dialogue where institutional processes had fragmented.

Qatar has similarly leveraged its long-standing ties with state and non-state actors to act as a critical intermediary in active conflicts. Most notably, Doha has maintained channels with Hamas throughout the Israel-Gaza conflict to facilitate hostage exchanges, support ceasefire negotiations, and enable humanitarian access during periods of escalation. This role reflects pragmatic diplomacy aimed at reducing civilian harm and sustaining communication where few actors retain credible access to all parties.

The United Arab Emirates has pursued a complementary model, combining humanitarian diplomacy, development assistance, and quiet mediation, particularly in fragile and post-conflict settings. In the Horn of Africa, including Ethiopia and Somalia, the UAE has emphasized infrastructure support, humanitarian relief, and institutional capacity-building alongside discreet diplomatic engagement. Rather than public mediation, this approach prioritizes delivery, continuity, and local engagement as stabilizing tools.

Collectively, these practices reflect a form of informal multilateralism that operates through flexible, ad hoc arrangements while complementing formal institutions. By engaging actors across geopolitical and ideological divides, GCC states help keep diplomatic channels open, reduce escalation risks, and support international efforts that lack access or leverage.

Taken together, the GCC experience points to an alternative model of influence, one rooted not in coercion, but in convening power, credibility, financial capacity, and the ability to deliver

outcomes. In a fragmented and multipolar system, access, trust, and practical problem-solving are increasingly central to shaping diplomacy and managing conflict.



Photo Source: AA (202)

Structural Risks and Strategic Constraints Facing the GCC

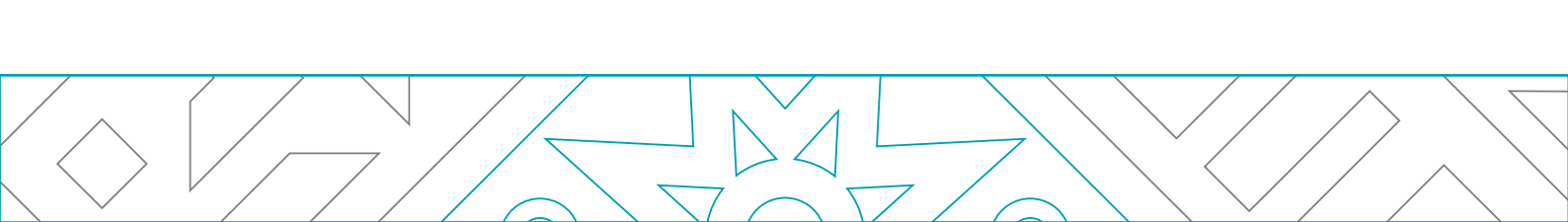
As the global order continues to transition, GCC states are operating in an environment that is becoming more complex and less predictable. This does not negate the Gulf's growing diplomatic engagement, but it does place clear constraints on how far and how fast GCC countries can advance their interests in a fragmented global setting.

One key consideration is the increase of competition among major powers, which increasingly extends beyond traditional security domains into economic policy, technology, and critical infrastructure. For GCC states, maintaining diversified partnerships in such an environment requires careful calibration, as external pressures may complicate efforts to balance longstanding relationships with emerging opportunities. For GCC states, maintaining diversified partnerships under these conditions requires constant

adjustments and careful management, particularly in sectors linked to long-term economic transformation.

A related issue concerns the uneven performance of multilateral institutions. While GCC countries continue to see value in multilateral cooperation, many global bodies have struggled to respond effectively to crises or to adapt to shifting power realities. This has reduced the predictability that institutions once provided and has, at times, placed greater responsibility on regional actors to help manage emerging challenges through ad hoc or complementary diplomatic efforts.

Regional dynamics further shape the GCC's strategic outlook. Although relations within the Gulf have stabilised and coordination has improved in several areas, differences in national priorities and policy approaches remain. These variations are not unusual in a regional grouping, but they can slow the development of common



positions on sensitive regional and international issues, particularly in periods of heightened uncertainty.

The persistence of instability in the Gulf's wider neighborhood also presents an enduring strategic consideration. Conflicts and tensions in nearby regions carry direct implications for maritime security, energy markets, and humanitarian conditions. Managing these external pressures while pursuing domestic economic and social objectives remains an ongoing balancing act for GCC governments.

Finally, as GCC states take on more visible roles in diplomacy, mediation, and dialogue facilitation, expectations surrounding their engagement are likely to increase. Ensuring that these efforts remain aligned with broader international processes, and that ambitions are matched with realistic assessments of what diplomacy can deliver, will be important for maintaining credibility over time.

Overall, these challenges underline the context in which GCC states are navigating the current international transition. Continued pragmatism, coordination, and investment in diplomatic capacity will be essential as they seek to protect their interests and contribute to stability in an increasingly unsettled global environment.

Conclusion

As the international system heads into 2026, it is increasingly fragmented and unpredictable. Shared rules are under strain, major-power competition is intensifying, and multilateral institutions are struggling to adapt to shifting power dynamics. For the GCC states, this is not a moment to redesign the global order, but to navigate its erosion with care.

The Gulf response has been shaped less by ambition than by risk management. Rather than pursuing rigid alignments or grand systemic visions, GCC states have prioritized de-escalation, mediation, and strategic flexibility. Their sustained engagement with both formal and informal multilateral frameworks reflects a pragmatic assessment: institutions may be weakened, but they remain essential channels for managing conflict, coordinating action, and preserving dialogue.

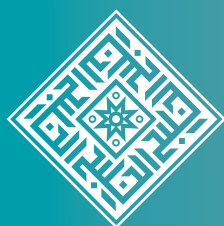
This approach is neither transformative nor without constraints. In a region defined by persistent conflict and a global environment marked by sharpening rivalries, GCC diplomacy cannot resolve structural tensions on its own. Yet it offers a functional model of adaptation. By preserving room for maneuver, investing in convening power, and focusing on stability over dominance, GCC states are managing uncertainty rather than seeking to control it.

In a transitional international order, this form of cautious, interest-driven diplomacy may represent the Gulf's most credible contribution, not to reshaping the system, but to preventing its further fragmentation.



Section III

Regional Political Flashpoints & State Fragility



5



Saudi-Egyptian Military Cooperation as a Pillar of Regional Stability



Jamal Amin Hammam

**Director of Publishing, Gulf
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The regional security architecture of the Middle East is in an unstable and dynamic state due to multiple internal, regional, and global factors. Many countries in the region continue to suffer from the repercussions of the so-called Arab Spring uprisings. The volatility has been further exacerbated by intertwined and complex regional developments, unprecedented military confrontations, and conflicts such as the wars in Gaza, Lebanon, and Iran. In addition, shifts in the policies of major international powers have had a direct impact on the region. This is evident in the new American orientations that began with the start of President Donald Trump's second term in January 2025, as well as the continued effects of the Russian-Ukrainian war. All of this, and more, has cast a heavy shadow over the region.

Internally, some countries in the Middle East continue to feel the repercussions of the Arab Spring since their eruption in 2010, including major internal conflicts and divisions that have escalated into devastating civil wars. External interventions, rather than helping expedite a resolution, have instead complicated matters, prolonging these conflicts and expanding their scope. It has also undermined internal peace processes, like the League of Arab States's ability to make decisions that would lead to a resolution. Recent Arab Summit resolutions have largely reflected this reality.

Regional tensions have been further intensified by Israel's war in Gaza, which was supposed to have come to a formal end, but continues in practice through blockade measures and selective military operations carried out by Israel. This is compounded by Israel's threats to occupy the West Bank, resume war on Lebanon and Iran, and its continued interventions and incursions into Syrian territory.

Adding to the ambiguity of the regional situation is the impact of U.S. policy on Middle East issues as part of the new American policies initiated during President Trump's second term. These include tendencies that blend isolationism with the "America First" approach--in other words, the continued de-prioritization of the Middle East in U.S. foreign policy. This was evident in the U.S. president's threat to seize the Gaza Strip and suggestion to transform it into a tourist resort or American investment zone in the Middle East. This is in addition to repeated claims of forcibly displacing Gaza's population, and absolute alignment with Israel's expansionist policies.

Ambiguity has also characterized U.S.-European relations, leaving European countries in a state of uncertainty between maintaining the traditional transatlantic alliance and adherence to NATO as the cornerstone of European security, or pursuing greater self-reliance amid genuine European concerns over a potential U.S.-Russian



rapprochement at the expense of long-standing U.S.-European relations established since the end of World War II in the mid-1940s and the creation of NATO. Today, NATO itself faces threats of fragmentation, despite European Union efforts to preserve it by responding to President Trump's demands to raise defense spending to 5 percent of member states' GDP.

This European uncertainty has been reflected in diminished European engagement with the Arab region, as European states have become preoccupied with their own future, their borders with Russia, and the trajectory of their relations with the United States. Consequently, Europe has become less interactive with its southern Mediterranean neighbors. This was evident in the absence of a clear European role in the Gaza war, as well as in the Israeli/U.S.-Iranian conflict and unresolved tensions between Tehran and the Washington. Neither the European Union or NATO played a meaningful role in the war on Iran, nor were they consulted by Tel Aviv or Washington prior to launching the 12-Day War against Iran.

That conflict imposed a new reality on the Arab region. It underscored Israel's willingness to operate outside the constraints of international law, alongside the United States' participation in selective strikes targeting Iran's nuclear program without any legal justification and in the complete absence of any legal mandate or authorization from the United Nations and the UN Security Council. Matters were further aggravated in the Gulf region by Iran's breach of Qatari sovereignty through its targeting the U.S. Al-Udeid Air Base on Qatari territory. This has fueled uncertainty and heightened fears of renewed armed conflict along the borders of the Gulf Cooperation Council (GCC) states as well as the potential of their direct involvement--as Iran attempted by targeting Qatar. This provoked strong reactions from GCC states, who issued strong reactions, citing the

Iranian attack as an assault not only on Qatar, but on the GCC as a whole.

This position was affirmed by the GCC summit held in early December in the Kingdom of Bahrain. Its final communiqué stressed the Council's rejection of any threat against any member state, affirming that GCC security is indivisible in accordance with the principle of joint defense, the concept of collective security, the GCC Charter, and the Joint Defense Agreement. It also emphasized that GCC security constitutes a fundamental pillar of Arab national security and rejected foreign interventions in Arab states.

The Saudi-Egyptian Role in Securing the Region

In light of the security and military challenges facing the Arab region, the broader state of uncertainty and the internal vacuum affecting many Middle Eastern countries, along with the erosion of self-capabilities of numerous Arab states, the fragmentation or collapse of their armies, and the emergence of new security threats, attention has increasingly turned toward the region's two largest Arab powers: the Kingdom of Saudi Arabia and the Arab Republic of Egypt. Both are expected to support and safeguard Arab national security and to formulate a security strategy that serves their interests while preserving regional stability throughout the Middle East and the wider Arab world. Given the region's strategic importance to the global economy and international trade, the implications of such stability extend well beyond the region to the international system as a whole.

Such a strategy must be grounded in pragmatism rather than temporary emotional or ideological motivations, as the challenges confronting the two countries are shared and existential. In addition, regional stability and the core interests of both states are closely linked.



Photo Source: *Asharq AlAwsat* (2025)

First: Shared Challenges

The security of the Red Sea and regional maritime routes constitutes a shared concern for Saudi Arabia and Egypt. Saudi Arabia has the longest coastline along the Red Sea, which is dotted with several major ports, while Egypt controls the Suez Canal. These vital arteries carry between 14 and 15 percent of global trade and around 30 percent of global container trade. However, they face serious threats, including terrorist attacks by the Houthi group near the Bab al-Mandab Strait, which have already disrupted maritime traffic and forced some vessels to reroute via the Cape of Good Hope, increasing insurance costs. Additional risks stem from foreign military presence and bases in the Horn of Africa, as well as conflicts among Horn of Africa states over access to the sea, particularly Ethiopia's declared ambition to secure a maritime outlet, posing threats to Eritrea's independence and Somalia's territorial unity.

The ongoing war in Sudan further threatens the country's existence as a unified state. Sudan is Egypt's southern neighbor and a key Nile basin state, as well as a Red Sea neighbor of Saudi Arabia. Thus, any negative developments there directly threaten Saudi and Egyptian security and lie at the heart of their national security concerns.

Negative developments in Yemen, particularly attempts to secede the south from the north, affect Yemeni statehood, Gulf neighborhood stability, and security in both the Arabian Sea and the Red Sea, with direct repercussions for Saudi Arabia and Egypt. The situation risks increasing foreign intervention, particularly Iranian involvement through the Houthi movement and its seizure of power by force, which escalates regional tensions.

Libya's instability represents a direct threat to Egypt as a neighboring state, and to Saudi Arabia as an Arab power, as the repercussions of instability in Libya extend across the entire Arab region.

Regional neighboring states continue to pursue their own agendas and ambitions, which sometimes recede and at other times resurface. Although relations with Turkey and Iran are currently relatively calm—or at least non-escalatory—and may even involve cooperation, partnerships, and investments, such as with Turkey, this détente does not appear permanent. This is further complicated by tensions with Ethiopia over the Grand Ethiopian Renaissance Dam and Nile waters. Thus, Arab relations with regional neighbors are governed by power balances first and interests second, shaped by nationalist considerations and influenced by political Islam, sectarianism, and ideological factors, as witnessed after the Arab Spring and following Iran's Islamic Revolution.

Beyond security challenges, the Arab region also faces development-related challenges, including weak growth rates, economic fluctuations, population growth, debt, poverty, and issues in education and healthcare. Addressing these requires sound policies, increased investment flows, strategic partnerships, and openness aligned with each country's interests and needs, within frameworks of bilateral and shared cooperation.

Second: Arab Security and Cooperation

Existing and potential challenges require unconventional approaches and pragmatic solutions beyond the traditional mechanisms adopted by the collective Arab system since the establishment of the League of Arab States in 1945. This necessitates seeking solutions outside the bureaucracy of collective Arab action. The current phase underscores the importance of Saudi-Egyptian cooperation amid Arab vulnerability. Both countries possess significant assets that can be developed and leveraged, overcoming political obstacles.

Militarily, Egypt ranks first in the Arab world and 19th globally, while Saudi Arabia ranks second Arab-wide and 24th globally, according to the Global Firepower Index 2025. This positions both as leading military powers regionally and internationally. Their cooperation would constitute a stronghold for Arab regional security and enable them to confront threats targeting the region. Military cooperation already exists through joint exercises and broader bilateral collaboration, but it is essential to develop a joint strategy for regional protection, starting at the bilateral level and extending through the GCC, the League of Arab States, and the Council of Arab and African States Bordering the Red Sea and Gulf of Aden—which includes Egypt, Saudi Arabia, Yemen, Somalia, Eritrea, Djibouti, Jordan, and Sudan. This council, established in Saudi Arabia on January 6, 2020, should be activated to safeguard Red Sea and Bab al-Mandab security.



Photo Source: Middle East Monitor (2025)

Cooperation in military industries is also highly beneficial, especially given Saudi Arabia's drive to localize defense manufacturing. By the end of 2024, localization reached 24.89 percent, with a target of 50 percent by 2030. Saudi-Egyptian cooperation could accelerate this process and help meet the defense needs of other Arab states.

The longstanding Arab aspiration to activate the Joint Arab Defense Agreement under the League of Arab States, signed in 1950 by Egypt, Jordan, Syria, Iraq, Saudi Arabia, Lebanon, and Yemen, remains relevant. The agreement affirms collective defense, considering any attack on a member state as an attack on all. Today, Arab attention is focused on Egypt and Saudi Arabia as the core for activating this agreement, whether to resolve regional conflicts, defend Arab security, or accelerate joint Arab military industrialization, ideally through phased implementation based on urgent priorities and leveraging partnerships with advanced industrial states.

Both countries bear historical responsibility in defending regional causes. They are members of the Quartet Committee on Sudan and have long defended the Palestinian cause. This is reflected in outcomes of initiatives such as the Sharm El-Sheikh ceasefire efforts, the Saudi-

French conference on the two-state solution at the United Nations in New York, which resulted in recognition of the Palestinian state by nearly 150 countries, and Saudi Arabia's firm linkage of any normalization with Israel to the establishment of a Palestinian state with East Jerusalem as its capital. Additionally, the recent visit of His Royal Highness Crown Prince Mohammed bin Salman to the United States helped clarify the Sudan crisis to President Donald Trump, contributing to efforts to resolve it.

Finally, Saudi and Egyptian power is a force for peace and defense, never aggression or expansion. Both countries consistently work to preserve security and stability and advance sustainable development. They have never been a source of regional or international threat. Their cooperation remains a safety valve for consolidating Arab and regional security and achieving peaceful coexistence for all.



Photo Source: [Ahram Online](#) (2025)

6



Sudan 2026: Systematic Collapse and Trajectories of Open-Ended Conflict A Foresight Analysis



Yousef Kamil Khattab

Senior Researcher

This chapter presents a strategic outlook on Sudan's trajectory heading into 2026, focusing on the prolonged conflict that began in April 2023 and has since evolved from a military confrontation into a systemic crisis that undermines the state's core functions. This chapter argues that achieving a decisive military victory or a swift political settlement is not currently plausible especially since it stems from a complex interplay of geopolitical shifts, institutional erosion, economic collapse, social fragmentation, and political gridlock, all occurring within overlapping regional and international frameworks.

Ultimately, 2026 represents a crucial turning point, leading to one of three potential outcomes: sustained managed collapse, volatile stability, or long-term, gradual settlement under exceptional conditions. Sudan's future depends on breaking the cycles that have perpetuated war and on restoring the concept of the state as a collective identity that includes all citizens.

Sudan is currently facing a significant political deadlock, where military power overshadows civilian leadership. Civil forces have struggled to regroup and establish a cohesive leadership capable of effectively engaging in the political landscape. As a result, the political situation has become dominated by the conflict between the Sudanese Armed Forces (SAF) and the Rapid

Support Forces (RSF). This stalemate is likely to continue through 2026 unless there is a significant change in the structure of civil movements or the regional and international support systems backing them. Without such a transformation, any potential agreements are likely to be coercive arrangements that fail to resolve the underlying crisis.

Displacement, polarization, and the widespread availability of arms have also weakened social cohesion, while political gridlock and the marginalization of civil actors have effectively held the public domain hostage to the use of force.

Functional zoning refers to the de facto designation and control of territory by different armed and political actors, whereby areas of land are governed according to specific military, economic, or administrative functions rather than through a unified national authority. This practice restructures governance around localized control and alternative systems of authority, effectively replacing centralized state institutions. As a result, functional zoning undermines national sovereignty and weakens the state's ability to control legal violence and administer public services. This, alongside the deterioration of military and civilian institutions, will complicate state-building efforts even if a ceasefire is achieved. Thus, there is a significant risk that

Sudan may devolve into a chronically failed state, characterized by a prolonged and progressive collapse.

The current situation in Sudan faces two possible trajectories. The first option is the emergence of a nominal state: appearing sovereign on the surface, but lacking the ability to govern its territory effectively or to exercise legal authority. The second scenario involves a gradual disintegration of the state itself, with various regions moving toward autonomy, each governed by its own political economy and distinct regional affiliations.

Still, the possibility of a tactical truce or regional containment deals remains on the table for 2026, primarily due to rising humanitarian pressure and regional efforts to manage the conflict's effects. But these arrangements are likely to be fragile and short-lived unless they are supported by a clear political roadmap, transitional security protocols,

and mechanisms to dismantle the war economy and reintegrate armed actors. As a result, 2026 is expected to focus more on conflict management and partial containment rather than a definitive end to the war. The prospect of achieving comprehensive peace remains uncertain, as it is dependent on deep-rooted structural changes that have yet to occur.

Key Trends, Challenges, and Risks Shaping the Sudanese Landscape in 2026

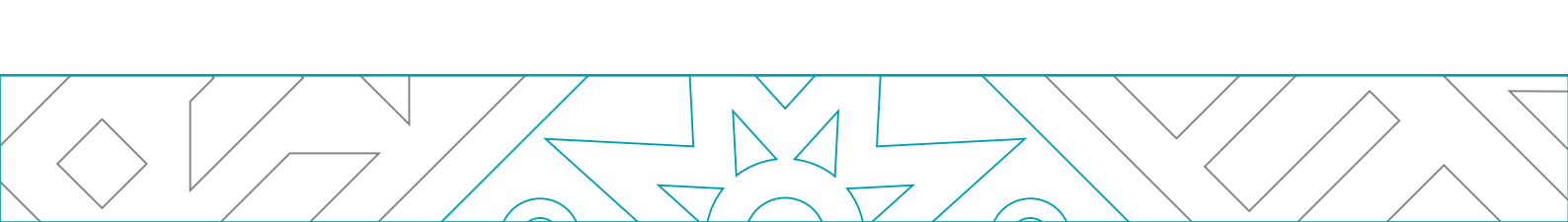
By 2026, Sudan will have undergone a profound geostrategic transformation, where functional zoning has become the structural backbone of the ongoing conflict. This de facto partitioning, which crystallized throughout 2024 and 2025 in the absence of a formal constitutional framework, has evolved from a volatile wartime byproduct into a full blown system of political and spatial management.



Photo Source: Financial Times (2023)

In western Sudan, namely in Darfur and much of Kordofan, governance is now defined by military-led administrations, which have replaced state bureaucracies with alternative revenue-collection

systems. Meanwhile, the Sudanese Armed Forces (SAF) continue to operate from Port Sudan, maintaining control over the country's eastern and central regions. Although they leverage



international standing and port access to uphold the state's external image, their effective authority is limited, lacking genuine sovereignty and comprehensive service delivery.

This evolving geostrategic landscape is worsened by significant institutional decline impacting both the military and civilian structures of the state. The military is facing personnel shortages, logistical challenges, fragmented command structures, and competing centers of authority. On the civilian side, governance has largely ceased in many parts of the country due to widespread displacement, depletion of resources, breakdown of wage systems, and the overall collapse of infrastructure.

Given the deterioration of institutions, any pursuit of lasting stability now involves the challenging task of state reconstruction amid ongoing conflict. Even by 2026, a breakthrough ceasefire is likely to remain fragile unless supported by a comprehensive institutional recovery plan. Taken together, any prospect for ending the war in the near term is slim. Its complexity is the result of not only a lack of political consensus but also the war's evolution into a hybrid conflict, characterized by intertwined issues of territorial gains, war profiteering, and external interference. Additionally, without a unified civilian front to serve as a credible domestic mediator, the path to a comprehensive resolution remains fundamentally obstructed.

On the economic level, Sudan is currently facing a severe systemic breakdown. This situation has arisen due to several interrelated factors: the collapse of public revenue systems, a decrease in agricultural and industrial production, disruptions in domestic trade networks, a sharp decline in the value of the national currency, and rapidly rising inflation. Together, these elements have eroded the foundation of the economy. This economic reality now serves as a significant obstacle to peace, with the interests of key actors becoming so interconnected that the continuation of war has become essential for their survival. Additionally, a

deepening crisis of social legitimacy, driven by the failure of any governing authority to meet basic needs for its people compounds the already frail situation.

Additionally, the state has lost crucial revenue sources as production areas fall out of government control or come under the sway of armed groups that dominate resources and border crossings. As a result, a "war economy" has emerged as the primary structure defining economic life in many regions of the country. This economy relies heavily on smuggling, coercive taxation, and armed control over resources.

Looking ahead to 2026, this situation is expected to worsen as more actors become involved, complicating any efforts to end the conflict. It will transform the challenge into a political one, as well as a direct confrontation with entrenched economic and social networks that have a vested interest in perpetuating the chaos.

Without a significant shift in the security or political landscape, Sudan's economy is likely to experience further stagnation rather than recovery in 2026. The essential 'security-first' requirement for any economic program has not been met, leaving any ruling authority to struggle with a declining social mandate as basic needs go unmet. In this environment, economic collapse is not just a symptom of the issues but a major contributor to instability. This situation reinforces a predatory war economy that has become so entrenched it now acts as a built-in barrier to achieving a sustainable resolution.

The war in Sudan has also led to a significant breakdown of society. It has resulted in mass displacement, increased ethnic polarization, the proliferation of weapons, and rising instances of sexual violence and child recruitment. These issues have eroded traditional social bonds and destroyed communal trust. As the conflict continues, the consequences are no longer just humanitarian; they are reshaping loyalty patterns, undermining a unified national identity. By 2026,

this ongoing societal collapse is likely to make the population more vulnerable to violence and less supportive of inclusive political initiatives. Consequently, the social crisis may turn into a structural obstacle to national reconciliation and the rebuilding of the social contract.

The consequences of Sudan's conflict are increasingly spilling over its borders, becoming a significant driver of regional instability due to the close geographic and security connections with neighboring countries. Prolonged warfare, combined with the breakdown of institutions and the widespread circulation of arms, has led to a rise in refugee movements, the expansion of smuggling operations, and the infiltration of armed groups across porous borders. This situation is placing escalating burdens on countries such as Chad, South Sudan, Ethiopia, and Egypt. As the war enters its third year, these challenges are no longer just emergency issues that can be easily managed. Instead, they are likely to become more pronounced throughout 2026, transforming Sudan's border areas into zones of persistent tension with a constantly looming potential for escalation.

The risk of the conflict in Sudan becoming internationalized is increasing, as the country turns into a battleground for indirect competition among regional and global powers. External actors are divided by conflicting priorities; some regional powers focus on border security and preventing a complete collapse, while others view Sudan as an opportunity to expand their influence or protect specific economic and security interests. This divergence leads to selective support for different warring factions and the maintenance of dual communication channels. Such an approach prolongs the war and hinders the prospects for a purely national resolution. By 2026, this pattern is expected to intensify, especially in the absence of a unified international framework capable of enforcing a binding political strategy.



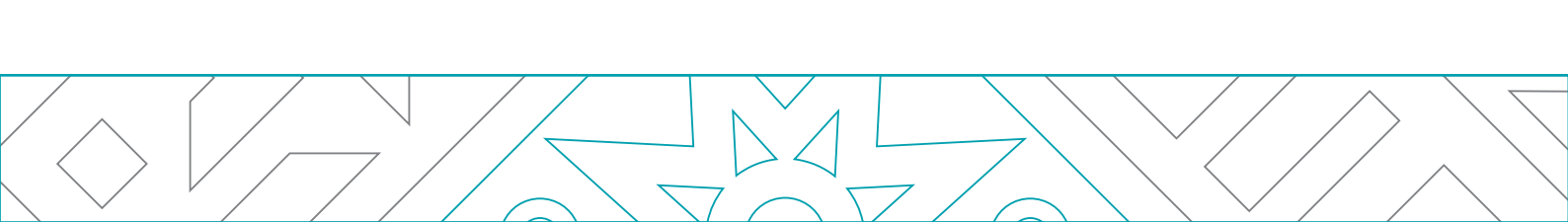
Photo Source: Foreign Policy (2023)

Sudan faces the added risk of crisis fatigue on the international stage as global attention shifts to competing geopolitical emergencies. While the conflict in Sudan may continue to be discussed in humanitarian contexts, the international response is likely to evolve into a pattern of crisis management rather than seeking genuine resolution. This approach focuses on temporary relief assistance and regional containment, often overlooking the conflict's underlying causes. Such a strategy is dangerous; it gives the warring parties more time to strengthen their positions, turning the Sudanese crisis into a chronic, low-intensity conflict that incurs significant long-term costs.

Sustaining the current situation poses significant strategic risks, particularly the danger that Sudan may become entrenched in a cycle of chronic state failure. Instead of an abrupt collapse, the country could enter a prolonged period of institutional weakness in which authorities maintain control, but the state's role becomes largely symbolic. This would result in extensive internal consequences and potentially destabilizing effects in the surrounding region.

Expected Scenarios in Sudan in 2026

In the complex situation facing Sudan, several expected scenarios for 2026 emerge. These scenarios are not interchangeable possibilities, but rather well-reasoned endpoints shaped by ongoing structural dynamics and existing risk factors.



Scenario 1: This is the most likely outcome, in which current conditions persist and become further entrenched. Functional zoning is reinforced, the war economy expands, and state institutions continue to deteriorate. This trajectory leads the country into a prolonged process of decline and fragmentation, falling short of outright collapse. In this scenario, conflict remains ongoing with varying intensity, political prospects are largely nonexistent, and the state increasingly resembles a fragile entity with limited functions.

Scenario 2: This scenario suggests that fragile stability is possible through partial agreements or a relatively prolonged ceasefire. Such arrangements could yield only limited improvements in humanitarian conditions and help contain some regional spillover effects, without addressing the structural drivers of the conflict. While this scenario may temporarily reduce levels of violence, it remains inherently unstable and could collapse suddenly if a comprehensive political settlement and credible transitional security arrangements are not achieved.

Scenario 3: The least likely scenario involves achieving a gradual, comprehensive settlement. This path would rely on a verifiable ceasefire, the reconfiguration of the security landscape, and the re-emergence of civilian actors as genuine stakeholders in the political process, supported by coordinated regional and international engagement. Although this option is theoretically the only viable pathway for long-term state reconstruction, the conditions necessary for its realization in 2026 remain weak, given the current power balances and the entanglement of domestic and external interests.

Conclusion

In the evolution of Sudan's contemporary history, the year 2026 marks a critical turning point. It is not a year expected to bring immediate solutions to the crisis, but rather a moment when the cumulative

effects of wartime developments come together. Sudan's current situation is no longer defined by a military confrontation that can be quickly resolved. Instead, it is characterized by a complex crisis involving geostrategic shifts, institutional decline, economic collapse, social fragmentation, and political deadlock, all unfolding within an exceptionally intricate regional and international context.

The cross-cutting analysis of 2026 trajectories reveals that the ultimate risk lies not merely in the continuation of the war, but in its transition into a managed normalcy. This state of affairs hollows out the very essence of the state, enhancing the de facto governance, war economies, and deep-seated social fractures. Consequently, collapse becomes a gradual erosion rather than a sudden event. Hence, the prospects for ending the war in 2026 remain constrained; scenarios of partial containment or fragile stability are far more likely than a comprehensive settlement, given the profound absence of the structural and political prerequisites for state-building.

This chapter further demonstrates that the Sudanese crisis has become a key factor in regional stability, posing a significant risk of internationalizing the conflict or turning it into a chronic source of instability. However, to date, both regional and international engagement have focused more on crisis management rather than on finding a resolution. This strategy allows the warring factions greater freedom to maneuver and effectively delays any meaningful efforts to address the conflict's root causes.

Ultimately, 2026 offers no immediate exit from the crisis, but rather solidifies a historic crossroads for Sudan. The nation stands poised between three diverging paths: a deepening trajectory of fragmentation, a volatile and fragile stability, or a gradual, long-term settlement under extraordinary conditions. Sudan's fate will not be decided solely on the battlefield, but by its ability to dismantle the structures that perpetuate war and to restore the state as a unifying framework.

7



Iraq After the Elections: Political Trajectories and Strategic Expectations

Dr. Rasha Al Azzawi

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Following the ratification of the results by the Federal Supreme Court on 14 December 2025, Iraq has effectively entered a phase of power engineering. Governments are produced through customary alliances among blocs that differ in objectives and ideological affiliations, rather than through the democratic logic prevalent in other countries where the winning list is given precedence. Accordingly, the balance of power is not read as a political distribution of electoral winners as much as it is viewed as a sectarian and ethnic representation of components.

Based on the results, the victorious Shiite parties, which secured approximately 180 seats out of 329 in the Iraqi parliament, are primarily focused on sustaining Shiite political predominance and defining the nature of the state and the boundaries of executive decision-making. The 2025 election outcomes thus reveal, over the medium term, that Shiite forces will continue to dominate both the legislative and executive branches, while Sunni parties, which obtained around 70 seats, and Kurdish parties, with approximately 45 seats, will play marginal roles. Consequently, the Coordination Framework seeks to convert numerical superiority into a larger governing bloc at the expense of Sunni and Kurdish forces, which Shiite actors view as complementary parties to the system and democratic form, without overtly undermining the principle of political participation by components.



Photo Source: The New York Times (2025)

The most salient trend governing post-election Iraq is the shift from competition over programs to securing guarantees of continued presence within the state for actors possessing security and economic influence, particularly in light of American conditions imposed on Shiite political forces. At the same time, militias seek guarantees against external targeting for those haunted by fears of strikes and sanctions until the end of U.S. President Donald Trump's term. This renders the issue of armed factions not a parallel detail in the government formation process, but rather one of its direct determinants—not only because factions constitute part of the balance of power within the Coordination Framework, but also because the declared U.S. approach at this stage links the legitimacy of the next government to its ability to control militias, regulate weapons, and reduce cross-border ties, whether with Iran or its remaining proxies.

In recent days, an internal containment initiative has emerged within factional circles. Part of this initiative has publicly promoted the principle of restricting weapons to the state and coordinating with its institutions, as seen with Asa'ib Ahl al-Haq, Kata'ib al-Imam Ali, and Ansar Allah al-Awfiya. This reflects an attempt to transform U.S. pressure from a punitive threat into a negotiated space managed internally and with Iranian assistance for Shiite election winners. Another wing, however, adheres to the resistance discourse, such as Harakat al-Nujaba and Kata'ib Hezbollah, conditioning any discussion of arms on the withdrawal of foreign forces. This division does not imply confrontation but rather repositioning: one current seeks to buy time and reduce vulnerability to targeting and sanctions, while the other views retreat as a loss of deterrence and identity. This reflects a division of roles within Iran-backed militias without abandoning the resistance principle.

Two parallel trends within the Shiite environment will determine the prime ministership in the short term. The first leans toward a candidate perceived as acceptable to Washington, thereby reducing sanctions costs and financial pressure

and preventing Iraq from being categorized as a sanctioned or isolated state. The second seeks a candidate who guarantees the preservation of influence networks accumulated since 2003, particularly security and economic networks that have become the backbone of real power, beyond electoral outcomes.

Regarding Sunni parties in the foreseeable future, the prevailing trend is the construction of a unified negotiating framework aimed at minimizing the losses of fragmentation rather than entrenching a long-term strategic unity or producing a unified political project. Apparent cohesion thus becomes a technical necessity to secure parliamentary and governmental positions, without eliminating leadership rivalries or conflicting regional bets. Turkey emerges as a structuring actor in the Sunni file, while Qatar plays a role in bridging differences among victorious Sunni party leaders. Given that Turkish tools extend beyond politics to encompass economics, security, and borders, Sunni decision-making tends to avoid ventures outside Turkish arrangements, while opening channels to Washington to present themselves in a form closer to the American vision for Iraq.



Photo Source: Arab Reform Initiative (2025)

In the Kurdistan Region, no significant change in political trends is expected in the short or medium term. The main dispute persists between the Kurdistan Democratic Party and the Patriotic Union of Kurdistan over representation of the Kurdish component, entitlements within the Kurdistan Regional Government and parliament, and federal positions such as the presidency and ministries. These disputes are intertwined with contests over the regional presidency, premiership, resource sharing, oil, and border crossings.

On the same medium-term horizon, Washington continues to act as a guarantor and convening party between Kurdish factions, a reality embraced by the Kurdistan Democratic Party as the largest Kurdish electoral winner. Iran, meanwhile, becomes a potential mediator rather than a final guarantor for the Patriotic Union of Kurdistan, the second-largest Kurdish winner. Despite Turkish attempts to engage in Kurdish power dynamics, Ankara has not achieved the influence exerted by U.S. and Iranian leverage over Kurdish decision-making.

Based on the above, three political trajectories can be identified. The first is the shift of major Shiite parties from numerical majority logic to secure majority logic, an approach measured not solely by seat numbers but by resilience to external pressure without causing internal division. Another segment will intensify state fortification mechanisms through entrenching cadres and control points as an adaptation to U.S. policy shifts toward Iraq.

The second trajectory involves Sunni forces acting as a negotiating bloc whose primary goal is preventing marginalization rather than imposing a program. They will seek guarantees in the speakership, ministries, committees, and local security representation, but remain vulnerable to Shiite or regional co-optation whenever benefit distribution approaches, as their seat balance allows them only to influence the cost and pace of Shiite bargains, not challenge them.

The third trajectory lies in Kurdish disputes becoming a negotiating file over the presidency, oil revenue sharing, and implementation of Article 140 of the Iraqi Constitution regarding disputed territories, serving simultaneously as leverage in Baghdad and among Kurdish parties.

What unites these trajectories is that Iraqi politics is entering a phase where power is managed to preserve gains, while accounting for the risks of U.S. pressure and Iran's quiet involvement in steering the political map without compromising its interests. It is therefore likely that election winners will pursue leadership arrangements balancing gains with Washington's pressure and Tehran's concerns, without making a decisive alignment choice between competing axes. Any shock, such as economic sanctions or international isolation imposed by President Donald Trump, would be costly for all (Shiites, Sunnis, and Kurds), pushing actors toward pragmatic compromises aligned more with external requirements than internal gains.



Photo Source: Kurdistan Parliament - Iraq (2026)



Challenges and Risk Thresholds

The true challenge facing Iraq in the medium term lies in its capacity to manage an interconnected crisis system whose components do not merely operate in parallel but interact in ways that turn partial failure into a catalyst for broader structural imbalance. The financial-economic crisis, water scarcity, and security challenges have ceased to be sectoral files manageable in isolation, instead forming a single pressure chain constraining sovereign decision-making and continuously testing governing legitimacy.

Economically, the dilemma lies not in public debt figures as isolated accounting indicators, but in their cumulative nature stemming from chronic annual deficits that have evolved into a permanent governance pattern, increasingly fragile amid shifting regional and international environments. Domestic debt exceeding ninety trillion dinars directly results from successive deficit budgets, most notably the 2020 deficit, created within a single year through legislative and executive decisions, and reinforced during the government of Mohammed Shia' al-Sudani (2022-2025) through expansionary spending financed by deficits, without establishing sustainable non-oil revenue bases.

Although reliance on bank bonds is less risky than direct monetary financing due to limited immediate pressure on money supply, the accumulated domestic debt volume itself compels future governments to shift from revenue adaptation to public spending toward austerity. This process has already begun under the al-Sudani government, despite its caretaker status, indicating that debt has become a political constraint by which future governments will be judged. It risks escalating into an economic crisis potentially culminating in financial collapse and bankruptcy, particularly given projections of declining oil revenues over the next four years amid market volatility, rising operational expenditures in an overstaffed public sector, weak productivity, and a private sector

unable to compensate due to insecure investment environments and fiscal opacity undermining confidence.

Corruption remains the gravest challenge and threat to the Iraqi state politically and economically. Its scale rivals the largest in Iraq's political history, with the so-called "theft of the century" representing merely a small episode within a deeper, more entrenched corruption chain. Here, the crisis transcends economics into governance, marked by absent planning and transparency. The issue is not confined to a single government or phase but reflects a lack of clear economic vision, measurable planning, and institutional capacity for transparency, conditions that render partial reforms vulnerable to failure regardless of intent, potentially threatening state collapse amid unwillingness to address structural flaws.

The water crisis has evolved from a natural resource issue into a state and socio-economic identity crisis. Declining water reserves to their lowest level in over eight decades, from approximately eighteen to ten billion cubic meters, threaten agriculture, marshlands, food security, rural stability, and internal displacement. As inflows decline, water becomes a source of social tension susceptible to political exploitation, whether through protests, inter-provincial disputes, or tensions with upstream states. Even improved regional understandings with Turkey or Iran do not resolve Iraq's structural vulnerabilities, extending risk beyond environment and agriculture to social geography itself as a pressure source on future governments.

The security challenge remains imminent for Baghdad. Despite the ISIS threat, the presence of armed militias transforms Iraq not only into a conflict arena but undermines security institutions through parallel weaponry and relations with Washington, whether via presence or support. This reality subjects future governments to a direct sovereignty test: reducing U.S. presence or repositioning roles does not automatically lower

risks but may transfer the full security burden to institutions operating in politically penetrated environments. Even tactical militia de-escalation remains reversible if Iran–Israel engagement rules shift or militias perceive existential threats, potentially leading to an Iraq scenario akin to Yemen’s, where the Houthi militia seized Sana’a by force, a development describable as the “Houthification of Iraq.”



Photo Source: Kurdistan24 (2025)

Iraq and Transformations in the Middle East

Iraq constitutes a regional balance node amid Middle Eastern transformations, where redefined deterrence following Iran–Israel escalation intersects with U.S. military and political repositioning. As the Gulf emerges as an economic pole seeking stable relations rather than unfulfilled political promises, Iraq faces a dilemma between Arab, Gulf, and Western integration into regional stability projects, or continued reliance on the Iranian axis with medium- and long-term repercussions. This necessitates reprioritizing relations with regional actors, particularly Saudi Arabia as a political and economic anchor state.

From Washington’s perspective, a new framework governs Iraq relations: ending Iranian influence, dismantling militia arms, and transitioning from extensive military presence to bilateral partnership. New tools are expected, including sanctions threats and linking funding and security

cooperation to state behavior toward factions. The 2026 U.S. National Defense Authorization Act thus represents a short-term step pending verifiable Baghdad actions. With the same Iran-aligned political class, Iraq is unlikely to pursue balanced foreign policy, relying instead on temporary concessions and maneuvering during Trump’s term, potentially incurring strategic costs in U.S. relations.

From Tehran’s perspective, Iraq remains central to strategic depth and influence management through state mechanisms. However, escalating Israel tensions and intensified U.S. pressure challenge this model, prompting Iran to favor a government that neither antagonizes Washington nor dismantles pro-Tehran networks, seeking manageable equilibrium rather than decisive choice. Iranian dominance will nonetheless remain contingent on Washington negotiations and potential Israeli activation of Iraq as a seventh front.

Gulf states, meanwhile, pursue Iraq’s reintegration into the Arab sphere through economics, infrastructure, and regional connectivity rather than direct political influence contests. Gulf investments aim to attract Iraq away from Iranian gravity, contingent upon Iraqi decisions aligning with strategic interests that position Gulf states as a lever restoring Iraq’s Arab depth beyond regional polarization.

In conclusion, expectations of imminent political realignment remain uncertain. Most parties resist altering behavior due to entrenched interest-based balances, prioritizing internal arrangements over national interests. Strategically, Iraq is unlikely to adopt regionally aligned decisions in the medium term, continuing to formulate policy reactively within the framework of U.S.-Iran rivalry.

8



Libya: Where To? A Foresight Reading of Developments in 2026



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The crisis in Libya has spilled beyond its borders, affecting the stability of the Middle Eastern regional order -a region already heavily strained -as well as into the surrounding regional geopolitical space. The effects of its instability can be felt across the Euro-Mediterranean dimension, northward into Europe, and in its African dimension extending southward into sub-Saharan Africa and into the continent's east and west. Thus, the stability of a vast area, already marked by security vacuums, political instability, and weak development is further threatened, with Libya lying at the center of this circle. Additionally, overlapping crises whose intensity and deterioration have been compounded by international and regional intervention, have turned the country into an open arena for influence management and a key space for polarization among multiple international and regional actors.

In this setting, the interaction between local actors and their external sponsors has become deeply entangled. Given the multiple dimensions of the "Libya crisis," analytical and interpretive, and the expected scenarios for its future, this chapter provides an assessment of the possible trajectories heading into 2026. Projecting the future of Libya is especially relevant amid the absence of clear signs of a resolution in the near term and in the context in which sovereign state institutions face the risk of continued functional fragmentation within a "fragile state" model. Furthermore, the possibility looms of spiraling toward structural institutional

collapse under a "no-state" logic within a "failed state" model, threatening Libya's future as a single unified state and a coherent entity within its current geopolitical setting.



Photo Source: [UN](#) (2025)

Reading the Future of the Crisis

Libya's future statehood remains suspended between two broad possibilities: a settlement that preserves the country's unity, or gradual movement toward partition, even if its final contours remain undefined. While a continuation of the status quo, characterized by a condition of "neither war nor peace", remains the most probable scenario, the direction of the crisis hinges on three interrelated determinants.

The first determinant is the need for local actors to recognize their historical responsibilities toward both the Libyan state and the Libyan people, an awareness that has not yet clearly emerged. This continues to be the case despite years of military action between camps proving futile, regardless of the extent of regional and international

sponsorship enjoyed by one side or the other in terms of power and wealth. Conventional conflict-resolution logic assumes that settlement follows conflict, with rare exceptions in which settlement precedes it. Libya initially had the potential to fall into the latter category, thereby limiting the costs of dismantling Muammar Qadhafi's regime. Yet post-revolutionary elites moved toward conflict before settlement, preferring competition for power and wealth, driven by tribal and regional solidarities, over building consensus, social peace, and institutional state formation.

Today, Libya's trajectory depends largely on whether exhaustion from prolonged conflict or fear of renewed violence, and the prospect of externally imposed outcomes, can generate sufficient internal will to alter this pattern. External factors may enable or constrain settlement, but they cannot substitute for domestic commitment. Ultimately, Libyans alone determine whether the crisis remains open-ended or moves toward resolution. This responsibility cannot be escaped under any pretext, whether blaming external parties or hiding behind the absence of international support and the marginalization of the international community.

The second determinant relates to the expansion of the political geography of the conflict beyond

Libya into arenas of regional and international geopolitical competition, especially in the Eastern Mediterranean and the African Sahel. This regionalization explains Turkey's intervention to block Haftar's advance in western Libya in 2020, France's focus on southern Libya as part of its Sahelian security posture, and the Emirati emphasis on strategic corridors and ports linked to future economic connectivity projects. Libya's internal conflict has thus become inseparable from competing regional agendas.

The third determinant concerns Libya's growing salience within the evolving power dynamics in the region. This shift has been driven by rapid changes, including the decline of European, expanding Russian military influence, and China's flexible engagement, as well as rising US concern over these trends have all reshaped Libya's strategic significance. While international consensus once enables the Geneva political dialogue track and the formation of the Government of National Unity, the collapse of that track has reinforced incentives to manage the crisis through militarized balance rather than political settlement.

Absent renewed international convergence particularly a strengthened UN role backed by decisive major-power alignment, Libya's unity and institutional recovery will remain contingent and fragile.



What is Expected in 2026?

The most likely scenario in 2026 remains the continuation of the current stalemate. This reflects the current stalemate and the difficulty of moving toward even minimum requirements for settlement, such as a constitutional framework enabling elections, while also discouraging a decisive return to large-scale military confrontation. The balance of power among Libyan factions, and among their external supporters, has produced a condition that contains escalation without resolving underlying conflict drivers.

This scenario is further strengthened by recent developments, including General Haftar's expansion into governance vacuums in the southwest and efforts by western authorities to consolidate their position in Tripoli indicate defensive entrenchment rather than offensive ambition. Both camps appear focused on preserving existing boundaries, thereby sustaining the stalemate.

While this scenario reduces the immediate costs of conflict, it also lays the groundwork for longer-term risks associated with state erosion and signs of partition. Prolonged stagnation increasingly resembles patterns observed in chronic crisis cases such as Somalia, where institutional recovery remains elusive despite repeated political initiatives.

Alternative scenarios remain possible, but less likely. A negotiated settlement would require both domestic compromise and regional-international consensus, particularly on constitutional arrangements. Although deeply constrained by security fragmentation and political mistrust, this path remains the only durable route to preserving Libya's unity and restoring governance.

Achieving this scenario requires confronting the security dilemma in all its political, economic, and social dimensions, and sustaining the will to resist regional and international pressures, especially those aimed at obstructing the outcomes of any desired consensus. It also raises the question of

what settlement outcomes would look like and what they would imply for the political system and state form.

Conversely, partition, whether formal or de facto, cannot be excluded over the longer term. Libya could fracture into two or three entities corresponding to Tripolitania, Cyrenaica, and Fezzan, or, more plausibly, two separate eastern and western entities, given the existing dual governmental split and contestation over legitimacy. Such outcomes would fundamentally transform Libya's geopolitical position and generate new regional instabilities, particularly given the strategic importance of the southern region within Sahelian dynamics.

Policy Implications for the Gulf States in 2026

Libya's trajectory toward 2026 carries direct implications for Gulf security and diplomacy. Prolonged fragmentation sustains transnational risks and reinforces competitive external involvement, while even limited stabilization would align with Gulf priorities centered on de-escalation and conflict containment.

The Gulf states' most effective role is unlikely to involve direct political engineering. Instead, their comparative advantage lies in reinforcing multilateral processes, supporting economic and institutional stabilization insulated from factional politics, and encouraging regional coordination that limits incentives for renewed militarization. Libya thus represents a test case for the Gulf's evolving approach to regional responsibility -one defined less by influence maximization than by strategic restraint in an increasingly fragmented regional order.



Photo Source: [Catalonia Global Institute](#) (2021)

9



The Syria Question: Regional Responses and Implications for Middle East Stability



Hannan Alghamdi

Researcher

As 2026 approaches, the Middle East faces a moment of transition, with Syria at the center of its shifting regional landscape. One year following the collapse of al-Assad's five-decade rule, Syria has moved out of a phase defined by regime survival and open warfare and into a more complex period of consolidation and risk management. The collapse of the al-Assad regime in late 2024 and the establishment of an interim authority under President Ahmad al-Sharaa closed a long chapter marked by authoritarian rule, external dependency, and sustained conflict. What has followed has been neither resolution nor collapse, but an open-ended transition whose trajectory will shape Middle East stability far beyond Syrian borders.

The significance of this moment lies not only in domestic political change, but in regional realignment. Syria's gradual reintegration into the Arab political and strategic sphere reflects the end of Iranian patronage as the dominant framework shaping Syrian state decisions. While Tehran retains residual influence through informal networks and economic channels, Damascus no longer functions as an extension of a single external project. For the first time in decades, Syria's strategic orientation is increasingly shaped by Arab engagement, conditional normalization, and regional security priorities. This shift constitutes a significant Arab strategic gain, even as the transition itself remains fragile.

Syria sits somewhere between a post-collapse and pre-settlement phase. Large-scale violence has

declined, diplomatic engagement has expanded, and the risk of nationwide implosion has receded. Yet stability remains staggered. Armed actors outside unified state control, unresolved political arrangements, persistent terrorist sleeper cells, and deep socioeconomic strain continue to test the durability of the emerging order. The defining question for 2026 will be whether the opportunity created by al-Assad's fall can be translated into institutional consolidation without triggering renewed conflict or fragmentation.

Governance, Authority, and the Problem of Legitimacy

The interim authority that emerged after the fall of the al-Assad regime inherited a state hollowed out by war, sanctions, and institutional decay. While the end of permanent rule altered the political landscape, it did not automatically generate legitimacy, inclusion, or a renewed social contract. Authority exists, but it remains uneven and largely derived from security control rather than popular mandate.

Efforts to address this legitimacy deficit through symbolic political processes have yielded mixed results. Parliamentary elections held in late 2025 were largely symbolic, given the prior consolidation of de facto authority and the lingering political image of HTS. Still, they marked a procedural advance, even if they have yet to translate into broad participation or sustained public confidence. The leadership remains explicitly transitional, yet delays

in constitutional reform and political restructuring risk transforming provisional authority into de facto permanence. This tension between temporary leadership and institutionalized authority represents one of the most sensitive fault lines of the transition.

Regional and international actors share concerns over legitimacy and inclusivity, though their priorities differ. For regional stakeholders, the issue

is not democratic idealism but governability. A political system that excludes key social, regional, or communal actors risks reproducing instability even in the absence of open conflict. Delaying reform therefore carries direct security implications. In this context, legitimacy functions as a stability variable rather than a normative endpoint, and failure to address it will intensify pressure on the system in 2026.



Photo Source: *El Pais* (2025)

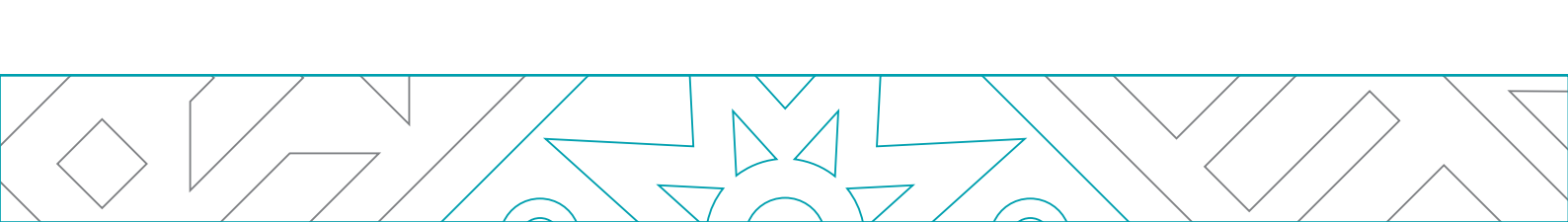
The Military Question and State Cohesion

One of the most serious structural weaknesses of post-Assad Syria remains the absence of a unified, representative national army. Although formal announcements have been made regarding the integration of armed factions into state structures, the reality on the ground remains fragmented. Many groups have been rebranded rather than genuinely absorbed, retaining distinct command chains, loyalties, and territorial influence.

This fragmentation has regional implications. Minority communities remain underrepresented in key security institutions, reinforcing fears of

exclusion and long-term vulnerability. The lack of a truly national military undermines state cohesion and complicates relations with neighboring states seeking predictable and accountable security partners.

Security sector reform remains a prerequisite for stability, yet progress is expected to remain slow and contested throughout 2026. Political sensitivities, factional resistance, and limited institutional capacity constrain meaningful integration. Without substantive reform, military fragmentation will continue to put a structural brake on state consolidation.



Relations between Damascus and the Syrian Democratic Forces represent one of the most consequential fault lines shaping Syria's future. Despite repeated negotiations and formal deadlines, a comprehensive settlement remains unlikely in 2026. Counterterrorism remains the only area of genuine consensus among Damascus, the SDF, and the United States, making cooperation unavoidable even as political disagreements persist.

At the core of the deadlock are competing visions of the Syrian state. Damascus seeks centralized authority and unified command, while the SDF continues to advocate for autonomy and decentralized governance. Turkish security concerns further complicate things, as Ankara views any empowered Kurdish structure near its border as a strategic threat. U.S. policy prioritizes counterterrorism and stability over political resolution, reinforcing a preference for gradualism.

As a result, integration is likely to proceed incrementally rather than as a breakthrough. Economic bargaining over oil revenues and border crossings will continue. Military restructuring may involve partial redeployments and symbolic integration rather than full absorption into a national army. Political negotiations over status and governance will remain unresolved. The risk of escalation remains real. A major security incident in southern or northeastern Syria could trigger localized confrontation with regional spillover effects. While a return to nationwide war is unlikely, 2026 should be considered a high-risk year for controlled but dangerous escalation if progress stalls.

The Security Landscape: Terrorism Without Territory

The defeat of ISIS as a territorial entity has fundamentally altered, but not eliminated, the terrorist threat in Syria. By 2026, ISIS no longer poses a conventional insurgent challenge capable of seizing and governing territory. Instead, it has reverted to a network-based model centered on sleeper cells, mobile units, and logistical facilitation networks. These groups operate primarily in

sparsely populated areas, particularly across the Syrian desert and along porous border zones with Iraq, exploiting weak state presence rather than broad social support.

The Syrian desert has emerged as the primary theater for ISIS activity. The group benefits from harsh terrain, limited surveillance, and the ability to move across borders, allowing it to sustain low-level operations without holding territory. International and regional security assessments indicate that several thousand ISIS fighters remain active across Syria and Iraq, supported by wider networks that provide intelligence, financing, and safe passage. While these cells lack the capacity to reconstitute territorial control, they retain the ability to conduct assassinations, ambushes, and sabotage operations that undermine security and confidence. Crucially, ISIS no longer enjoys meaningful social backing. Years of violence, displacement, and economic collapse have eroded any remaining tolerance for extremist rule among Syrian communities. Militant activity today is opportunistic rather than mobilizational, relying on fear, geography, and institutional weakness rather than ideology or popular appeal.

For 2026 and beyond, terrorism in Syria should therefore be understood as a chronic security challenge rather than an existential threat. The danger lies not in dramatic resurgence, but in persistent low-intensity violence that erodes stability over time. Such activity deters investment, delays refugee return, and exposes gaps in governance and territorial control. Successful counterterrorism efforts hinge on sustained coordination, intelligence sharing, and effective border management among otherwise competing actors. Failure in these areas would not lead to sudden collapse, but to prolonged insecurity that complicates every other dimension of Syria's transition.

Regional Responses to Syria's Transition

Arab states have welcomed the end of the al-Assad era as a necessary political break, while shifting from isolation to a measured and conditional engagement driven by pragmatic security priorities

rather than broader political alignment. Frontline states such as Jordan and Lebanon play a critical role in shaping this approach. Both face sustained pressure from refugee populations, cross-border smuggling, and economic spillover, making stability along Syria's borders their overriding concern in 2026. Their influence reinforces a broader Arab preference for gradual stabilization and managed transition inside Syria. Within this framework, Gulf states have emerged as the principal drivers of Syria's Arab reintegration. Led by Saudi Arabia, Gulf engagement combines political outreach, reconstruction signaling, and economic leverage aimed at anchoring Syria within an Arab security environment. Reconstruction pledges and investment discussions are deliberately framed as conditional tools, designed to encourage institutional consolidation, security coordination, and limits on external interference rather than to legitimize unresolved governance arrangements.

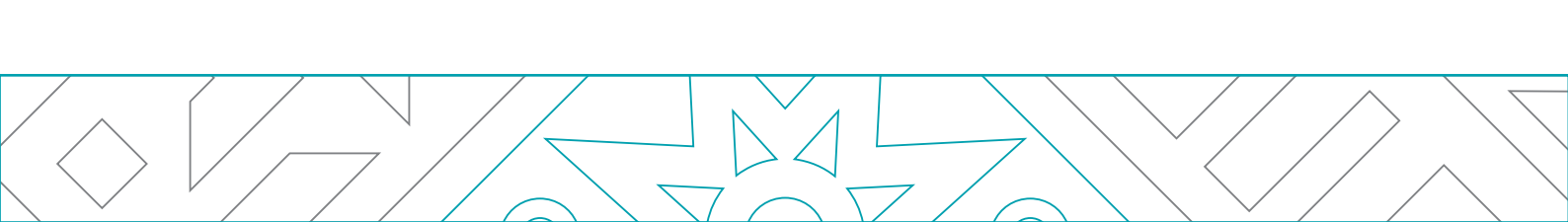


Photo Source: Asharq AlAwsat (2025)

Turkey has consolidated its role as the most influential non-Arab power broker in Syria, particularly in the north. Its security-first approach, combining military presence with influence over local governance structures, provides short-term stability in some areas but complicates national cohesion and state unification. Ankara's priorities remain centered on border security and Kurdish containment, sometimes at the expense of broader stabilization objectives. Iran's role in Syria has shifted from dominant strategic sponsorship to a more constrained and indirect presence, with Tehran increasingly reliant on informal networks rather than decisive leverage over Syrian state decision-making. This influence is now mediated primarily through Lebanese Hezbollah in parts of

western Syria; Iran-aligned Iraqi groups, such as Kataib Hezbollah and Harakat al-Nujaba, operating episodically along strategic corridors; and IRGC-trained Syrian local formations embedded in select areas outside formal Syrian Arab Army command structures. Israel, by contrast, has engaged the new Syrian administration almost exclusively through a security-driven lens, treating developments in southern Syria and the occupied Golan Heights as justification for expanded military action. Since the removal of al-Assad, Israel has intensified airstrikes and ground deployments, using the transitional environment to consolidate its military footprint and assert de facto control in and around the Golan disengagement zone. From a Gulf perspective, these actions extend beyond defensive posturing, risk entrenching localized instability, and undermine Syrian sovereignty, particularly as they contravene the 1974 Disengagement of Forces Agreement. While most UN Security Council members view Israeli operations as destabilizing, continued U.S. political cover has limited accountability. Looking ahead to 2026, U.S.-mediated contacts between Syria and Israel are likely to continue, but Israel's expanded posture, coupled with unresolved disputes over withdrawal lines, demilitarization, and humanitarian access, especially in the Suwayda area, significantly constrains prospects for a durable security arrangement. Russia, meanwhile, seeks to preserve relevance as a security interlocutor through limited military presence and mediation mechanisms, though its ability to shape outcomes has narrowed, positioning it as a manager of residual interests rather than a decisive actor.

Beyond the region, the United States will continue to privilege containment over political transformation, prioritizing counterterrorism and de-escalation. The European Union is expected to remain a key gatekeeper of economic normalization, linking sanctions calibration and assistance to stability and refugee considerations, while the United Nations continues to provide a monitoring and facilitation framework. Collectively, these responses suggest that Syria in 2026 will be shaped by overlapping efforts to manage risk and prevent renewed fragmentation rather than by ambitious transformation agendas.



Taken together, these diverse regional and international approaches underline a central challenge for 2026: the need to align security-driven engagement around Syria within a minimum framework of coordination. While actors differ in priorities and instruments, the absence of policy convergence risks turning Syria into a space where overlapping agendas operate at cross-purposes, undermining stabilization efforts. Avoiding this outcome will require sustained coordination focused on de-escalation, respect for Syrian sovereignty, and the containment of security risks, ensuring that Syria's transition does not once again become a battlefield for competing regional and international policies.

Three broad trajectories can be identified for 2026:

One scenario centers on managed stabilization, marked by gradual consolidation of authority, limited institutional reform, and a continued reduction in large-scale spillover without reaching a full political settlement. This trajectory would be reflected in sustained security coordination against terrorist sleeper cells, the avoidance of major military escalation in the northeast or south, including restraint along the southern front, incremental progress on security sector restructuring, and the continued use of economic and diplomatic engagement as conditional leverage rather than unconditional normalization.

A second scenario involves fragmented containment, in which chronic instability persists without systemic collapse. Under this outcome, violence remains localized and episodic, driven by unresolved armed structures, low-intensity militant activity in peripheral areas such as the Syrian desert, stalled political integration with actors like the SDF, and intermittent Israeli military action aimed at managing perceived security threats in southern Syria. Indicators would include recurring security incidents without territorial change, prolonged delays in military and administrative integration, and continued reliance on external actors to contain escalation rather than resolve underlying tensions.

A third scenario entails renewed destabilization driven by internal conflict, regional miscalculation, or breakdowns in security coordination. Although current dynamics do not indicate a return to generalized conflict, the persistence of unresolved security files means that localized shocks could still cascade into wider instability. Warning signs would include a major confrontation linked to the SDF file, sustained escalation in southern Syria drawing in regional actors, intensified Israeli strikes triggering retaliatory dynamics, fragmentation within security institutions, or a surge in coordinated terrorist attacks exploiting governance vacuums. While a return to nationwide war remains unlikely, such dynamics would significantly raise regional risk and undermine the gains of the post-Assad transition.

Syria and Middle East Stability

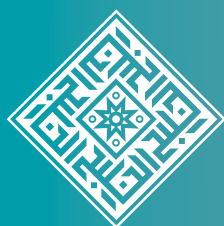
Syria's transition has entered a decisive phase. The end of the al-Assad regime and the retreat of Iranian backing have created a rare strategic opening. Whether these openings produce stability or prolonged uncertainty depends on the ability of the state to consolidate authority, advance institutional reform, and manage security and social pressures simultaneously.

Regional pragmatism will be the principal driver of outcomes. The costs of unresolved transitions are not abstract: failure would translate into renewed displacement, persistent insecurity, and mounting regional strain. Success, by contrast, would represent a significant Arab achievement, reinforcing a regional model centered on stability, state cohesion, and risk containment through pragmatic coordination and gradual institutional consolidation. The year 2026 will not deliver resolution, but it will determine direction. Syria's future will be shaped by whether domestic and external actors can exercise restraint in military engagement, security responses, and unilateral escalation, while allowing reform and coordination mechanisms to keep pace with the pressures of transition.




Section IV

Global Power Shifts & External Strategic Relations



10



U.S. Policy Volatility and Global Governance Fragmentation: Impact on U.S.-GCC Relations



Amnah Mosly

Researcher

The U.S.-GCC strategic partnership is evolving. While common interests such as energy stability, counterterrorism, and maritime security continue to prevail, the increased variability in U.S. foreign policy and the broader fragmentation of global governance have meant that the framework around which the relationship is structured is changing. While the U.S. remains the main security partner for the Gulf region, fluctuations in U.S. foreign policy, driven by successive administrations with different agendas, have raised doubts about Washington's long-term reliability in the region. Consequently, the GCC states are pursuing strategies that reflect greater strategic autonomy, including initiatives such as the GCC Vision for Regional Security and the GCC states' respective national transformation agendas. These suggest a region that is becoming more self-reliant and diplomatically assertive. As the structures of global governance, once defined by U.S. hegemony, continue to be brought into question, middle powers such as the GCC states are moving beyond depending solely on a single actor and more towards a multipolar diplomatic and security architecture that better serves their long-term interests. In essence, the GCC states are no longer simply reacting to U.S. policy but are proactively adapting to this new global reality.

U.S. Policy Volatility

The U.S.-GCC relationship has been based on a simple formula widely known as "oil-for-

security." The GCC would guarantee a steady and uninterrupted flow of oil to world markets, while the United States would provide security to both governments and waterways so that the oil would reach the end consumer. While the bargain held for decades, a series of policy decisions in Washington has signaled inconsistency and disengagement, raising doubts about whether the U.S. would uphold that commitment during times of crisis. This volatility has spanned both recent Republican and Democratic administrations, creating bipartisan concern in Gulf capitals.

Using the last three administrations as examples, President Donald Trump's first term introduced a transactional approach to foreign policy, prioritizing economic ties and deals with the GCC states. The President choosing Saudi Arabia for his first foreign visit as president in 2017 was symbolic in underlining the importance of Saudi-U.S. relations, but more importantly, it led to significant economic and defense agreements between the two countries. At the same time, divergences began to appear. The Trump administration's decision to withdraw the U.S. from the Joint Comprehensive Plan of Action (JCPOA) in 2018 and to announce a campaign of "maximum pressure" on Tehran escalated tensions with Iran, leaving the GCC states caught in the middle of an intensifying confrontation that threatened to draw in the entire region.

The September 2019 missile and drone attacks on Saudi Arabia's Abqaiq and Khurais oil facilities marked another moment of doubt about the credibility of the U.S. security guarantee for the GCC states. Washington's so-called "no response," which was limited to sanctions and defensive deployments, was widely perceived in Riyadh as insufficient. Thus, the United States' willingness to decisively defend its Gulf partners was openly questioned.

The subsequent administration of Former President Joe Biden brought yet another shift in tone and strategy to the U.S.-GCC relationship. His early pledge to "recalibrate" relations with the Gulf, particularly Saudi Arabia, was perceived as a signal of disengagement, raising concerns about the stability of the partnership. This perception was dramatically reinforced by the withdrawal of U.S. forces from Afghanistan in August 2021, which was widely regarded as "chaotic."



Photo Source: Axios (2025)

President Donald Trump's return to office in 2025 marked an assertive U.S. re-engagement with the GCC countries, particularly Saudi Arabia. His decision to make the Kingdom the destination of his first foreign visit for a second time was symbolic and reflected strategic calculation. Yet, economic opportunism appeared to prevail. During President Trump's visit to the Gulf in May 2025, a series of agreements totaling over \$2 trillion were concluded across multiple sectors. Meanwhile, no real progress was achieved on a U.S.-Saudi defense pact or on a U.S.-Saudi agreement on nuclear energy cooperation, putting their relationship on a two-track trajectory: one economic and one as far as political and security issues are concerned.

Two areas that have gained importance are information technology (IT) and artificial intelligence (AI). During President Trump's Gulf tour, Saudi Arabia announced a \$600 billion investment initiative aimed at next-generation technologies, energy, healthcare, and financial services. Similar developments were recorded in Qatar and the United Arab Emirates. Qatar pledged up to \$1 billion for quantum computing projects in partnership with a U.S. firm, while the UAE and the United States also announced a 10-year, \$1.4 trillion investment framework to promote cooperation in artificial intelligence, energy, semiconductors, and national security. Outside of their significance for U.S.-GCC ties, these investments more importantly align with

the GCC's broader economic diversification efforts and strategy to become global leaders in artificial intelligence and digital innovation.

Shortly after President Trump's visit to Saudi Arabia, the Kingdom's Crown Prince and Prime Minister traveled to Washington in November 2025. Apart from ceremonial displays, the visit reflected a confident and clear-eyed Kingdom that will not compromise on any of its long-established positions. For instance, on the issue of normalization with Israel, the Crown Prince maintained that a long-term solution involving the establishment of a Palestinian state must be pursued before the Kingdom can consider such a step. The Kingdom continues to view a just resolution for Palestine through a two-

state solution based on the 1967 borders with East Jerusalem as its capital as a prerequisite for wider and more lasting regional stability.

The defense sector is another good example of the evolving U.S.-GCC relationship. On the one hand, the United States and Saudi Arabia formalized the largest defense sales agreement in history, valued at nearly \$142 billion. President Trump's assurance that he would "never hesitate" to use military force to defend the Kingdom further distinguished his administration from previous U.S. approaches and reinforced U.S. security commitments in the region. Qatar signed a \$1.2 trillion economic cooperation package, including \$243.5 billion in commercial and defense contracts.



Photo Source: Al-Monitor (2025)

On the other hand, while the defense deals appear promising, they still fall short of what the region is looking for. Consequently, the region is strengthening and broadening its network of security partners. The most recent example is Saudi Arabia and Pakistan signing a "strategic mutual defense agreement" in September 2025. At its core,

the agreement commits Saudi Arabia and Pakistan to treat any aggression against one as aggression against both. The pact should not be interpreted as a mechanism through which Pakistan would become a substitute for the United States as the principal security partner for Riyadh or the Gulf states, but rather, as complementary to it. In essence, while the

GCC states are not looking to replace the role of the United States, they are no longer willing to wait passively and exclusively for U.S. reassurances.

GCC Strategic Autonomy and Regional Agency

The above-cited instances have contributed to a growing perception across the GCC that while the United States is indispensable, it is also equally unpredictable. Washington remains the principal security partner, yet its long-term regional engagement is increasingly questioned. Consequently, the Gulf's strategic calculus increasingly balances reliance on U.S. support with independent planning and regional engagement.

This is evident in the manner in which Gulf foreign policy has begun to shed its image as a passive actor in global affairs, instead emerging as a regional power broker actively shaping the geopolitical landscape in the broader pursuit of increased strategic autonomy. This should not be viewed as a rejection of the United States, but rather an adaptation to an era of global fragmentation and U.S. unpredictability. For example, the GCC Vision for Regional Security, issued in May 2024, emphasizes:

1. **Self-Reliance:** Strengthening internal defense capabilities and localizing defense industries to reduce dependence on foreign military sales and maintenance.
2. **Regional Ownership:** Prioritizing regional dialogue and collective security frameworks, positioning the GCC as the primary architect of its own security environment.
3. **Active Diplomacy:** Utilizing the GCC's economic and political weight to mediate conflicts and promote de-escalation, rather than relying on external powers to solve regional disputes.



Photo Source: Foreign Ministry of Oman (2024)

The China-brokered rapprochement between Saudi Arabia and Iran in March 2023 represents another example of this shift. Convinced that regional tensions must be pursued through de-escalation policies and diplomatic efforts, Saudi Arabia went against U.S. policy that continued to see continued confrontation with Iran as the key element of its regional security approach. Other Gulf examples since then have included Qatar positioning itself as a diplomatic hub through its various mediation efforts, including in Gaza; Saudi Arabia and France spearheading the initiative for the recognition of the two-state solution at the UN in July 2025; and Oman attempting to get U.S.-Iran nuclear negotiations back on track following the 12-Day War between Iran and Israel in June 2025, despite continued Israeli objections to such a course of action.

Saudi Arabia's establishment of the Global Alliance for the Implementation of the Two-State Solution is another initiative to re-center the Palestinian issue on the international agenda and to push for a resolution that aligns with the Arab Peace Initiative. This move, which often involves public criticism of Israeli actions and takes a firm stance on Palestinian statehood, contrasts sharply with the U.S.'s more cautious and often Israel-centric diplomatic approach, demonstrating the GCC's willingness to pursue independent political strategies.

The Fragmentation of Global Governance and the Multipolar World

The GCC pursuing strategic autonomy is a rational response to the fragmentation of global governance and the emergence of a multipolar world order. Their relationship with China, for instance, is primarily economic but carries significant geopolitical weight. China is the GCC's largest trading partner and a major consumer of its oil. Moreover, the GCC's integration into China's Belt and Road Initiative (BRI) provides crucial infrastructure investment and access to Asian markets, both of which are vital to the Gulf's economic diversification. China's willingness to mediate the Saudi-Iran rapprochement in 2023 was a landmark moment in the sense that it recognized the utility of different actors outside of the United States coming to the forefront to assist in resolving regional issues.

Similarly, relations with Russia focus on maintaining energy market stability. Through OPEC+, Saudi Arabia and Russia have developed a collaborative framework to coordinate oil production levels, which is essential for the

financial stability of the Gulf. This partnership, which frequently places Riyadh in opposition to Washington's energy policy preferences, exemplifies the exercise of strategic autonomy. Moreover, Saudi Arabia's growing role in international diplomacy was evident in its hosting of the Ukraine peace talks among senior officials from around 40 countries in early August 2023 in Jeddah.

In conclusion, the United States will remain the GCC's primary security partner for the foreseeable future, given that U.S. military assets, defense systems, intelligence cooperation, and naval presence in the Gulf are unmatched by any other actor. The GCC is not seeking an alternative to the United States but is instead pursuing a multi-layered architecture that complements the U.S. role, as the GCC's concern is not U.S. capabilities but U.S. predictability. The GCC Vision, national transformation programs, and a series of diplomatic initiatives reflect a region that is assertively shaping its strategic environment. The challenge for Washington is to prove that its long-term commitment is more reliable than the short-term political cycles that have defined its recent engagement.



Photo Source: GCC-SG (2025)

11

Déjà Vu for EU-GCC Ties in 2026?



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2026 could prove to be a decisive year for EU-GCC ties as it will provide the opportunity for relations to become truly strategic or revert to their underperformance of the past. Institutional ties have expanded significantly ever since the EU's formal adoption of its "Strategic Partnership" with the Gulf in 2022.^[1] Both sides have since made consistent declarations highlighting the value of ties, with H.E. Jasem Mohamed Albudaiwi, Secretary General of the GCC, stating that "the GCC-European strategic partnership represents a model for joint stability and security in light of accelerated and unprecedented regional and global challenges,"^[2] while EU Commission President Ursula von der Leyen stated that the EU wants "a partnership that is positive, wide-ranging and that delivers."^[3] Over the past few years, these positive increased institutional exchanges have brought about a higher degree of convergence on key issues.

Still, a real breakthrough has not yet been achieved. Free Trade Agreement (FTA) negotiations have made no significant progress while the emphasis has shifted instead to concluding bi-lateral deals with individual GCC states rather than bringing about the larger and long-awaited EU-GCC FTA. Visa facilitation remains elusive with only the UAE enjoying easy, visa-on-arrival access to EU countries. And while both sides tend to agree in broad terms on what needs to be done to calm regional tensions in the Middle East, a concrete agenda translating these shared principles into actionable strategies--particularly in Gaza, Syria, Lebanon, Sudan, Libya, and Yemen--has yet to materialize. Meaningful progress on these fronts in 2026 will be essential if the idea of a true

strategic partnership is to avoid being hollowed yet again.

A Busy Year

2025 was another year in which the institutional ties between the EU and the GCC continued to deepen. The 29th GCC-EU Joint Council and Ministerial Meeting, held in Kuwait City on October 5 and 6, 2025, brought together senior officials including GCC foreign ministers and EU High Representative Kaja Kallas. The meeting produced an extensive communique outlining roadmaps across trade, energy, maritime security, and, in particular, regional security issues.

In July 2025, the EU Council adopted a mandate to launch bilateral Strategic Partnership Agreements (SPAs) with each of the GCC member states. Such agreements aim to deepen cooperation in foreign policy, security, trade, energy, environment, digital technology, and people-to-people exchange. The Council decision can be viewed as one of the most substantive policy outcomes of 2025 as it enables formal negotiations that could potentially reshape EU-GCC relations.

The second meeting of the EU-GCC Regional Security Dialogue held in Brussels on April 24, 2025, addressed joint security challenges, including maritime security, cyber and hybrid threats, terrorism, non-proliferation, and disaster response. This format is part of ongoing efforts to operationalize the security pillar of the broader strategic partnership agreed to during the 2024 summit.

There was also the first EU-GCC 1.5 Track Dialogue on Cyber Diplomacy that took place in Riyadh on October 1 and 2, 2025 as a multi-stakeholder dialogue between government, academia, civil society, and industry on issues of cyber cooperation, confidence-building, and responsible state behavior in cyberspace. The event expanded cooperation in digital and cyber domains, pushing beyond traditional intergovernmental formats to include experts and practitioners. There was also the GCC Standardization & Quality Cooperation mission to Brussels in May 2025 featuring high-level technical exchanges between the GCC Standardization Organization (GSO) and European bodies such as CEN, CENELEC, EA, and EUROLAB. Harmonizing standards and quality infrastructure remains a key foundation for trade and economic integration as they support longer-term economic and regulatory alignment.

Parliamentary engagement also took place in 2025, including a meeting in Abu Dhabi in June 2025 between GCC parliamentary speakers and the President of the European Parliament to enhance parliamentary and legislative dialogue. In addition, throughout 2025 numerous delegations from GCC Shura Councils visited Brussels and the EU-GCC Business Summit held in November 2025 in Kuwait brought together policymakers, investors, and business leaders at the EU-GCC Dialogue on Economic Diversification. Topics discussed included trade, innovation, AI, sustainable growth, and SME cooperation. Strengthening economic and private sector links continues to be seen as one of the main pillars of the framework of EU-GCC ties.



Photo Source: Reuters (2024)

Shared Analysis but Not Shared Action

One can argue that despite statements from European officials suggesting the importance of relations with the GCC states for Europe, where the GCC actually stands among European priorities remains unclear. While there has been a plethora of statements, including long communiques issued after both the EU-GCC Summit in October 2005 and the most recent ministerial council meeting in Kuwait, it is still not evident that the two sides are pulling on the same string or moving in the same direction.

On the free trade issue, the EU has opened bi-lateral negotiations with the UAE while suggesting that similar agreements could be struck with all other GCC member states individually. The same effort at the multilateral level is not as apparent and a hearing of the trade committee in the European Parliament in October 2025 echoed old accusations on human and labor rights abuses, failing to acknowledge the fact that numerous labor reforms have been instituted in the GCC states or that the EU is holding substantive and regular individual human rights consultations with each GCC state. Despite strong arguments in favor of more extensive people-to-people contact between the two sides, no advancements were made on visa facilitation or Schengen-free visa access for all GCC states to the EU in 2025. Moving this issue through European bureaucracy continues to be the most obvious obstacle, but this is often perceived by the GCC states as a smokescreen for the EU to hide behind when meaningful steps fail to materialize. On these two issues of importance to the GCC, the EU appears unable to take concrete steps.

The same can be said when it comes to regional crises and the urgent need to engage in viable steps that will first de-escalate, and second, resolve many of the conflicts which consume the wider Middle East. The EU's ambivalence over the Gaza issue is the most obvious example, with the notion that Europe invokes international humanitarian law selectively having hardened. Despite a ceasefire being in place in Gaza since October 2025, the war has waged on including regular Israeli bombings, and there is no significant movement in place to move



Photo Source: Al Arabiya (2025)

ahead with other parts of the Trump peace plan. While the EU has committed significant amounts to the Palestinian Authority, the next steps still lack a clear mandate, an identified command structure, and precise rules of engagement for a possible deployment of a stabilization force. For the GCC states, active engagement by Europe on the stalled situation is seen as critical given the conviction that the region will otherwise remain volatile and trapped in a never-ending spiral of violence--something that serves neither side's interests.

As far as other regional hotspots are concerned, European policies continue to disappoint. While the GCC states are actively engaging in Syria to support the building of state structures and offering extensive economic and humanitarian assistance that will allow Syria to escape its failed-state scenario, Europe has failed to display a similar level of commitment or to work out a detailed action plan in cooperation with the GCC states that strengthens Syrian stability. Instead, countries like Germany have begun to re-patriate Syrians back to their homeland, including ones convicted of violent crimes, despite the general acknowledgement that the security situation inside the country remains highly volatile. The Syrian example underlines the fact that despite a shared analysis that Syrian stability is critical for regional stability as a whole, the EU and GCC have not been able to establish common policies that would impact the situation on the ground.

By the time that the second EU-GCC summit comes around in the fall of 2026, it will be clear if EU-GCC relations will indeed have become more strategic or if the identified expectations surrounding their ties have once again been overblown. What is already clear is that Europe is struggling to come to terms with the acute security challenges it faces, including the Ukraine War and what is required to protect Europe proper. What is equally clear is that the GCC states are not going to wait for Europe to make up its mind to deliver on what a strategic partnership should entail. The China-Arab Summit and China-GCC Summit are both happening in 2026, a clear sign that GCC states are well aware of the urgency of the current international environment. To be sure, the GCC states want to work first and foremost with Europe to manage many of the regional tensions, especially given that the United States is not the same reliable security partner it once was. Equally, economic transactionalism and increased trade tariffs suggest that, for the EU and the GCC, an economic agenda based on connectivity and technology would be directly beneficial. Given the lack of concrete steps taken in 2025, 2026 could turn out to be crunch time for EU-GCC ties.

[1] See https://www.eeas.europa.eu/eeas/joint-communication-%E2%80%9Cstrategic-partnership-gulf%E2%80%9D_en

[2] <https://www.gcc-sg.org/en/MediaCenter/News/Pages/news2025-10-6-1.aspx>

[3] https://ec.europa.eu/commission/presscorner/detail/en/speech_24_5326

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Cyprus's Presidency of the EU and Its Significance for the Gulf



Houda Barroug

Researcher

On January 1, 2026, the Republic of Cyprus will assume the six-month rotating presidency of the Council of the EU. Following the previous presidencies of Poland (first half of 2025) and Denmark (second half of 2025), Cyprus is the last country in this trio's rotation, implying continuity in the priorities set out in the [18-month agenda](#). With a reiteration on the dossiers of migration, competitiveness, strategic autonomy, and defense, Cyprus builds on existing momentum to further pursue the EU's agenda on strategic autonomy and an outward-looking approach, as well as emphasize social cohesion. The presidency also highlights its focus on better engagement with Southern Neighborhoods, water security, and enlargement talks, all while ensuring space to identify and address its own regional priorities.

This is Cyprus's second time in the presidency, fourteen years after its first mandate in 2012. Cyprus is expected to carry out its mission through the various economic and geopolitical challenges facing the bloc. [Marilena Raouna](#), Deputy Minister of European Affairs, indicates that this presidency is the country's national mission and opportunity to act as a united voice for all twenty-seven countries. Cyprus will be required to steer critical negotiations on major issues because the presidency represents a long-term investment for Cyprus to anchor itself as a core EU member capable of creating solutions to the challenges facing the bloc.

To strategically oversee these objectives, Cyprus increased its staff in Brussels and has already identified over 270 meetings to engage in at various

levels, including but not limited to high-level meetings, informal ministerial councils, etc. This also includes potentially hosting member countries from the Mediterranean Pact in April 2026.

Building on Draghi and Trio Momentum

Many of the elements Cyprus's presidency will focus on have been outlined in the Draghi report, predominantly competitiveness, security and defense, energy, and overregulation. On [competitiveness](#), Cyprus emphasizes its focus on fostering a more business-friendly environment by reducing bureaucracy, simplifying regulations, decluttering EU tax regulations, and rapidly integrating the EU's capital markets, as well as the bloc's Banking Union. The aim of this approach is not eventual deregulation, but to ensure the effectiveness, ease of use, and proportionality of the rules in place. This is consistent with the Danish presidency's emphasis on competitiveness, while also reflecting Poland's economic security priorities (primarily streamlining regulations and fostering clean energy transitions to bolster its resilience.)

On energy, [Michael Damianos](#), Cyprus's Energy Minister, emphasizes the Republic's readiness to continue working "with determination" towards a more sustainable European energy union. He identified the EU networks package as "essential and crucial," therefore envisioning to enhance energy security through a combination of affordable pricing and alternative supply routes. This directly supports Danish calls to accelerate the bloc's [REPowerEU](#) plans and Polish efforts to ensure diversification of supplies amid rising hybrid threats.



Photo Source: European Commission (2024)

On Security and Defense, and despite Cyprus not being a NATO member, it envisions a 360-degree approach aimed at broadening the lens through which the EU and its partners engage with major strategic objectives. Deputy Minister Raouna emphasizes that [Ukraine](#) will not constitute the sole analytical lens through which these objectives will be approached. The 360-degree approach expands existing frameworks and enhances the mechanisms in place to ensure the bloc comprehensively addresses the threats at its borders. The Republic is set to promote the rapid implementation of the [White Paper on European Defence - Readiness 2030](#) and its accompanying [Defence Readiness Roadmap 2030](#). This will encompass transatlantic relations and the rollout of the Migration Pact and broaden the scope of the shared security initiative, building upon Poland's defense program and Denmark's Strategic Compass.

In alignment with Draghi's call for competitiveness through fiscal efficiency, the Republic also aims to address the bloc's legislative load and budget. [Cyprus](#) inherits over 300 legislative and other files from previous presidencies and is expected to negotiate them within 190 working groups and subgroups in Brussels. Cyprus prioritizes addressing all sectoral legislative files, targeting an indicative [MFF 2028-2034 framework](#) by June 2026. The emphasis will be on boosting defense expenditures and securing funding for the green transition.

Beyond the Draghi report, Cyprus sees enlargement and EU-Turkey relations as shared geopolitical priorities in the trio presidency. On enlargement, Cyprus is expanding on ongoing support for Ukraine, the Western Balkans, and Moldova toward an

"[autonomous Union open to the world](#)." It indicates hosting ministerial meetings aimed at navigating roadblocks faced in fundamental reforms, the rule of law, and economic integration for Montenegro and Serbia. Simultaneously, Cyprus will work to propel Ukraine's progress in the face of the country's war challenges. This strategy builds on Poland's view of enlargement as a bulwark against Russian influence and Denmark's emphasis on aligning the Western Balkans with both the EU and NATO. The goal is to ensure consistent advancement toward a geopolitically robust and relevant EU, a vision that echoes Draghi's call for greater strategic depth.

In the context of EU-Turkey relations, Cyprus will leverage its presidency to serve as an honest mediator. The Republic will be expected to uphold the Exclusive Economic Zone (EEZ) and Varosha [red lines](#) while pursuing maritime security and regional stability. Moreover, Cyprus indicated its willingness to invite Turkish President Recep [Erdoğan](#) to the informal council meeting in Cyprus next April, which could prove effective in easing tensions around gas exploration and the reunification of Cyprus. This initiative could also foster confidence through people-to-people interactions and joint maritime patrols, all without compromising the country's sovereignty. This effectively integrates Cyprus's national priorities into Draghi's call for secure supply chains and border resilience.

New Mediterranean Priorities

Cyprus upholds migration as a core priority in its presidency. Given its position as a frontline Mediterranean state, Cyprus indicates full commitment to the implementation of the bloc's [Pact on Migration and Asylum](#). It backs the EU-wide "[Safe Country](#)" list to fast-track its asylum rejections - unless applicants can prove individual risk. The list includes Bangladesh, India, Egypt, Morocco, Tunisia, Colombia, and Kosovo. The approach is believed to complement Cyprus's existing strategy of prioritizing returns and includes stricter border controls and efforts to curb secondary movements. It recognizes the need for realistic, rules-based migration management and improves burden-sharing among member states.

Moreover, Cyprus's "open to the world" pillar is driving the country's outreach to Southern and Eastern Neighborhoods, Arab League partners, and Gulf states for trade, security, and energy resilience, as well as [migration returns](#) through "voluntary programs" and "return hubs." Raouna stresses that the EU must be present at the decision-making table on matters that concern the Middle East, so the bloc can effectively lead the way in the global and, most importantly, the EU's, efforts on regional de-escalation. Raouna also emphasized the Presidency's aim to support the New Pact for the Mediterranean through concrete collaborative projects. On a more transatlantic level, Cyprus highlights strengthening ties by leveraging EU-NATO synergies, joint defense procurement, and increased [EU-US engagement](#) and consultations on critical dossiers- especially the Middle East and the Eastern Mediterranean, all to ensure burden-sharing.

Cyprus integrates the most prominent Mediterranean vulnerability, water security, into the core of its green transition agenda. Nicosia will build on the EU Commission's [Water Resilience Strategy](#) to further address mounting threats. The focus will be on sharing desalination technology, building climate-resilient infrastructure, and establishing neighborhood agreements to manage resource scarcity. Furthermore, Cyprus could also bring together Southern Neighborhood partners through water diplomacy forums, promote EU-funded projects aimed at drought mitigation and the management of cross-border aquifers, and strengthen food security in the face of climate challenges.

Cyprus places a particular focus on the [GCC](#) countries, emphasizing its commitment to "developing a structured partnership with Gulf countries and pursuing mutually advantageous trade agreements." The partnership will aim to diversify energy sources, secure LNG imports, and ensure the reliability and sustainability of critical raw materials supply chains. Moreover, the Republic will work to bolster "the implementation of the EU

Maritime Security Strategy, including enhanced cooperation with...partners in...the Gulf," with a particular focus on Red Sea chokepoints and anti-piracy efforts. The Presidency also highlights its commitment "to supporting the implementation of the comprehensive peace plan in Gaza and facilitating the distribution of humanitarian aid." This will allow Cyprus to leverage its strategic location in the Eastern Mediterranean to foster both EU-GCC cooperation on regional stability as well as the country's position as a regional mediator.



Photo Source: Amiri Diwan (2024)

Cyprus's Strategic Balancing Act

Cyprus is set to carefully manage the competing demands of the European Union and its own unique geopolitical situation. This positions Nicosia as a credible mediator and potential bridge between the East and West, North and South of the EU. Success of this final rotation is contingent on progress in MFF negotiations and Mediterranean agreements, especially considering the changing US policies under President Trump. This could open doors for EU-Gulf energy collaborations, while also advancing EU-Turkey negotiations. Nicosia could advance water diplomacy as a fundamental EU-Southern Neighborhood project, strengthening strategic independence. However, failure to reconcile national interests with the consensus of the bloc or consider Southern perspectives will slow down the enlargement process and aim for larger regional cooperation.

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The 2026 Strategic Outlook for GCC-China Relations

Photo Source: [Saudi Gazette](#) (2022)



Yuan Zhang

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The year 2026 is set to become a key point in relations between the People's Republic of China and the member states of the Gulf Cooperation Council (GCC).^[1] It coincides with the launch of China's 15th Five-Year Plan (2026–2030), during which Beijing seeks to consolidate its shift from a predominantly trade-focused partner to a more comprehensive player in the Middle East.

Central to this transition is an unusual diplomatic convergence: Beijing will host both the second China–Arab States Summit and the second China–GCC Summit within the same year. These summits are not ceremonial events. They are designed to send a clear, high-level signal of intent, anchoring what Chinese policymakers frame as a “leapfrog” phase in bilateral relations that extends beyond commerce into political coordination, financial infrastructure, and cultural exchange.

Against the backdrop of a fragmenting global order and accelerating multipolarity, the GCC states, particularly Saudi Arabia and the United Arab Emirates, are increasingly indispensable to China's pursuit of economic resilience and technological upgrading. This report examines the developments expected in 2026 as a critical juncture, with particular attention to shifts in diplomacy and economy. It also situates these dynamics within the growing constraints imposed by U.S. pressure, aimed at preserving a distance between the GCC and China.^[2]

The 2026 Diplomatic Super-Cycle

The dual summits scheduled for 2026 constitute the principal institutional vehicle for operationalizing the concept of a “China–Arab community with a shared future.”^[3] For the GCC states, participation in this framework reflects a broader pursuit of strategic autonomy: a shift away from narrowly defined bilateral alignments toward a more coordinated multilateral posture that enhances collective regional leverage. The 2026 summits are expected to concentrate on advancing the “Five Cooperation Frameworks,” a structured agenda encompassing innovation, investment, energy, trade, and people-to-people exchanges.^[4]

Politically, 2026 is likely to witness a convergence of positions on regional security and the Palestinian issue. Beijing has indicated that the summit process will be used to articulate a unified position on major Middle Eastern flashpoints, thereby reinforcing China's self-presentation as a facilitator of dialogue and a proponent of the two-state solution.^[5] This diplomatic posture builds directly on China's brokering of the Saudi–Iran rapprochement, which Chinese officials continue to frame as an exemplar of “good global governance” grounded in the UN Charter, non-interference, and respect for state sovereignty.

Economic Expectations for 2026

The economic landscape of 2026 is characterized by steady growth in both regions. China is expected to maintain an annual growth target of nearly 5 percent, supported by a proactive fiscal policy and a transition to a more domestically driven economic model.^[6] Meanwhile, GCC economies are projected to outperform their international peers, with real GDP expansion set to reach 4.4 percent.^[7]



Photo Source: Asharq Al Awsat (2024)

Economic Infrastructure: Finalizing the Free Trade Agreement

The most consequential economic development anticipated for 2026 is the conclusion of the China–GCC Free Trade Agreement (FTA). After more than two decades of intermittent negotiations, officials on both sides now describe the conditions as “basically ripe” for closure.^[8] At a time of intensifying protectionism and weakening WTO disciplines, the signing of the FTA is intended to signal a shared commitment to managed liberalization rather than unfettered free trade.

The agreement is expected to eliminate or sharply reduce tariffs on up to 98 percent of traded goods, deepening the GCC’s integration into China-centered industrial supply chains.^[9] For China, the FTA would secure long-term hydrocarbon access while expanding market entry for Chinese manufactured goods and technology services. For the GCC, it offers a hedge against external trade volatility and preferential access to the world’s largest consumer market, particularly for non-oil

exports such as chemicals and selected agricultural products.^[10]

The GCC’s adoption of anti-dumping measures in late 2025 marks a critical recalibration of this relationship. Rather than undermining the FTA, these policies reflect the political economy constraints of Gulf industrialization. The central tension lies between China’s export-driven overcapacity and the GCC’s Vision 2030-era push to build domestic manufacturing and downstream value chains. A viable FTA will therefore depend on credible safeguards, rules-based dispute mechanisms, and incentives for localized Chinese investment. Absent such balance, persistent dumping pressures risk eroding Gulf industrial policy and provoking defensive protectionism—placing full trade liberalization on structurally unstable ground.

Technological Hegemony: AI, the Digital Silk Road, and the Fourth Industrial Revolution

2026 is widely projected as the year for artificial intelligence in the GCC, marking the transition from strategic blueprints to national-scale implementation. Gulf governments are moving beyond vision documents toward execution across public services, infrastructure, and industrial policy.^[11] China is positioning itself as a central partner in this shift, leveraging its “AI Plus” initiative^[12] to embed Chinese algorithms, hardware systems, and governance frameworks into the region’s critical digital infrastructure.

Beijing’s 2026 agenda includes the establishment of ten joint laboratories with Arab partners, spanning artificial intelligence, modern agriculture, space technology, and information systems. This expanding technological cooperation forms a core pillar of the Digital Silk Road, where Chinese firms—most notably Huawei and ZTE—have already emerged as global frontrunners in deploying 5.5G networks across Saudi Arabia and the UAE.^[13] These deployments are not merely commercial projects but foundational layers for future AI-driven governance and industrial systems.



Photo Source: [TelecomTV \(2023\)](#)

Managing Energy Transition: Hydrocarbons, Renewables, and Cooperation between China and the GCC

Energy remains the structural backbone of the China–GCC relationship, but by 2026 the content of cooperation is expected to experience a qualitative shift. While oil and gas trade continues to underpin China’s energy security and Gulf export revenues, bilateral engagement is expanding toward a more complex framework of strategic energy research and development.^[14] The emerging model emphasizes “integrated energy cooperation,” in which hydrocarbons and renewable technologies are developed in parallel rather than treated as substitutes. This dual-track approach reflects not a clean transition, but a deliberate effort to manage structural dependence while signaling long-term adjustment.

China’s 15th Five-Year Plan places carbon neutrality, energy efficiency, and the expansion of green electricity at the center of its long-term growth strategy. In the Gulf, these priorities translate into higher-quality Belt and Road

cooperation focused on solar innovation, energy storage, and green hydrogen, aligning Chinese industrial capacity with Gulf capital, land availability, and carbon-reduction goals. At the same time, neither side treats green cooperation as a near-term replacement for hydrocarbons; instead, renewables function as a strategic hedge layered onto an energy relationship that remains oil centered.

Navigating U.S. Pressure and the “Turnberry” Reality

The most significant external challenge to the China–GCC relations in 2026 arises from the intensifying U.S.–China rivalry and Washington’s increasingly transactional approach to economic statecraft. As the United States moves toward what can be described as a “Turnberry system”, a trade and security framework built around reciprocal tariffs, selective market access, and deal-based bargaining, GCC states face growing pressure to reconcile U.S. security guarantees with deepening Chinese economic integration. The challenge is not alignment *per se* but managing incompatibilities between the two powers without triggering adverse responses.



Photo Source: **Global Times** (2025)

Conclusion

Taken together, the developments anticipated for 2026 suggest not a main pivot by the GCC toward China, but the institutionalization of Gulf hedging beyond easy reversal. As a diplomatic high year for China–GCC relations, 2026 is expected to feature an unusually dense calendar of high-level exchanges, reciprocal visits, and the signing of multiple cooperation agreements and memoranda. The convergence of China’s 15th Five-Year Plan, the dual summits in Beijing, and the potential conclusion of the China–GCC Free Trade Agreement signals a clear intent on both sides to elevate the relationship from ad hoc engagement to more structured, rule-based cooperation.

However, this report forecasts that the substantive yield of these high-level interactions will remain constrained, not by a lack of political goodwill, but by the intensifying pressures generated by U.S.–China competition. For GCC states, the key variable shaping outcomes in 2026 is not the volume of diplomatic engagement, but the narrowing policy space created by U.S. technology controls, secondary sanctions, and security conditionality. As a result, many agreements signed during this diplomatic cycle are likely to emphasize frameworks, principles, and long-term intent rather than immediate, large-scale operational commitments.

[1] This report approaches the GCC as a collective bloc, while recognizing that the depth and orientation of relations with China vary among its six individual members.

[2] "MERICS China Forecast 2026: High expectations for Chinese innovation, low expectations for relations with US and EU". MERICS. Nov. 26, 2025.

[3] "Xi Jinping Attends the Opening Ceremony of the 10th Ministerial Conference of the China-Arab States Cooperation Forum and Delivers a Keynote Speech". MoFA PRC. May 30, 2024.

[4] "Further Deepening Cooperation and Moving Forward to Step up the Building of a China-Arab Community with a Shared Future". MoFA PRC. May 30, 2024.

[5] "Xi Jinping Attends the Opening Ceremony of the 10th Ministerial Conference of the China-Arab States Cooperation Forum and Delivers a Keynote Speech". MoFA PRC. May 30, 2024.

[6] 国家发展和改革委员会, 《坚定信心 真抓实干 奋力实现“十五五”良好开局——从中央政治局会议看2026年经济工作方向》 [Jiāndìng xìnxīn zhēn zhuān shí gàn fèn lì shíxiàn "shíwǔ wǔ" liánghǎo kāijū – cóng Zhōngyāng Zhèngzhìjú huìyì kàn 2026 nián jīngjì gōngzuò fāngxiàng], ""Strengthening Confidence and Advancing with Concrete Action: Striving for a Strong Start to the 15th Five-Year Plan – Insights from the Central Politburo Meeting on the Direction of Economic Work in 2026" NDRC, December 18, 2025.

[7] "GCC economy to grow by 4.4% in 2026: Oxford Economics" Arab News. Dec. 21, 2025.

[8] "China, GCC eye push to ink free trade deal". China Daily. Dec. 16, 2025.

[9] Permanent Mission of the People's Republic of China to the United Nations, "Let Us Take Real Action to Build a China-Arab Community With a Shared Future" (Remarks by H.E. Wang Yi at the 10th Ministerial Conference of the China-Arab States Cooperation Forum, Beijing, May 30, 2024.

[10] Chuchu Zhang, "China's 15th Five-Year Plan and the Gulf: Partners in a Changing World Order," Gulf International Forum, September 2, 2025.

[11] Yasar Jarrar, "Two Mega Trends That Are Set to Shape the GCC in 2026," The National (Opinion/Comment), November 28, 2025,

[12] Ministry of Foreign Affairs of the People's Republic of China, "AI+ International Cooperation Initiative," updated September 24, 2025, fmprc.gov.cn.

[13] Farah Aburaya, "The Future Role of China in the GCC's Tech Transition," Al Habtoor Research Centre, October 20, 2025.

[14] "Xi Jinping Attends the Opening Ceremony of the 10th Ministerial Conference of the China-Arab States Cooperation Forum and Delivers a Keynote Speech". MoFA PRC. May 30, 2024.

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East Asia in 2026: Strategic Trajectories and Their Implications for Gulf Relations



Noriko Suzuki

Senior Advisor

As 2026 dawns, East Asia is facing a period of strategic change, reflecting not only a degree of structural economic adjustment but also a sharpening of geopolitical competition and accelerating energy transition pressures. This combination of factors is reflected in the traditional regional security structures being reconfigured as national policy priorities across the region shift and new terms of engagement develop.

As far as the Gulf Cooperation Council (GCC) states are concerned, these shifts are of profound significance. The last decade has seen the economic energy and political ties across East Asia develop in both scale and complexity. Japan, South Korea, and China account for dominant shares of the Gulf region's hydrocarbon exports and have fostered a degree of mutual interdependence in terms of the stability of energy markets. This has been accompanied by Gulf sovereign wealth funds, national energy companies, and other strategic investors expanding their influence across East Asia markets. This reflects a deepening regional relationship evolving from a merely transactional function to a more strategic and multifaceted partnership.

This broadening of the relationship beyond hydrocarbon trading includes infrastructure development, clean energy, and advanced manufacturing - especially in digital-based

technologies, and maritime security, all heavily underpinned by diplomatic coordination. This paper sets out to assess the strategic direction of East Asian countries and examine the implications for GCC-Asian relations. It seeks to identify primary structural trends, risks, and emerging areas of opportunity in order to guide Gulf policymakers and investors in their strategic planning and thus best position themselves in an increasingly complex regional and global era.

1. East Asia's Strategic Environment and Policy Implications for Gulf States in 2026

Economic security concerns and developing geopolitical competition inevitably shape East Asia's policy choices.

As U.S.-China structural competition develops, the value of a balanced, non-aligned position that has traditionally defined the Gulf's approach becomes increasingly valuable. While engagement with China, particularly in areas of energy security, infrastructure development, and "Belt and Road" initiatives, remains essential, the geopolitical risk attached to an over-reliance on any one market or political system is clear. Maintaining strong and predictable relationships with Japan and South Korea, particularly in LNG supply, clean energy collaboration, and other long-term investment projects, will remain key to hedging against geopolitical uncertainty.

Economic security policies across East Asia also provide opportunities for deeper Gulf participation beyond hydrocarbons. Sectors such as low-carbon energy value chains, hydrogen and ammonia, critical minerals, advanced materials, logistics hubs, and digital infrastructure are increasingly treated as strategic assets rather than purely commercial ones. Gulf sovereign wealth funds are well-positioned to act as long-term partners in these areas, reinforcing economic ties while supporting domestic diversification agendas.

Security dynamics add another layer of complexity. Heightened tensions on the Korean Peninsula and growing concern over maritime and infrastructure vulnerabilities suggest that there is scope for expanding the Gulf–East Asia relationship. While direct security cooperation will remain limited, maintaining maritime freedoms together with energy-infrastructure protection and strategic risk assessment will be key factors in underpinning regional stability and prosperity.

2. Economic and Trade Reconfiguration

East Asia's economic strategy in 2026 will be increasingly defined by greater trade diversification and the development of economic resilience. Governments and corporations across the region are recalibrating exposure to markets, suppliers, technologies, and energy sources in response to heightened geopolitical risks, supply chain disruptions, and economic security considerations. For the Gulf states' economies, this shift presents prospects of both stabilizing effects and new competitive pressures.

Hydrocarbons, particularly liquefied natural gas (LNG), will remain a structurally key part of East Asia's energy mix. Despite ambitious decarbonization targets, Japan and South Korea are expected to continue relying on LNG as a critical fuel well into the 2030s, supporting power generation, industrial demand, and grid stability. Heightened energy-security concerns will sustain interest in long-term LNG contracts. In this context, Gulf producers, most notably Qatar and, increasingly, Saudi Arabia, are positioned to remain vital suppliers to Northeast Asian markets.



Photo Source: Offshore Energy (2024)

At the same time, East Asian partners are moving beyond purely trade-based energy dealings toward more integrated and value-added relationships. Policymakers and companies will increasingly prioritize joint investments, downstream integration, and collaborations that link energy supply with technology, manufacturing, and climate objectives. In this regard, hydrogen and ammonia supply chains, carbon management frameworks, and emissions reduction technologies are becoming central factors. Gulf exporters that can credibly link energy supply with technology transfers and decarbonization strategies are likely to retain greater strategic influence.


Regional integration dynamics also matter. The Regional Comprehensive Economic Partnership (RCEP) will continue to shape production networks and investment flows across East Asia. Although Gulf states are not members of RCEP, indirect opportunities exist for Gulf firms to participate, particularly in energy-intensive and downstream industries, if regulatory alignment and investment frameworks can be addressed.

3. Energy Transition and Climate Policy

In 2026, energy-transition policy will be central to East Asia's strategic thinking. Japan and South Korea face a shared dilemma: advancing net-zero commitments while safeguarding energy security. In Japan, nuclear restarts will continue at a measured pace, leaving gas-fired generation indispensable for system stability. South Korea is likely to pursue a similar dual-track strategy—sustaining nuclear and LNG while continuing to develop renewable resources.

For the Gulf states, this environment presents both opportunities and risks. The opportunity lies in repositioning the Gulf away from a conventional hydrocarbon supplier toward embracing newer energy technologies. Blue hydrogen, ammonia supply chains, carbon capture and storage, and other low-carbon fuels are evolving from pilot projects into commercial reality, largely through Gulf-East Asia cooperation.





The risks are increasingly strategic rather than purely commercial. ESG standards are becoming embedded in East Asian regulatory frameworks, corporate governance practices, and institutional investment decisions. Gulf exporters that fail to articulate credible transition policies, or to align their investments with climate objectives, may face heightened scrutiny and diminished strategic influence. Sustained relevance in East Asia will therefore depend not only on supply reliability, but also on emissions management and long-term decarbonization trajectories.

4. Technology, Supply Chains, and Economic Security

Throughout 2026, technology competition will be a defining feature of East Asia's strategic environment. Semiconductors, artificial intelligence, advanced batteries, critical minerals, and digital infrastructure are increasingly treated as pillars of national and economic security. Japan and South Korea will remain indispensable providers of high-end manufacturing, while China accelerates efforts to localize key technologies and reduce external vulnerabilities.

For Gulf states, these dynamics open a strategically significant frontier. Gulf sovereign wealth funds, in particular, are expanding their investment in advanced manufacturing, digital infrastructure, and frontier technologies. Participation in semiconductor design and data centers, AI infrastructure, and smart-city technologies align closely with Gulf diversification agendas and industrial strategies. East Asian partners, in turn, increasingly view Gulf capital, energy security, and long-term investment horizons as stabilizing factors within increasingly fragmented global supply chains.

However, these opportunities could well be constrained by rising geopolitical and regulatory friction. Export controls, technology screening mechanisms, and alliance-driven trade restrictions, particularly relating to U.S.-China competition, are shaping the boundaries of potential cooperation. Gulf actors will need to take a careful approach that preserves strategic flexibility while avoiding overexposure to technology rivalries that could restrict market access or complicate relations with key partners.

5. Security and Strategic Dialogue

During 2026, security considerations are set to become increasingly important in Gulf-East Asia relations, complementing, but no longer subordinate to, economic and energy ties. Maritime security, cyber resilience, and the protection of critical infrastructure are increasingly viewed as shared concerns, reflecting mutual exposure to potential supply chain disruptions and geopolitical risks.

Japan's expanding security posture, including greater outreach to the Middle East and participation in maritime security initiatives, signals a broader re-focus in East Asian strategic thinking. South Korea is also expected to widen its defence horizon beyond the Korean peninsula through arms exports and defence technology cooperation.

For Gulf states, these shifts create an opportunity to diversify security relationships beyond traditional Western partners. Track-1.5 and Track-2 dialogues, maritime safety cooperation, and engagement on non-traditional security issues such as cyber threats and infrastructure protection offer potential entry points for deeper engagement while preserving strategic autonomy.

6. China, the Gulf, and Regional Mediation Dynamics

China's diplomatic engagement in the Middle East is likely to deepen incrementally throughout 2026. Beijing will continue to prioritize stability, energy flows, and the protection of overseas interests rather than assume direct security or military responsibility within the region.

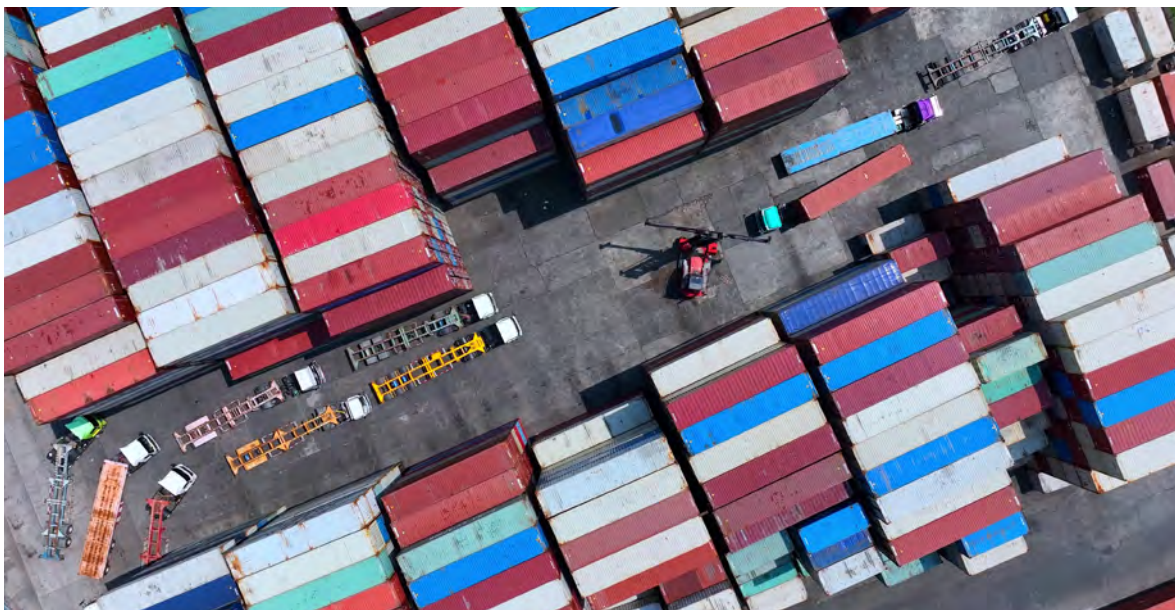
Other East Asian actors, particularly Japan, are also likely to increase diplomatic engagement focused on energy security, conflict de-escalation, and humanitarian coordination. Japan's long-standing reputation for political neutrality makes it a discreet facilitator rather than a power broker. We will wait to see if the newly elected Prime Minister Sanae Takaichi changes this position.

For Gulf states, this underscores the value of engaging East Asia not only as an economic partner but as a diversified diplomatic go-between capable of contributing to regional stability and problem-solving.

Conclusion

As East Asia moves through 2026, its strategic trajectory is likely to be shaped by accelerating structural adjustment. Economic rebalancing, the growing need for energy transition, and evolving security concerns are reinforcing a long-standing regional preference for stability and trusted long-term partnerships.

While hydrocarbons will remain central in the medium term, cooperation is increasingly extending into low-carbon energy, advanced technologies, and infrastructure investment. Against a backdrop of uneven U.S. engagement in East Asia and lingering uncertainty surrounding China's long-term GCC policy orientation, Gulf states that invest in forward-looking cooperation frameworks with East Asia will be better placed to engage and manage strategic relationships between these two friendly regions well beyond 2026.



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The GCC and Africa in 2026 Toward a New Model of Partnership



Michael William Wilson

Researcher

In 2026, relations between the Gulf Cooperation Council (GCC) and Africa are expected to develop into a partnership centered on growth, delivery, and strategic alignment. The partnership intends to build long-term economic ties, coordinate on political matters, and establish shared development priorities.

The shift is driven by structural changes in the Gulf and Africa. As oil price volatility persists, GCC members are accelerating economic diversification into African economies with significant growth potential, resources, and capital needs. At the same time, African governments, facing significant infrastructure gaps, are actively diversifying their partnerships and turning towards the Gulf states as preferred strategic partners.

Africa's financing gap illustrates the scale of the challenge and the opportunity. The continent requires approximately 170 billion USD annually to meet infrastructure needs, while current infrastructure investments remain at 80 – 90 billion USD.^[1] Gulf states have already invested over 100 billion USD and committed further capital to priority sectors such as energy, mining, infrastructure, agriculture, and the digital economy.^[2] In 2026, the focus will increasingly shift toward implementing these commitments and growing cooperation where Gulf capital,

expertise, and strategic interests align with African development priorities.

In this regard, tangible outcomes, such as ports delivered, power generated, and trade financed, will further demonstrate the Gulf states' credibility as strategic partners for Africa. However, regional instability, conflict, and violent extremism threaten to derail Gulf-Africa relations.

The Gulf-Africa partnership is shaped by a wide-ranging diplomatic engagement. High-level conferences, bilateral meetings, and multilateral platforms are essential to building trust, aligning strategic interests, and setting priorities for cooperation. In 2026, these engagements will play a greater role in cementing relations, serving as channels through which political cooperation translates into economic cooperation.

Over the past year, forums such as the UAE-Africa Tourism Summit, the UAE-Africa Investment Summit, the Doha Forum, and the Africa Investment Forum brought together high-level Gulf and African delegations, including government leaders, sovereign wealth funds, development finance institutions, and the private sector.^[3] The platforms aligned strategic objectives and facilitated partnership agreements across trade, tourism, mining, and infrastructure sectors.



Photo Source: Arab News (2025)

Multilateral conferences will elevate relations on the global stage; for example, at the G20 in 2025, Crown Prince of Abu Dhabi, H.H. Sheikh Khaled bin Mohamed bin Zayed Al Nahyan, announced an AI for Development initiative aimed at strengthening economic and social development on the continent. Participation in platforms such as the Organisation of Islamic Cooperation, BRICS, and the G20, among others, demonstrates that the Gulf and Africa are in regular communication and offer more opportunities to shape mutual interests. These engagements will increase further over the coming year.

Economic Relations

In 2026, economic relations between the GCC and Africa are expected to grow both in scale and depth, as Gulf states deliver on investment pledges and deploy capital across priority sectors. Investment flows, joint partnerships, and trade volumes are on course to grow, as African economies are turning to the Gulf states, which have shown their appetite for it. Qatar announced 100 billion USD in investment commitments for mining, agriculture, telecoms,

digital economy, and energy in the Democratic Republic of the Congo, Mozambique, and three other countries.

Africa will mobilise Gulf capital through export-credit financing, co-financing arrangements, and partnerships with African development institutions. The recently elected President of the African Development Bank, Dr. Sidi Ould Tah, intends to leverage his relations in the Gulf to steer more investments into Africa. The Arab Bank for Economic Development in Africa (BADEA), based in Riyadh, pledged 800 million USD, while the OPEC Fund for International Development has committed 2.3 billion USD.^[4] The AfDB intends to increase contributions from other partners to enable countries to access more financing.

The private sector will be the engine of growth; therefore, public-private partnerships will be increasingly present in Gulf-African relations. Chad's President Mahamat Idriss Deby Itno launched his 30 billion USD National Development Plan, "Connection 2030," at the UAE-Chad Trade and Investment Forum, where it secured 20.5



billion USD in agreements and pledges. Over the next five years, private Emirati investments in Chad will focus on developing mining, infrastructure, agriculture, and energy projects.^[5] Other countries, including Ghana, Senegal, and Congo, have called on Gulf stakeholders to invest in their respective countries. In 2026, African countries will increasingly pivot to the Gulf states and their private sectors as partners.

African companies and banks are establishing a footprint in the Gulf with overseas offices to bring them closer to Gulf capital. South Africa's Absa Bank and Nigeria's United Bank for Africa (UBA) are operating and opening offices in the Dubai International Financial Centre and Riyadh's King Abdullah Financial District.^[6] The Gulf states have invested over 100 billion USD in priority projects in Africa. By establishing offices in the Gulf, the African private sector and banks can identify interested partners to finance development projects.

Additionally, as Gulf investments continue to flow into the continent, there are opportunities for African Banks to act as co-guarantors. DP World secured a 365 million USD facility agreement with Standard Bank to expand its logistics operations and increase market access.^[7]

Trade is another essential consideration for Gulf-Africa relations. The African Continental Free Trade Area (AfCFTA) offers Gulf investors access to a unified market of over 1.4 billion people, strengthening the commercial rationale to embolden trade ties. The UAE will pursue comprehensive economic partnership agreements with African economies to facilitate trade and investment flows. Saudi Arabia, through the Saudi Exim Bank, is growing trade finance partnerships with Ghana Exim Bank, Africa50, and the Republic of Guinea, aiming to increase trade volumes and private-sector cooperation.^[8] Chambers of Commerce, joint business councils, and bilateral trade committees are expected to hold more frequent engagements, thereby strengthening institutional links and expanding market access for the Gulf and Africa.

Key Sectoral Developments in 2026:

Infrastructure

The Gulf states, intent on diversifying their trading partners and expanding into more markets, are investing in Africa's infrastructure to support regional and international trade. Through AD Ports and DP World, the UAE is developing ports in Senegal, Congo, and Angola to support trade logistics.^[9] Etihad Rail has agreements with Kenya, Chad, Cameroon, and Uganda to build railways. In the Horn of Africa, it will build a 3 billion USD railway network connecting the Berbera Port in Somaliland to Ethiopia. Meanwhile, Qatar intends to make Rwanda and East Africa a logistical trading hub and thus is modernizing the Bugesera Airport; these initiatives demonstrate how trade ambitions are being matched with supporting infrastructure.

Energy

600 million people in Sub-Saharan Africa lack access to energy. With the rapidly growing population, energy needs must be met urgently. Mission 300, a joint AfDB and World Bank initiative, intends to provide energy to 300 million people in Sub-Saharan Africa by 2030.^[10] Against this backdrop, Gulf energy companies, including AMEA Power, ACWA Power, and Qatar Energy, are expected to play a growing role in closing this gap and securing additional partnerships in power generation and energy infrastructure.

Energy developments to monitor include:

- Qatar Energy oil exploration license in the Republic of Congo
- AMEA Power solar power plant in Togo
- ACWA Power AfDB 5 billion USD energy cooperation

Critical Minerals and the Energy Transition

GCC member states are forging ahead with the energy transition, and securing green energy supply chains is an increasing priority. There is rising demand for critical minerals such as copper, cobalt, and lithium. African countries, notably the Democratic Republic of the Congo (DRC), Zambia, and Guinea, are leading sources for such materials and therefore present opportunities for strategic partnerships that support Gulf ambitions.

Qatar Investment Authority's stake in Ivanhoe Mines in Congo and other explorations in Angola demonstrate that it is joining the race for critical minerals.^[11] In 2026, competition for access to these resources is expected to intensify, as Saudi Arabia will also be looking for mineral opportunities, having not yet secured mining interests on the same scale as Qatar and the UAE.



Photo Source: **Mining & Business** (2025)

Tourism and Connectivity

Tourism is essential to diversification, and the Gulf states are expanding air routes to strengthen links with African markets. Emirates and Qatar Airways continue to increase destinations and flight frequencies to African cities, promoting cultural and economic tourism. With Saudi Arabia hosting the World Cup in 2032, airlines such as Saudia and Flynas are expected to further expand their African networks.

Visa liberalization between the Gulf and Africa will facilitate tourism, increase the frequency of cultural

exchanges, and make it easier for African nationals to travel to the Gulf for conferences or investment summits. With growing air routes, civil aviation agreements, and airline and airport partnerships, visa liberalization represents the next strategic step in deepening Gulf-Africa connectivity.

Digital Economy and Financial Technology

Africa's recent digital leap has created opportunities for fintech, e-commerce, and related sectors, thereby increasing the continent's attractiveness to GCC sovereign funds and private capital.^[12] In 2025, remittances to Africa exceeded 95 billion

USD, with an increasing share sent through fintech companies and mobile money operators, offering cheaper and faster transfers than traditional banks. In recent years, the Middle East accounted for 27% of inflows to Africa, underlining the growing commercial logic for African fintech to establish outposts in the Gulf, particularly in the UAE.^[13]

The rise of fintech also creates demand for digital infrastructure. The UAE is making rapid advances in this area and has announced multiple digital infrastructure investments in Africa,^[14] including a 1 billion USD artificial intelligence hub in Ghana and 5G networks in Senegal. In 2026, digital infrastructure is expected to become more prominent in Gulf–Africa economic relations.

Challenges and Risks

However, regional instability remains the most significant constraint on the momentum of Gulf–Africa relations. Conflicts in the Horn of Africa and Eastern Congo have the potential to delay projects, disrupt supply chains, and raise political and security risks for Gulf investors. Instability across the Red Sea also presents a strategic risk, as it could further complicate Saudi Arabia’s regional ambitions, including large-scale projects such as NEOM.

At the same time, conflict in mineral-rich Eastern Congo poses direct risks to the Gulf states’ mining interests, namely the UAE’s IHC and the QIA. For Qatar, a prolonged conflict in eastern Congo could undermine its standing as an effective peace broker.^[15] As a result, Congo is likely to remain a strategic priority for Qatar, which has worked in concert with the United States towards peace efforts in the country, where security for mineral supply chains has been a key consideration.

Furthermore, African economies must strengthen their regulatory frameworks and reinforce investor confidence in the protection of capital and contracts. A predictable and business-friendly environment remains essential, including through special economic zones and industrial parks, such as Angola’s industrial park, which aim to reduce operational risks. Beyond public policy, the role of the private sector in providing guarantees and risk-sharing mechanisms will be increasingly important in mitigating investor concerns.

Countries such as Saudi Arabia, Kuwait, and, until recently, Qatar, tend to follow relatively risk-averse investment approaches; as such, African countries should prioritize political stability, regulatory clarity, and investment protection. In this context, the African Development Bank is working with member states towards a pan-African investment guarantee platform, which could help mitigate projects, crowd in private capital, and accelerate structural economic transformation.



Photo Source: **World Economic Forum (2025)**

The Way Forward

Gulf commitments must materialize, and African countries must continue to strengthen business-friendly policies and institutional frameworks that protect foreign direct investment.

The Gulf states must deliver on their economic commitments to cement their standing as strategic partners for African countries. Since committing over 50 billion USD to trade and the development of strategic sectors in Africa at the Saudi Arabia-Africa Summit in 2023, Saudi interests have increased. Last year, Vision Invest announced a 700 million USD stake in ARISE IIP to develop agro-processing and supply chains, while ACWA Power signed a 5 billion USD agreement with the African Development Bank to develop power generation and water desalination projects across the continent.^[16] These initiatives signal a shift from pledges toward implementation.

DP World committed 3 billion USD over three to five years to develop port infrastructure in Africa. It is on track to deliver the Banana Port in the DRC by 2027 and has broken ground on the Dakar Port in Senegal.^[17] Like Saudi Arabia, the UAE demonstrates that it delivers on its pledges, reinforcing its credibility. Credibility will be decisive in maintaining long-term relations between

the Gulf and Africa and in unlocking further opportunities. DP World subsequently signed an MoU to develop a logistics free zone outside Dakar. This trend of investment commitments coming to fruition is likely to strengthen long-term economic ties. Qatar pledged over 102 billion USD across five African countries; whether and how these commitments materialize will be a key indicator of Qatar's long-term economic strategy on the continent.

Looking ahead to 2026, Gulf-Africa partnerships will be tested by delivery rather than ambition. The extent to which investments translate into operational infrastructure, expanded trade, energy access, and industrial capacity will determine whether this relationship evolves into a lasting strategic alignment. If successfully implemented, the Gulf-Africa partnership could emerge as a defining pillar of Africa's external economic relations and a core component of Gulf states' long-term diversification strategies. The new model for partnerships between the GCC and Africa is dynamic and pragmatic. It consists of geopolitical, geoeconomic, and geostrategic components. Trade and investments will continue to grow, and economic engagement will be shaped by multiple stakeholders, including the private sector, governments, development finance institutions, sovereign wealth funds, and banks.





^[1]["Africa's \\$150 Billion Infrastructure Gap and What It Means for the Continent's Future."](#) *Empower Africa* December 2025

^[2] ["Africa 2026 Outlook."](#) *Economist Intelligence Unit*, November 2025

^[3] ["UAE-Africa Investment Tourism Investment Summit 2025."](#) *Hospitality Net*, October 2025

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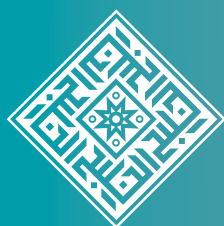
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Section V

Economic Power, Energy Security, and Structural Transformation



16

The Gulf in the New Global Disorder: Oil, Money, and Power



Dr. John Sfakianakis

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By 2026, the stereotypes that have shaped previous discussions about the Gulf region will no longer apply. The Gulf states are not the passive rentier states of 20th-century political economy, nor are they the smooth, post-oil mirages that their own marketing campaigns sometimes pose them to be. Instead, they are more complex and in an undefinable yet strategically significant position: they are energy exporters to a world that still relies on hydrocarbons; they are capital exporters to a global economy that is running out of patient, sovereign capital; and they are political actors trying to find their way in an international order that is less about rules and more about power, chance, and strategic bargaining. The Gulf is no longer wondering if it can diversify; it's wondering if it can do so quickly, on a large scale, and with enough institutional depth to stay politically and economically relevant as volatility shifts from a cyclical disturbance to a structural condition.

The biggest difference between now and times of uncertainty in the past is that shocks no longer happen in a row. Inflation, pandemics, wars, sanctions, technological disruption, climate stress, and financial tightening are all happening at the same time and making things worse for each other. This means that for policymakers in the Gulf, macroeconomic competence, good fiscal management, building up reserves, and spending during downturns, while still important, is no longer enough. The system needs to be strong enough to last. It needs to be built into all of these things at once: energy systems, labor markets, fiscal frameworks, external trade routes, and diplomatic ties. This

means that instead of trying to get the most out of oil revenues, headline growth, or investment returns, the focus should be on having multiple supply chains, overlapping security partnerships, different ways to make money, and separate channels for technology, finance, and trade. If the world does not change, having extra things is a waste of time. They are necessary, though in a world that *does* change.

This is even more important because of the projected state of the world economy in 2026. Growth around the world is still slow—between 2.5% and 3%. This is because populations in advanced economies are not growing, China's recovery is uneven and politically limited, and the most aggressive cycle of monetary tightening in 40 years is still having an effect. But the bigger problem is hidden. The economy of the world is not as flexible as it used to be. Supply chains are shorter but less stable, money is more expensive and more affected by politics, and technology is having a harder time spreading because of export controls, investment screening, and national security doctrines. Trade used to be the main reason for convergence, but now it has become a battleground where industrial policy and strategic competition, not comparative advantage, shape the outcome. Being open to trade, labor, and capital has been important to the Gulf's modern development model. This is not just a short-term issue; it is a lasting problem that the Gulf must face.

Because of this, oil prices in 2026 should not only be seen as a cyclical variable, but also as a political and strategic one. Brent prices that range from \$75

to \$90 give Saudi Arabia, the UAE, and Qatar some breathing room in their budgets, but they can not be sure that they will easily build up surpluses as they did in previous super-cycles. Demand growth has slowed in OECD countries as people are buying less because of efficiency gains, electrification, and pressure from the government. But the world's need for oil has not peaked yet. In South and Southeast Asia, Africa, and parts of Latin America, growth is still strong. More people are moving to cities, more industries are opening, and incomes are rising, all of which means that more energy is being used. As a result, the market is less about having a lot of goods and more about getting them to people. Politically, marginal barrels are just as important as they are economically.

The Gulf now thinks differently about energy. Saudi Arabia and Russia lead OPEC+. They have shown that they are willing to aggressively manage supply, putting price stability ahead of market share, even if it means losing volume in the short term. In the late 20th century, Saudi Arabia was a residual supplier, meaning it took on shocks to stabilize markets in exchange for protection from other countries. The deal has gotten worse since the 2020s. The Gulf has changed because energy security is low, trust between producers and consumers has gone down, and the dynamic in the Gulf has changed. In a world where energy changes are political, uneven, and likely to cause problems, oil is no longer just a commodity; it is a tool of government. This is a power that makes one more vulnerable. Long-term price discipline could speed up demand destruction or cause regulatory backlash in markets where people buy things, especially in Europe.

Oil is an option value in 2026. Gulf states need to make a strategic choice: should they sell their resources now for a lot of money, or should they hold on to them for a time when supply may be harder to find but demand may be stronger? People think that oil demand will slowly, not suddenly, drop, which gives them time to diversify, but not forever. This is why there is more focus on limiting production. Non-oil engines of growth become more important the longer it takes to profit from hydrocarbons.

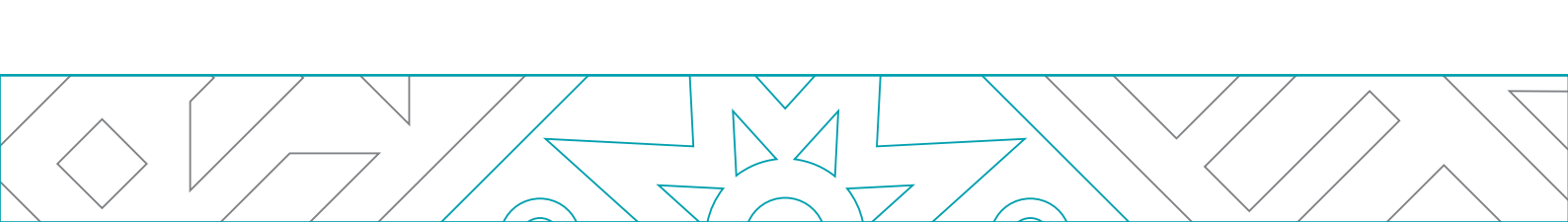
Sovereign wealth funds have played a big role in this regard. The Gulf has four of the most important investment funds in the world: the Public Investment Fund, Mubadala, ADQ, and the Qatar Investment Authority, which together manage assets worth more than \$3 trillion. Nowadays, these organizations are more likely to use directional investment strategies that align with national priorities, including logistics, energy transition technologies, advanced manufacturing, artificial intelligence, defense industries, and strategic real estate linked to trade corridors. This is not the same as the passive reserve recycling of the past. In a world economy where there is not enough money for infrastructure and public goods, Gulf capital is both scrutinized and desirable.



Photo Source: [Atalayar](#) (2025)

But the fact that these funds are doing well in other countries masks a bigger problem at home. Financial gains, no matter how big, don't always equate to more work, new ideas, or long-term jobs. There is still a weak link between global investment income and building up domestic capabilities. If there aren't any policies in place to link outward capital deployment to the growth of institutional and human capital in the Gulf, the result could be a rentier of global capital instead of a birthplace of competitive industries that can compete on a global scale. This is the paradox of this phase: there is more financial power than ever before, yet total factor productivity is only going up slightly.

Saudi Arabia is a good example of the pros and cons of this model. People in the Kingdom do things



differently now because of Vision 2030. For example, the number of women in the workforce has grown from about 20% in 2016 to more than 35%, and industries like tourism, logistics, and entertainment have grown by more than 10%. Non-oil revenues have also gone up considerably. The changes in society have been just as big as the changes in the economy, altering how people spend their money, what they expect, and what they consider normal. Still, the level of ambition is shocking. Oil still makes up about 60% of the government's income. Many of the government's biggest projects, like Neom, raise questions about the order in which they should be done, how much they should reasonably cost, and whether or not they make economic sense. The risk is not failure; it's putting money into projects too quickly and building ecosystems before the right conditions are in place to sustain them.

The UAE takes a different, more measured approach. Its diversification is more about its long history as a middleman in business than about changing industries. Dubai is a successful global hub because it is easy to get to, welcomes talent and money, and has rules that are easy to follow. Abu Dhabi, on the other hand, follows a more planned model. It has used its oil and gas wealth to improve its skills in aerospace, energy, semiconductors, and, more recently, artificial intelligence. This model has worked well, but it also has some problems. The UAE's heavy reliance on foreign workers causes worry about social cohesion and the long-term growth of human capital. At the same time, its close ties to global financial networks make it an easy target for sanctions, reputational pressure, and geopolitical spillovers. In addition, the world is paying more attention to the UAE's role in high-conflict places like Sudan.

Qatar is unlike any other place in the world. It has some of the lowest costs for production of LNG and long-term supply contracts in place up until the 2030s. This means that it has one of the most clear-cut hydrocarbon futures in the Gulf. Gas demand is still high in both Asia and Europe, especially as a bridge fuel during times when energy sources are changing. Qatar's biggest problem is not money; it's

planning. It needs to evolve its energy security into more diplomatic and economic power without going too far. It also needs to carefully manage the political economy of its huge wealth among a small population.

Perhaps the biggest obstacle for countries in the region is institutional. In the end, diversification of their economies depends on productivity. This means that companies can compete without protection, workers can move between sectors, and states regulate without blocking new ideas or stifling innovation. Commercial law, arbitration, and bankruptcy systems have all improved significantly, but progress has not been steady. Capital markets are still shallow, small and medium-sized businesses do not have enough money, and state-linked businesses still control important sectors. The concern is that a mixed system will develop, in which the government takes the risks and the private sector makes the money, creating a new form of dependence.

This tension is most visible in the job market. There has been real progress, especially in Saudi Arabia, but productivity growth is slow, and the pay gap between the public and private sectors is still interfering with incentives. Policies that make businesses public have statistically improved job outcomes, but they often hurt efficiency and long-term financial health. Yet, the bigger problems are cultural and institutional: fostering environments where failure is okay, contracts are always followed, and starting a business is more rewarding than being close to the government. These are slow variables that can not be sped up by giving orders.

The Gulf's strategy of multi-alignment has made it free, but it has also made it more open to attack. The US, China, Russia, and other regional powers have given the Gulf states money, technology, and security, and the Gulf states have been able to stay flexible in their relationships with these powers. But as global blocs get stronger, the costs of hedging go up. It is hard to make economic decisions because of sanctions, problems with technology, and the need to pick a side in a crisis. Putting money into sensitive areas like semiconductors, data infrastructure, and dual-use

technologies makes these risks worse, not better. The problems are worsened still because of the security situation. The Middle East will not be at war or at peace in 2026. The Red Sea has become a weak point, the fight between Israel and Iran continues, and proxy wars are still going on. This means that Gulf economies will have to pay more for insurance, change their trade routes, and feel pressure to spend more on security outside of their own borders. The Gulf wants to stay neutral in the region, but economic and regional stability are closely linked.



Photo Source: World Economic Forum (2024)

The future of the Gulf may be most uncertain when it comes to its demographics and society. Younger people are more connected and ambitious than ever. Taking advantage of opportunities rather than making transfers is now the way to earn economic legitimacy. The social contract could slowly fall apart if wages and productivity in the private sector do not rise. It will not happen all at once, but it will happen over time.

History can be both frightening and comforting at the same time. The Gulf has changed in the past, being a region of food imports, to a place where they get their oil, and from being isolated to being in the global spotlight. In addition, it has some advantages over the rest of the world, including money to fall back on and political systems that enable quick decision-making and a relatively clean slate to plan on. But as history has shown, one should never get too comfortable. Having a lot of resources can often

mask inefficiency, slow down reform, and put power in the hands of a few, hindering real growth.

The Gulf is not facing a major change or decline in 2026. Instead, it is at a crossroads over what to do next. Vision statements and megaprojects won't matter as much as how mature the institutions are, or how well they can handle uncertainty and volatility. The next ten years will be telling, can the Gulf become a central hub in a broken global economy, or will it stay open to forces it cannot control, even though it is well-endowed? The stakes, in terms of money and politics, could not be higher.

Time seems to be moving faster now than it did in the past, so the Gulf's current moment is unique. In the past, major change was gradual; for instance, the economic shift that resulted from peering to striking oil and developing into a rentier state happened over many decades. The regions' next shift, away from relying on hydrocarbons and toward varied, productivity-driven growth, will happen within a single political generation. This compression makes it more likely that the execution will indeed happen. At the same time, institutions that grew naturally over decades in other places are being built from scratch. They are being watched closely, and policy mistakes are amplified by both global capital markets and social media.

One result is that fiscal policy, which has been the Gulf's main way of stabilizing things for a long time, is being asked to do too much. Countercyclical spending, subsidy reform, industrial policy, social transfers, and megaproject financing all fall within the same budget. Debt levels are still manageable, especially in Saudi Arabia and the UAE, but the cost of capital is going up. Every dollar spent on a big project is a dollar that could have been spent on making schools better, making the courts more functional, or supporting small businesses. It is not about fiscal sustainability in the strictest sense; it is about allocative efficiency when things are uncertain.

This tension is most obvious in industrial policy. Gulf governments have eagerly accepted it, using examples from East Asia and the return of state-led strategies in the US and Europe as models. But the requirements are not the same. East Asia's success was based on strict rules for exports, high performance standards, and the willingness to let businesses fail. In the Gulf, on the other hand, political-economic incentives often favor protection, consolidation, and hidden guarantees. Industrial policy could make things less competitive instead of more competitive without strict budget limits and reliable ways to get out of a situation.

Technology policy shows both goals and limits. Low energy costs and a lot of money have helped investments in AI, data centers, and advanced computing grow quickly. The Gulf is a good place for data to move between Europe, Asia, and Africa because of its geographic location. But geopolitics is making it harder to find necessary resources like skilled workers and cutting-edge semiconductors. Export controls, talent visa systems, and security checks all make it harder to localize capabilities. This means that partnerships are needed, but they depend on bigger strategic goals.

Things are even more complicated because of climate policy. The Gulf states have promised to cut their emissions to zero and have put a lot of money into renewable energy, hydrogen, and carbon capture. People often call these efforts "greenwashing," but they are based on a realistic view: hydrocarbons will continue to be important for decades, but the costs of ignoring climate risks are going up. The issue is with the order of things. Giving up oil rents too soon risks destabilizing the economy, if not soon enough, they could be left with a useless oversupply. Energy, finance, and diplomacy policies need to be in line with each other in order to strike a balance, and timing is everything. Very few countries in the world have been able to do this.



Photo Source: Reuters (2021)

The Gulf's growing role as a source of capital and liquidity has political and reputational costs for people outside of the region. Regulators and civil society in the countries that get money for defense-related industries, fragile states, and strategic infrastructure will want to look into these investments. More than just diplomatic skills are needed to deal with this level of scrutiny--higher standards of governance and openness will be imperative. As Gulf capital becomes more important to the system, it will have to follow rules set by other people, not ones it makes up itself.

Trust is the last thing that will determine how well the Gulf transformation progresses in the long run. There is trust between the government and its citizens, between private investors and regulators, and between foreign partners and sovereign institutions. Trust cannot be bought; it must be grown organically over time, when rules are followed consistently, predictably, and with credible enforcement. This is especially difficult in systems where the government is the most important piece of the economic puzzle. But without it, growth will remain shallow and resilience inadequate.

This means that the Gulf's problems are not just economic or even political, but rather, they are mostly institutional. The region has ample money, goals, and strategic value. If it can turn these attributes into sustainable wealth in a world where things are always changing, it will not only safeguard its own future but also its role in shaping the new global order.



17



Batteries: The Next Strategic Frontier



Prof. Giacomo Luciani

Member of the Board of Trustee,
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As penetration of non-dispatchable renewables continues to progress rapidly in most countries, it has become increasingly clear that what matters is not only how much power we can get from wind and solar energy, but also when. And since we cannot control when the sun shines or the wind blows, in all market-based power systems, like the US, UK, and the EU, the wholesale price of electricity is more frequently turning zero or negative whenever generation from renewables meets or exceeds total demand. In centrally managed power systems, as in China or the Gulf countries, excess electricity is curtailed, i.e., discarded, lest it damages the grid.

The increasing frequency of zero or negative prices in market systems means that the “capture price” of solar and wind (i.e., the price that solar and wind generators receive for their production on average) is lower than the average price of electricity, and declining year after year. Hence, the installed capacity of renewables increases, their total power generation also increases, but the value of the produced energy decreases. This phenomenon, known as cannibalization, means that added capacity undermines the profitability of existing capacity. By now, it has reached a stage where, in several European countries, the commercial case for investing in some renewables, e.g., offshore wind, has vanished.

Almost no utility-scale renewable projects are launched on a purely merchant basis, i.e., with full exposure to market forces. Instead, nearly all

are based on either concluding power purchase agreements (PPAs) with private buyers of the electricity produced, or on contracts for difference (CFDs) with the government, guaranteeing either a fixed or a minimum price for the output. Originally, PPAs were concluded on a “pay as produced” basis, i.e., the engagement on the part of the buyer to take the electricity whenever it is available, with no requirement for the seller concerning the time of delivery. For as long as penetration of renewables was limited and the price of electricity was determined by coal or gas-powered plants, this was viable. But with higher penetration, the value of such PPAs has collapsed. Buyers now demand a commitment to when the electricity will be made available, according to either a fixed volume--24/7 and 365 days of the year-- or some pre-established schedule, e.g., differentiating weekdays and weekends, or day and night. Some of the most important potential clients of PPAs, such as data centers, actually need a stable supply at any given moment. Even though their consumption may not be stable, it varies in ways that are not predictable.

This means that the more renewable sources will satisfy a growing share of electricity demand, the more they will need to become, in essence, dispatchable (i.e., available on demand). A lot of expectation has been aimed at the possibility of creating greater flexibility in demand, but not much progress has been made in this direction – major new sources of demand are not flexible. The bulk of flexibility will continue to come from

the supply side: dispatchable sources will be able to capture the highest prices, and renewables will need to become dispatchable, i.e., coupled with storage, to remain profitable. Hence, the boom in stationary batteries.

The need for stationary batteries

Batteries for electric vehicles (EV) – essentially batteries on wheels – remain the most important segment of global battery demand. It has often been theorized that EVs might contribute to adjusting the supply of renewable electricity to demand through two-way connections, allowing for charging of the vehicle when electricity is cheap, and injecting some of the stored power back into the grid when demand exceeds supply and prices spike. In practice, however, this concept is failing to be implemented: only a relatively few EV models are capable of discharging into the grid, most charging stations cannot handle two-way charging, and the financial incentive for EV owners to engage in this form of electricity trading is small. In contrast, the need to bridge the time discrepancy between supply and demand is becoming more and more pressing.

In countries where a large share of renewables is accounted for by small-scale installations (rooftop solar), the coupling with batteries was originally not incentivized: batteries were expensive, and

the individual investor was promised a fixed price independently of time, day, or season, hence had no incentive to add the cost of a battery to the system. Only a small share of small installations was conceived to maximize self-consumption rather than selling to the grid. This is now changing, as prices offered by the grid become less and less interesting; still, the financial benefit of installing a battery in the home remains limited.

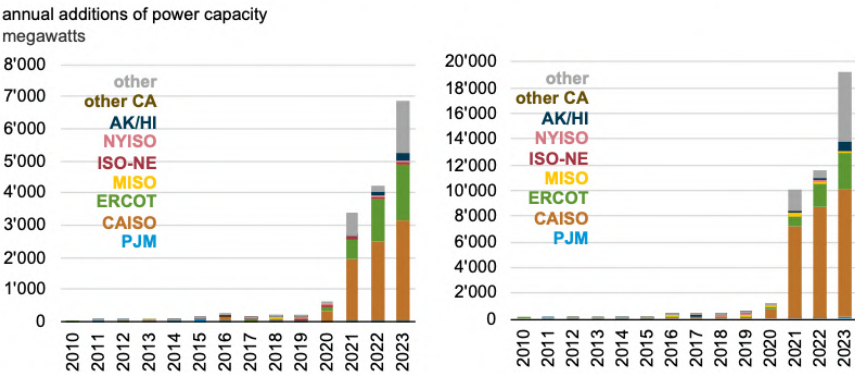
In contrast, at the level of national grids, price variability is such that installing large-scale batteries directly connected to the grid is now, in most cases, highly profitable. Large batteries directly connected to utility-scale renewables projects are less profitable (they can shift the production of the project in time and capture better prices; but they cannot engage in continuous trading, buying from the grid when prices are low and selling when they are high); nevertheless, they are needed to be able to offer the desired time profile of output to potential PPA customers.

The boom in utility-scale batteries

In the United States, investment in batteries is growing rapidly and is concentrated in two states, which are at the forefront of renewable deployment, California (CAISO) and Texas (ERCOT) (Figure 1). The primary use of batteries is to arbitrage intertemporal price changes (EIA) (Figure 2).

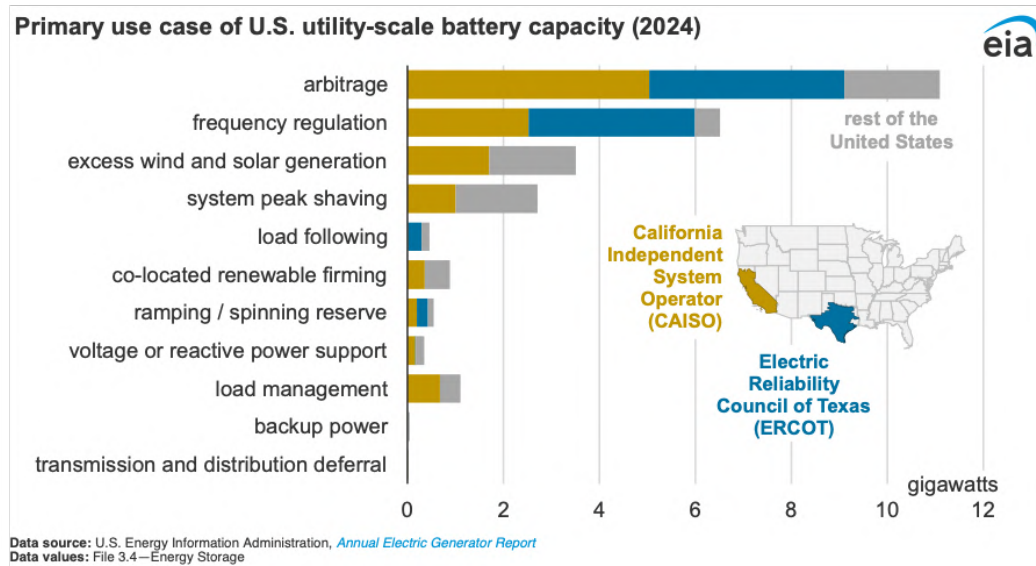
Figure 1

Figure 1a. Large-scale battery storage capacity annual additions by region (2010–2023)



Data source: U.S. Energy Information Administration, 2023 Form EIA-860, Annual Electric Generator Report

Figure 2



Source: EIA

In the EU, battery installations grew at a rate of 15% between 2023 and 2024, and are expected to grow 36% between 2024 and 2025, according to [Solar Power Europe](#) (Figures 3 and 4). Total batteries installed reached 61 GWh in 2024 and may reach 90 GWh in 2025. Germany, Italy, and the UK are the leading countries for battery installations. Spain has been a leader in installing utility-scale solar power plants, but has lagged in batteries. Consequently, the [value of Spanish solar](#)

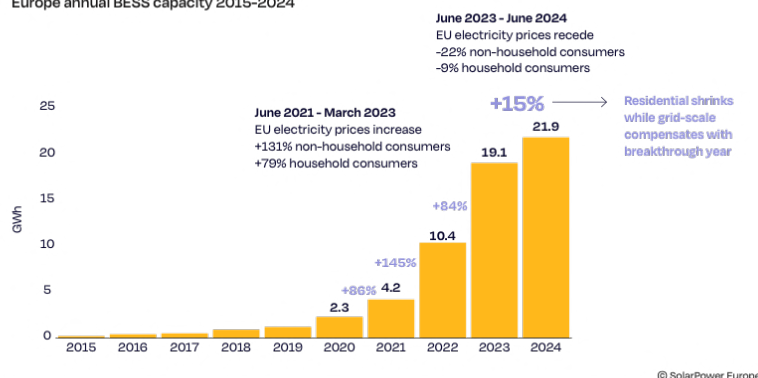
[plants](#) has declined, and a rush to install batteries is underway.

Until 2024, residential batteries had the largest share of the market, but this is bound to change in 2025, when close to 30 GWh of new batteries are in the process of being installed (almost +50% of the 2024 cumulative total), and utility-scale batteries account for 55% of the total.

Figure 3

Europe breaks another battery storage record in 2024, though growth curve flattened after 4 years of extraordinary growth around the energy crisis

Europe annual BESS capacity 2015-2024



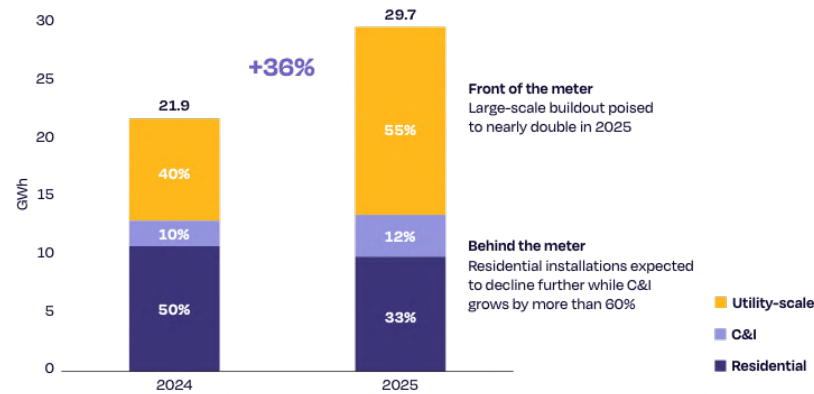
1 The scope of this report considers 'Europe' as all EU-27 Member States, the United Kingdom, and Switzerland

Source: Solar Power Europe

Figure 4

European annual battery market expansion set to speed up again in 2025, driven by utility-scale

Europe annual BESS installed capacity 2024-2025



Source: Solar Power Europe

In the GCC, where electricity remains centrally managed rather than market-based, and rooftop solar has not been promoted, utility companies have recognized the value of batteries and are coupling them with large-scale renewable projects. In the UAE, Masdar broke ground in 2025 on the construction of a [new solar+batteries project](#), which is expected to feature a capacity of 5.2 GW of photovoltaic capacity coupled with 19 GWh of battery capacity, aiming at being able to provide around-the-clock baseload electricity. Masdar has also invested in a battery storage [project in the UK](#) of a much smaller size, which was also completed in 2025. In [Uzbekistan](#), Masdar is building a standalone battery plant with a planned capacity of 600 MWh, which is expected to begin operation in 2028.

Batteries coupled with rooftop solar panels have become the solution for resilience in countries where the grid is unable to deliver more than a few hours of electricity per day, such as Lebanon, Syria, or Iraq.

Batteries and security

Batteries have demonstrated that they are a powerful tool for power system resilience. The best

case in point is arguably [Ukraine](#), where Russian targeting of conventional power plants has disrupted much of the previously existing power generation, and supply has been maintained thanks to the uptake of photovoltaic panels, diesel generators, and an increasing number of grid-scale batteries.

The Ukraine war has also demonstrated that batteries are increasingly important in contemporary warfare. As the role of drones and electronics has become decisive and heavy armor and airplanes seem less relevant, the need for electricity supply and storage on the battlefield has been [highlighted](#). Ukrainian startup [companies](#) are making significant technological inroads in this regard.

Batteries, therefore, are important not just for reliable grid operations but also for national security. In this respect, the extraordinary dominance of China in the production of batteries is a growing source of concern for many governments. China's share of global production of battery cells is 80%, and its share of refining capacity for critical minerals needed for batteries is around 70% on average, according to the [IEA](#).

Figure 5

Global manufacturing capacity and production for batteries by region (2024)



Source: IEA, World Energy Outlook 2025

In the United States, the Biden administration introduced incentives to stimulate the domestic production of batteries in the context of the broader support for energy decarbonization. The Trump administration in its first year in power has drastically reduced support for renewables, but maintained the incentive for batteries. Progress, nevertheless, is slow. In Europe, some major new battery production facilities that were launched have delivered disappointing results, as epitomized by the bankruptcy of Northvolt in Sweden. In December 2025, [Power.Co](#), a subsidiary of Volkswagen, commissioned a new battery factory in [Salzgitter](#) and will soon open a second in Spain and a third in Canada. Chinese battery manufacturers are also opening production sites in Europe. American materials company, [Lyten](#), bought the former Northvolt factories in Poland and Sweden and may soon restart production there.

What this shows is that China, although still overwhelmingly dominant, is not likely to maintain the same advantage amidst an accelerating battery boom that is attracting numerous new entrants. Competition is facilitated by the multiple alternatives available in battery

technologies and the fact that not all are based on metals whose refining is concentrated in China. In addition, batteries for stationary use may require features that differ from those of batteries for electric vehicles or electronic products. In fact, [R.Flo](#), a Ukrainian start-up, has been in the news for producing iron-flow batteries, a technology that relies solely on iron, salt, and water and is particularly well-adapted for stationary grid-scale batteries.

Attention is therefore relatively shifting from increasing uptake of renewable energy generation tools, such as photovoltaic panels, to other components of the electricity system, notably grids and batteries. Ultimately, the economic competitiveness of renewable energy will depend not just on the commonly referred-to levelized cost of electricity (LCOE) of wind and solar, but on the total cost of integrating renewables into the grid and ensuring balanced demand and supply at any point in time. Considerable technological progress is possible in batteries, and the optimization of resources to achieve the best results with the minimum capital cost will increasingly make the difference.

18



Gulf Natural Gas: Bridging Decarbonization & Sustainable Development



Dr. Naji Abi-Aad

Senior Advisor, Energy Studies

Decarbonization and sustainable development have become key issues on the agendas of the world's decision makers and are likely to remain there for the foreseeable future. The global natural gas industry thus, has no choice but to take a position on those topics and formulate a strategy that offers the greatest promise of bridging the decarbonization process with the push for sustainable development. The Gulf, holding around 40 percent of the world's proven natural gas reserves, surely has a critical role to play in this context.

For the next few decades, natural gas will likely be among the top contenders in terms of its share in the market of primary energy sources and as a transitional fuel on the road towards sustainability. This provides an historic opportunity for the global and particularly the Gulf, gas industry to meet the growing energy demand and to prove that natural gas is clean, safe and reliable, and thus *the* transition fuel *par excellence*.


A number of factors make natural gas an ideal transition fuel. It is the cleanest and most environmentally friendly of all hydrocarbon energy sources, with very low emissions of pollutants such as sulfur and nitrogen oxides. Additionally, the carbon dioxide emissions of burning natural gas could reach less than half of those emitted by burning coal. New technologies for the conversion of natural gas into electricity and other secondary energy forms radically reduce most of the adverse environmental impacts.

Accordingly, natural gas is in a relatively favorable position when compared to other fossil fuels when it comes to contributing to the ongoing decarbonization of global energy, simply because its carbon emissions per unit of energy are relatively low. Based on these characteristics, gas can be seen as one of the most suitable candidates for being the transition fuel in the evolution towards more sustainable energy futures.

Among the strong cards for natural gas is the fact that efficiency levels of its consumption technology are among the highest. Moreover, natural gas, unlike oil, seems to face much less serious reserve and resource constraints, and compared to most other primary energy sources (other than oil and coal), it is relatively easy to store. Furthermore, natural gas can be seen as a precursor to hydrogen, and therefore as a way to prepare for long-term development towards alternative energy systems.



Photo Source: **Middle East Monitor** (2023)



In fact, as a way to reconcile the vision of a decarbonized energy system with projections of continued consumption of natural gas, the global gas sector started to focus on hydrogen, especially blue hydrogen which is produced from the combination of natural gas with carbon capture, utilization, and storage (CCUS). Blue hydrogen, with many plants projected in the Gulf, could be a real boon for the upstream gas industry, as the process could open up new markets for this natural gas-based hydrogen in the transportation sector, such as in aviation, shipping, and heavy trucking, thanks to the favorable physical properties of the fuel. But this pathway would require scaling up not one, but two challenging technologies simultaneously—CCUS and hydrogen.

Thus, natural gas indeed has good cards to play. However, one never wins the game “by just sitting on his cards.” The gas industry must keep in mind that other energy sources also have some strong cards to play, which may unexpectedly alter the way the game evolves. In addition, it should not be taken for granted that the global gas industry will automatically take the measures and investment decisions that are needed to substantiate its prospective increasing role.

Furthermore, the international gas sector faces some threats that, if not appropriately tackled, may substantially disrupt the game, the most severe of which is probably the growing concern about the security of gas supply, as some gas supplying nations continue to face instability. In addition, many of the international gas transport systems remain vulnerable, resulting in adverse impacts on gas prices, resulting from oil prices being driven up due, in part, to geopolitical concerns and capacity constraints.

A number of other issues may well threaten the otherwise rosy outlook for the gas industry, including poorly designed regulations in gas producing, transit, and consuming nations; the growing debate about resource recovery and transport operations, particularly in new, unspoiled, and frontier areas; the mounting competition from other energy sources that are not remaining

passive, such as coal (with rapidly evolving clean technologies), nuclear and renewables; the production of gas from coal and coal-bed methane as well as from other unconventional fossil resources (e.g. shale gas and tar-sand); and the tendency in many Western circles to base a major part of the energy future on renewable sources.

Moreover, question marks have surrounded the role of gas in deep decarbonization scenarios consistent with the climate goals of the Paris Agreement of December 2015. While the near-term prospects for gas seem strong for reasons reflecting the fuel’s superior air quality attributes in comparison to coal or liquid fuels, the credentials of gas as a transition fuel could be undermined if flaring, venting, and fugitive methane emissions along the natural gas supply chain are not significantly addressed. In the long-term, the imperative to eliminate most fossil fuel-related greenhouse gas emissions, not just those associated with coal and oil, but also most of those associated with the burning of gas, could pose a profound challenge to the global and Gulf gas business.

It is clear that natural gas has played a role to date in addressing local air quality problems and reducing carbon dioxide emissions in many jurisdictions around the globe. But the gas industry must continue tackling the leakage and flaring problems if gas is to be a viable and low-cost abatement option in the medium-term. In the longer term, the gas sector will also need a credible decarbonization strategy that addresses the inherent opportunities, challenges, and limitations of the current technological pathways on offer.

That mixture of advantages and threats poses a number of dilemmas to natural gas, which demonstrates that the global gas industry, including in the Gulf, despite the promising prospects it faces, needs to develop and implement serious and coordinated actions, with a number of activities to be initiated in parallel, in order to shield its gain, reap the latent benefits of the coming opportunities, and profit from embarking on a sustainable development agenda.



Photo Source: Asharq Al-Awsat (2025)

If the history of environmental progress is any guide, then voluntary actions alone will not be enough to clean up the natural gas mix. Given the multitude of market failures and infrastructure challenges standing in the way of decarbonizing gas on a meaningful scale and confirming its role in sustainable development, there will be ample room for smart policy intervention and more forceful regulatory actions in the years ahead. With that in mind, the following possible strategic goals and related policies for the global and Gulf gas industry are proposed:

Developing a clear and well-communicated commonly shared vision for the future of the gas industry and actively communicating the special features of natural gas as a clean, safe, and reliable source of energy through publicity campaigns, demonstration projects, public statements, and other communications. The image of natural gas as *the* transition fuel *par excellence* is to remain the main focus;

- Staying well informed about new developments, players, technologies, and market opportunities for natural gas, as well as for the other energy sources, by developing a wide-range information system and expertise network, and systematically monitoring and analyzing worldwide gas (and other energy) activities and investments in the upstream, midstream, and downstream sectors;
- Trying to be optimally involved in every relevant consultation and decision-making process in international and regional organizations, national and local governments, the knowledge community, and other energy stakeholders,

especially in those debates on future climate and environmental issues, sustainable development, diversification and security of energy supply, and the merits and risks of energy sources;

- Ensuring that the products and processes of the gas industry are exemplary, by developing standardized contracts and protocols that provide more security, safety, and reliability of gas supply, improving international coordination of gas investment decisions, and establishing and supporting international consortia to finance and implement large gas projects;
- Supporting and strengthening the flexibility of the gas industry to be able to cope with a variety of future policy, technology, and market developments, by developing regulatory systems that are sufficiently conducive to investment in gas infrastructure, and developing an information system that can signal market and other trends in very early stages;
- Embracing policies and technologies that can help the decarbonization of the natural gas supply chain, although the international oil and gas industry has historically been reluctant to advocate for policies that hasten the energy transition.

Coordinating the gas marketing strategies of the different Gulf gas exporters. This is especially true with an expected glut in the global gas market in the second half of the 2020s due to huge increases in gas supply which would push prices lower and thus affect the economics of the capital-intensive gas export projects around the globe, including those installed in the Gulf region. There is therefore an urgent need for the Gulf gas producers, especially those with large projects for exporting liquefied natural gas (LNG, Qatar, Oman, and the UAE), to coordinate their marketing policies rather than implicitly and increasingly compete for gas customers around the world. Coordinating marketing efforts of most, if not all, gas players around the globe is certainly advisable and desirable, but extremely difficult to achieve.



19



Between Fossil Dependence and Climate Risk: The GCC's Strategic Dilemma



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The Gulf Cooperation Council (GCC) countries are among the world's most important energy producers, characterized by rapid economic growth and massive urbanization, which has led to high levels of per capita energy consumption. This consumption is almost entirely dependent on fossil fuels (oil and gas), resulting in high per capita carbon emissions.

The region has witnessed radical transformations over the past four decades, with widespread urban and industrial expansion. This has increased pressure on environmental resources, particularly energy sources. This paper discusses the GCC's strategic dilemma of balancing energy and environmental/climate risks in light of the evolving energy/climate landscape and outlook for 2026.

The Reality of Energy Transition in the Arabian Gulf

Diversifying energy sources is a fundamental element of the Gulf's energy transition. The proven oil reserves of the GCC countries are estimated at approximately 512.2 billion barrels, representing about 32.6% of total global reserves, according to 2025 data.^[1] Saudi Arabia ranks second globally in oil production after the United States. Historically and currently, the Gulf oil sector remains the backbone of the Gulf economy.

The proven natural gas reserves of the GCC countries are approximately 42.7 trillion cubic

meters, according to 2025 data. This figure represents 20.45% of the world's proven natural gas reserves.^[2]

Oil and gas constitute about 40% of the GCC's GDP and between 70% and 85% of its exports.^[3] However, oil-producing states, in particular, faces uncertainty and vulnerability during times of global recession and low prices, with budget deficits increasing significantly as the GCC seeks to mitigate the negative financial impacts of declining oil revenues. Against this backdrop, economic diversification in the non-oil sector has emerged as a key element of the GCC countries' transformation agendas, as outlined in their various Visions for 2030 and 2040.

Oil and gas production activities are among the largest sources of pollution in the region, due to emissions from associated gas flaring and refining processes. Fuel combustion during oil and gas extraction releases significant amounts of carbon, sulfur dioxide, and nitrogen oxides. The oil and gas industry in the Arabian Gulf alone is responsible for approximately 40% of the region's total air pollution. Furthermore, the oil and gas industry is a major source of fine particulate matter (PM10 and PM2.5) in the Gulf region, as these pollutants are emitted through direct fuel combustion and related industrial activities.

According to 2023 data, the GCC countries collectively contribute approximately 3.2% of total global carbon dioxide emissions.^[4] Individual

countries' contributions are as shown in the following table:

Country	Carbon dioxide emissions (million tons)
Arabia Saudi	623
United Arab Emirates	206
Qatar	128
Kuwait	112
Oman	93.1
Bahrain	37.4

The total contribution of the GCC countries is approximately 1.2 billion tons of carbon dioxide. While this percentage may seem small compared to the global total, per capita emissions in the Gulf countries are among the highest in the world,^[5] as illustrated in Table 1.

Table (1) Global Ranking of GCC Countries in Carbon Dioxide Emissions

Country	Total Emissions CO2 (million tons)	Global Ranking (total)	Per Capita CO2 Emissions (tons/person)
Qatar	128	36	43.5
Kuwait	112	39	24.9
Bahrain	37.4	64	20.7
United Arab Emirates	206	28	20.2
Oman	93.1	42	17.1
Saudi Arabia	623	8	17.1

Source: Researcher based on the following sources.^[6]

Table (2) below summarizes the goal of achieving net-zero carbon neutrality that the GCC countries are striving for, each according to their circumstances and strategic plans (Vision 2030-2040).

Table (2): Planned Year of Achieving Net-Zero Carbon Neutrality in the GCC Countries

Country	Year of Achieving Net-Zero Carbon Neutrality
Saudi Arabia	2060
United Arab Emirates	2050
Bahrain	2060
Kuwait	2060
Qatar	2070
Oman	2050

Source: Researcher based on the following sources.^[7]

There is no doubt that, the GCC states stand in terms of meeting their climate goals and fortunately that most solutions to the climate change problem are also related to energy and reducing emissions. These include:

- Transitioning to renewable energy sources (wind, hydro, solar, and hydrogen power, for example);
- Rationalizing energy use;
- Participating in the development of green building codes and specifications for energy-efficient household appliances;
- Expanding the use of cleaner production technologies and environmentally friendly technologies, most of which are energy-efficient;
- Expanding the use of economic tools to encourage the use of more efficient and less energy-consuming products;
- Using sustainable transportation (transitioning to green transport).

In 2025, the GCC states face a critical strategic dilemma: they remain the world's primary "oil giants" while simultaneously becoming one of the most "climate-vulnerable" regions on Earth. In response to this, they are striving, to varying degrees, to undertake their own energy transitions to address the challenges of increasing

vulnerability to the effects of climate change and to fulfill their international obligations under climate agreements.

In terms of climate vulnerability, the region is classified as "high," while rising sea levels threaten critical desalination plants and coastal infrastructure.



Photo Source: [Carnegie Endowment for International Peace \(2025\)](#)

The GCC's Energy and Climate Outlook in 2026

In 2026, the GCC states are projected to accelerate their strategic pivot toward a "post-oil" resilience model, striking a balance between short-term resurgence in hydrocarbon output and long-term climate targets. This dual approach is characterized by the implementation of massive green energy infrastructure and the implementation of stricter environmental/climate regulations.

Renewable Energy: Brent crude is projected to fall below \$60 per barrel in early 2026, potentially prompting a temporary pause in output increases before a full production re-expansion by mid-2027.^[8] However, this will lead to more GCC investment in renewable and clean energy. The region is actively scaling up toward its goal of 102 GW of additional renewable capacity by 2030,^[9] with 44.2

GW already under development in Saudi Arabia alone^[10] leveraging its abundant solar resources, which offer some of the cheapest electricity prices globally (as low as 1.449 US cents per kWh in Qatar^[11]).

Hydrogen: Major projects in green hydrogen include Saudi Arabia's \$5 billion plant in NEOM, expected to be operational in 2026, and one of the world's largest, producing 600 tons per day. Oman and the UAE are also heavily investing in large-scale green hydrogen projects.^[12] In terms of natural gas and blue hydrogen, gas expansion is still a priority in Qatar, which is projected to be the region's top performer in 2026 as its North Field LNG expansion comes online, driving a significant boost in gas exports.^[13] Qatar is investing in a \$1 billion blue ammonia plant, set to launch in Q1 2026, which will capture 1.5 million tons of CO₂ annually.^[14] In short, the GCC aims to become a global powerhouse

in both green and blue hydrogen production to create new export markets.

Environmental Regulations and Initiatives:

In the UAE, a new climate law, effective since mid-2025, mandates that all companies measure and report emissions starting in 2026, with financial penalties for non-compliance. The UAE's hosting of UNFCCC COP28 in 2023 and KSA's hosting of UNCCD COP16 are obvious turning points, raising expectations and positioning the region as a leader for global climate actions.

The Saudi Green Initiative (SGI) and the Middle East Green Initiative (MGI)^[15] represent a dual-track strategy to combat climate change through domestic action and regional cooperation. SGI focuses on transforming Saudi Arabia into a global leader in sustainability by targeting a 50% renewable energy mix by 2030, planting 10 billion trees, and achieving net-zero emissions by 2060. Meanwhile, MGI serves as a first-of-its-kind regional alliance aimed at reducing carbon emissions from regional hydrocarbon production by more than 60% and restoring 200 hectares of degraded land across the Middle East through the planting of 50 billion trees. Together, these initiatives leverage multi-billion-dollar investments and innovative frameworks, such as the Circular Carbon Economy, to mitigate the unique environmental risks facing the MENA region, including extreme heat and water scarcity.



Photo Source: Saudi Green Initiative (2025)

While the GCC has established a strong framework and is building momentum with large-scale projects, significant acceleration and more comprehensive policy frameworks are required to fully achieve its energy and environmental targets on schedule.

The region will continue to host major environmental events in 2026, such as the UN Water Conference, to address the critical water-energy-climate nexus and emphasize their role as global pioneers in the environmental field. Last but not least, it is expected that the year 2026 will be a pivotal year for integrating Artificial Intelligence (AI) into national strategies, with governments investing heavily in energy-intensive data centers to serve as new export industries.^[16]

Conclusion

In 2026, the GCC countries are projected to reach a critical execution phase in resolving the “energy-climate dilemma” by scaling renewable and clean energy infrastructure and initiatives while managing oil production recovery. Following a period of major investment, 2026 will see the NEOM Green Hydrogen Project in Saudi Arabia—one of the world’s largest—begin commercial operations, while the UAE’s Mohammed bin Rashid Al Maktoum Solar Park enters its sixth phase, significantly increasing carbon reduction. The GCC states are positioning themselves as a central hub for renewable energy, green finance and technical innovation ahead of its mid-century net-zero targets. However, still GCC countries need a more comprehensive policy frameworks to fully achieve its energy and environmental targets on schedule.

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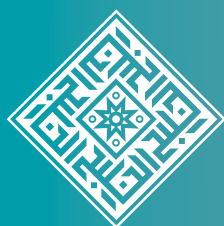
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Section VI

Instruments of Influence & Strategic Enablers





20



Challenges to Gulf Identity at the Societal Level: From Inclusive Unity to Absolute Individualism



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Introduction


The member states of the Gulf Cooperation Council (GCC) constitute a single settlement unit, bound together by a shared Arab lineage, one common language and culture, and similar political systems. All of this makes the strengthening of unity and union at various levels both feasible and attainable, particularly in light of the growing international competition over the region and the increasing scale of unjust external alignments seeking to benefit from the wealth of these states.

Since its establishment in 1981, the GCC has preserved its political and social unity despite the many storms it has weathered. It sought to forge a comprehensive political and social identity among the citizens of its member states, grounded in a natural geographical reference rooted in belonging to a place, namely "the Gulf." The image and media discourse were sharpened around a focused identity encapsulated in the slogan: "I am Khaleeji and proud to be Khaleeji." GCC leadership maintained regular meetings at the level of leaders and ministerial councils, with the aim of strengthening shared economic foundations and affirming the concept of a unified Arab Gulf identity among GCC citizens. It can be argued that over these decades, a new identity concept, "Khaleeji," has become

embedded in the collective consciousness to varying degrees. Conceptually, this refers to "a society similar in its political system and economic features, in addition to the unity of its overarching Arab lineage," a dimension explicitly affirmed at the time of establishment through the inclusion of Arab identity in the official name: "The Cooperation Council for the Arab States of the Gulf."

Despite the unity of the principal determinants of shared identity, religion, language, ethnicity, shared history, common geography, and the nature of the political system—factors of fragility and fragmentation are not far removed. These stem from the intensification of political and economic competition, which constitutes a key factor in straining relations among competing states, and thus may negatively affect the nature and pattern of national societal identities within each state and shape their relationship with others.

Indeed, while economic interests, shared investments, and development projects form a foundation for deepening identity at the societal level, whether within the nation-state or among multiple states, they also serve as a basis for political disputes and, consequently, social distancing. Added to this are the complications arising from border disputes, all of which can



exacerbate tensions among different national identities, with negative repercussions for unity and union at both the societal and political levels. Typically, such situations lead each state to mobilize regional and international support in pursuit of advantage in political competition, thereby widening the gap among national identities at the societal level and weakening the sense of assured unity and union.

Challenges to the Unity of Gulf Identity at the Societal Level

Intra-Gulf Disputes

In this context, and over past decades, GCC leaders have worked to strengthen the bonds of a unified Gulf identity among the peoples of the region through various joint cultural, sports, and media programs. These initiatives achieved notable success in linking national identities within each state to the overarching Gulf identity, creating a barrier against sudden collapse. This was evident during the most severe political crisis faced by the GCC since its establishment—the political dispute between Qatar on one side and Saudi Arabia, the United Arab Emirates, and Bahrain on the other. Despite the intensification of the crisis, the rise of incitement, the spread of sharp commentary on social media platforms by some citizens of these states, and the involvement of so-called electronic trolls, the threads of societal identity convergence among their peoples were not severed. They remained cohesive to the extent possible, disregarding much of what was written on social media and maintaining the conviction that what united them outweighed what divided them. At the political level, meetings among officials of the various states continued, albeit with reduced representation, and the GCC Secretariat seamlessly maintained its duties.

As the crisis escalated, the State of Kuwait and the Sultanate of Oman exerted additional political efforts to narrow the gap. Ultimately, conditions returned to their natural course politically and, consequently, socially, confirming the resilience of the new, shared identity framework among GCC states.

The Social Impact of Divergent Positions on Peace with Israel

Another divergence emerged in differing positions toward Israel, representing another test of political consensus within the GCC. While Saudi Arabia, Kuwait, Oman, and Qatar maintained their firm stance on the Palestinian cause and rejected signing any peace agreement with Israel prior to its acceptance of the parameters of the Arab Peace Initiative, calling for the establishment of a fully sovereign Palestinian state based on the 1967 borders, the United Arab Emirates and the Kingdom of Bahrain moved to sign peace agreements with Israel outside GCC consensus, with the UAE additionally adopting what became known as the Abraham Accords, despite the complexities associated with the agreement. This stands in contrast to the steadfast Saudi political position, which assumed responsibility for mobilizing international support for the “two-state solution” at the New York Conference of 2025, and insisted on hinging the approval of the Abraham Accords to recognition of the two-state solution, as stated by the Crown Prince during his most recent visit to the United States (November 2025), in the presence of President Donald Trump.

Despite this divergence, the societal and political bonds of the GCC were not significantly affected. Inter-state relations remained distinguished within their bilateral frameworks, and the issue did not evolve into a societal dispute among GCC

populations. Debate between supporters and opponents among GCC intellectuals remained confined to intellectual circles, largely away from social media platforms, which limited the escalation of societal disagreement across GCC

societies. This constitutes another indicator of the Council's resilience and flexibility in political and social engagement, contrary to some observers' predictions of its weakening.



The Impact of Political Divergence at the Regional Level

A similar pattern is observable at the regional level, particularly in relation to Syria, Libya, Sudan, and Yemen. Divergent political visions have emerged among Saudi Arabia, Qatar, and the UAE across several of these files. While convergence was evident between Saudi Arabia and Qatar regarding Syria, the UAE generally pursued a different trajectory. Likewise, Qatar, Saudi Arabia, and other Gulf states converged in their handling of the Sudanese file by supporting the legitimate government led by President Abdel Fattah al-Burhan, whereas the UAE adopted an opposing stance by supporting the Rapid Support Forces led by Mohamed Hamdan Dagalo, known as "Hemedti." Despite the divergence in both of these cases, the GCC's collective political identity was not adversely affected, nor did it negatively

reflect on societal identity, given that the axes of conflict lie outside shared geographical borders and are managed within a framework of regional political competition in line with each state's strategic interests.

At the same time, this divergence reinforced the prominence of individual state identities over the collective identity that GCC founders sought to entrench. It also revealed wide societal divergence in perceptions of the humanitarian dimensions of crises—particularly Sudan, where Gulf social media users broadly expressed sympathy without directly accusing any state, while some Emirati users questioned reports of humanitarian massacres following the fall of El-Fasher, the capital of Darfur in western Sudan. Nevertheless, societal divisions did not widen among GCC populations and remained confined largely to political and intellectual spheres.

The conflict in Yemen, however, has added another layer of divergence. Differing political visions between the UAE on one side and Saudi Arabia and Oman on the other carry notable social implications, given Yemen's shared borders with Saudi Arabia and Oman and the deep ties of kinship between border communities. Any external intervention aimed at shaping a political position misaligned with Yemen's neighboring states risks producing broader negative consequences.

This reality constituted the primary driver behind the formation of the Arab Coalition to support Yemen's legitimate government against the Iranian-backed Houthi movement, which overthrew constitutional legitimacy and imposed a de facto authority in Sana'a. While the UAE initially supported the coalition militarily, it later withdrew and supported a political and military faction opposed to the Yemeni legitimate government, advocating the secession of southern Yemeni provinces and the

establishment of an independent state under the name "South Arabia."

This approach, adopted by the Southern Transitional Council in Aden under the leadership of Major General Aidarous al-Zubaidi, a member of Yemen's Presidential Leadership Council, runs counter to Saudi and Omani political positions. Given current trajectories, there is a risk that prospects for a political settlement in Yemen may become more complex, and that the trajectory of collective Gulf identity could be affected unless a more coordinated and consensual approach is adopted.

These political divergences extended beyond closed political forums into social media spaces. A number of Emirati users intensified support for the Southern Transitional Council and southern secession, while Saudi, Omani, and Yemeni writers and users articulated opposition to secession and called for reaffirming internationally recognized legitimacy and pursuing future solutions within constitutional and legal frameworks.





From Inclusive Unity to Absolute Individualism

In light of the above, the predominance of individual state identity over collective identity among some GCC states has become evident, despite the emphasis placed on collective foundations by the Council's founders. This shift is driven by political calculations and economic reference points and is not unique to the GCC among international organizations, where each state retains sovereign rights to shape its political and economic strategies, while seeking to avoid direct conflicts of interest with strategic partners, particularly when relationships extend beyond partnership to shared history and unity of circumstance.

More concerning is the risk of political disagreement evolving into societal conflict. Political disputes can often be resolved through dialogue and mutual interests, but societal conflict, once entrenched, is far more difficult to mend. This reality demands attention from

decision-makers across the GCC states. Among the most significant catalysts of societal tension is the content circulated on social media platforms, whether by real or fictitious actors, close to or distant from official narratives.

Conclusion

Regional conflicts and economic pressures have thus emerged as new challenges for GCC states in the foreseeable future—not only politically, but socially as well. These challenges require transparent and conscious engagement, particularly amid other growing threats to the unity of Gulf identity. These include demographic imbalances marked by declining proportions of indigenous populations relative to expatriate residents in several GCC states and the erosion of the Arabic language and culture within societal life, both central pillars of collective identity—and the dangerous rise of sectarian sentiment, which risks fragmenting societies into isolated religious enclaves.



21



Strategic Autonomy in the Digital Age: The Gulf Cooperation Council's Approach to Artificial Intelligence



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In the twenty-first century, the concept of strategic autonomy is no longer confined to natural resources or military capabilities alone. It has become increasingly associated with the capacity to control foundational digital technologies that now constitute the backbone of the emerging global economy. In this context, the Gulf Cooperation Council (GCC) states are facing a historic moment of transformation, comparable in significance to earlier oil-driven transitions, as the global center of gravity shifts toward artificial intelligence (AI), semiconductors, and advanced computing.

Although GCC countries have, over the past decade, adopted ambitious national visions and strategies for digital transformation and artificial intelligence, the trajectories of implementation on the ground have not followed a uniform pattern. All GCC states began with a shared recognition of the centrality of digital technologies as pillars of economic diversification, competitiveness, and the transition toward knowledge-based economies. Yet the practical translation of these visions has varied considerably across countries, reflecting differences in national priorities, institutional structures, resource endowments, and levels of regulatory, human, and technological readiness.

While some GCC states have prioritized investment in digital infrastructure and large-scale computing capacity, others have focused on deepening the industrial base or developing regulatory and cognitive frameworks for artificial intelligence. A third group has adopted a more cautious

approach, emphasizing applied use cases and service efficiency improvements. Consequently, the emerging Gulf objective is not merely the adoption or importation of technology, but rather the strategic repositioning of the region within the global technological system, and the construction of a new form of digital strategic autonomy that balances sovereignty with integration, influence with capability, and ambition with structural realities.

Digital Strategic Autonomy: A Multidimensional Concept

Digital strategic autonomy refers to the capacity of states to make sovereign technological decisions, ensure sustainable access to critical technologies, and reduce exposure to geopolitical shocks or supply-chain disruptions. However, this autonomy does not imply isolation or full self-sufficiency. Rather, it denotes the deliberate management of global interdependence in a conscious and strategic manner.

In the Gulf context, this concept manifests along two parallel tracks. The first is centered on ownership and influence through investment in digital infrastructure, data centers, and cloud computing. The second focuses on building local capabilities through manufacturing, human capital development, research and development, and the accumulation of knowledge and intellectual property. The central challenge lies in achieving a sustainable balance between these

tracks, such that ownership does not become a disguised form of dependency, and capacity-building does not devolve into a long-term project devoid of tangible outcomes.

Digital strategic autonomy must also be understood against the backdrop of an increasingly complex geopolitical environment in which advanced technologies are no longer neutral or freely accessible. Semiconductors, high-performance computing, and advanced AI models have become

instruments of political and economic leverage, subject to national security considerations, export controls, and alliance dynamics. Within this framework, GCC states are not seeking to exit the global technological system, but rather to manage their position within it through diversification of partnerships, avoidance of unilateral dependence, and preservation of strategic maneuverability to ensure continued access to critical technologies without becoming locked into closed technological blocs.



Photo Source: Gulf Economist (2025)

Artificial Intelligence: Between Sovereign Use and Innovative Capacity

With regard to artificial intelligence, GCC states have made notable progress in integrating AI technologies into government services and key economic sectors, as well as in developing language models and intelligent systems that reflect cultural and regulatory specificities. Sectors such as healthcare, finance, education, renewable energy, and scientific research are expected to be

among the primary beneficiaries, witnessing new levels of innovation, efficiency, and productivity driven by the engines of the Fourth Industrial Revolution, particularly AI-based systems.

The United Arab Emirates, in particular, has sought to explore the role of artificial intelligence in areas such as early diagnosis, medical imaging, and telemedicine. The integration of AI into educational curricula further reflects a determined effort to transform the education system. The

establishment of the MGX AI-focused investment platform, targeting assets worth USD 100 billion, marked a shift from portfolio investment toward infrastructure control. In late 2025, the UAE secured U.S. approval for the export of approximately 35,000 Nvidia Blackwell processors to G42, reinforcing its role as a trusted partner in the deployment of advanced computing capabilities. This followed a long-term USD 15.2 billion commitment by Microsoft to expand sovereign cloud capacity in the country.

The UAE has also paid particular attention to the software and applications layer, through the development of the Jais 2 Arabic large language model, comprising 70 billion parameters, and the K2 Think reasoning system. These initiatives reflect a deliberate effort to ensure linguistic, cultural, and regulatory alignment of locally deployed AI systems, as well as greater sovereignty over how such systems interpret data, process information, and generate content within the regional context.

Energy remains another critical sector in the region, with growing emphasis on enhancing efficiency, optimizing management, and reducing production costs. Companies such as ADNOC in the UAE and Saudi Aramco have deployed artificial intelligence to improve oil and gas production processes, including predictive maintenance, geological data analysis for optimal drilling, and reduction of equipment downtime, thereby enhancing operational efficiency.

Saudi Arabia, for its part, has focused on securing large-scale computing capacity to support its AI ambitions. In November 2025, Humain, a leading national AI entity, received U.S. approval to import 35,000 Nvidia Blackwell processors in a deal valued at approximately USD 1 billion. The development of a 500-megawatt data center in Riyadh, in partnership with xAI, exemplifies a model that leverages surplus energy to attract advanced computing infrastructure. Humain has also launched advanced language models and AI tools, including "Humain Chat," capable of understanding Arabic and its dialects and

delivering customized responses, supporting multi-sectoral applications across Saudi Arabia and the broader Arab world.


Saudi Arabia has further launched a National Semiconductor Hub with initial capital focused on chip design and startup development, aiming to attract at least 50 semiconductor design firms by 2030.



Photo Source: [Arab News](#) (2024)

In December 2025, Oman announced a USD 5.16 billion investment package for the semiconductor sector, centered on establishing a USD 5 billion high-purity silicon production facility in Muscat. By focusing on the upstream segment of the semiconductor value chain, Oman seeks to position itself as a key supplier of foundational inputs and to strengthen its role within global technology supply chains. Semiconductor equipment imports rose from USD 52.9 million in 2020 to USD 2.16 billion in 2024, reflecting sustained emphasis on raw materials and core components, including photovoltaic cells and basic semiconductor devices.

A pivotal milestone in Oman's technological strategy has been the development of the Oman-1 and Oman-2 chips, the first locally designed semiconductors. Designed by Omani engineers under government-supported skills programs, these chips were manufactured in 2023 and successfully validated in 2024. Oman-1 focuses on power management and data processing, while Oman-2 supports radio-frequency applications. This achievement signals growing capabilities in semiconductor design and intellectual property, marking a transition from technology



consumption to higher-value participation in the global ecosystem.

In cybersecurity, financial institutions in Bahrain and the UAE have successfully deployed AI-based systems to detect fraud and manage risk. These systems rely on machine-learning techniques to identify anomalous patterns, thereby enhancing regulatory compliance and oversight.

Nevertheless, this progress raises a deeper question regarding the nature of autonomy achieved. A distinction must be drawn between operational autonomy, which enables local deployment and control of models, and innovative autonomy, which entails the ability to develop core algorithms, build advanced models from scratch, and contribute to global knowledge production. To date, the Gulf experience remains more closely aligned with the former, albeit with gradual efforts to transition toward the latter.

Digital Transformation Progress in the GCC

- Saudi Arabia and the UAE lead the region in AI readiness and advanced digital skills availability, with over 80% of the population in most GCC states possessing basic digital skills.
- The UAE ranked first globally in the telecommunications infrastructure index in 2024 and first worldwide in the Online Service Index (OSI) sub-indicator.
- Saudi Arabia ranked first in the Arab world and sixth globally in the UN E-Government Development Index (EGDI) in 2024.
- By 2030, 5G and high-speed internet networks are expected to cover approximately 90% of GCC systems, alongside massive investments in data centers and high-performance computing.

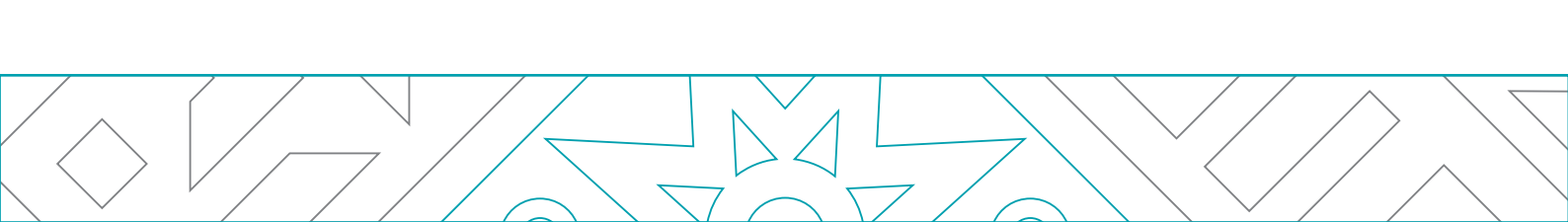
These indicators reflect tangible progress in digital readiness, but they do not in themselves guarantee the realization of innovative autonomy unless they translate into sustained local knowledge-production capabilities.

Key Challenges to Digital Strategic Autonomy

Ambitious AI and digital transformation agendas inevitably entail significant challenges, and the GCC states are no exception. To achieve their strategic objectives and build sustainable, independent digital capabilities, these states must overcome a range of structural obstacles that continue to shape their development trajectories.

The first challenge is the scarcity of specialized talent, particularly in advanced research, algorithm development, and foundational model design. Despite improvements in the regional research and innovation environment, global competition for talent remains intense, especially from major technology hubs offering financial and research incentives that are difficult to match. GCC states have therefore adopted long-term human capital strategies, including scholarship programs, advanced training, and partnerships with leading universities and research centers, to cultivate a national base of researchers and engineers capable of leading local innovation.

The second challenge lies in continued reliance on imported technologies, both in hardware and software. Much of the advanced digital infrastructure, including cutting-edge processors, operating systems, and cloud platforms, remains produced outside the region. This creates a degree of technological dependency that may constrain strategic decision-making over the long term. Nevertheless, signs of transition are emerging through increased investment in local research ecosystems, competitive AI model development, and the expansion of large-scale data centers domestically and abroad, enhancing control over computing infrastructure.



A third challenge concerns the scarcity of high-quality, context-specific data. With English dominating most global AI models, the Arabic language and its cultural and social specificities face significant representation and processing challenges. Data fragmentation across institutions, complex access procedures, and evolving privacy and data-governance frameworks further limit the development of effective, scalable local models.

A fourth challenge relates to the limited size of the domestic market for advanced AI solutions. Despite substantial government spending, private-sector demand for sophisticated AI applications remains relatively modest, reducing opportunities for large-scale local testing and weakening market-driven innovation cycles.

Additionally, cross-border GCC coordination remains limited. Despite shared challenges, cooperation in data sharing, joint research, and technical standardization remains below potential, leading to duplication of efforts and missed opportunities to build a regional digital bloc capable of global negotiation and competition. This persists despite the GCC's announcement of a specialized task force for AI and emerging technologies, progress toward a unified GCC AI strategy by the end of 2025, and the adoption of ethical AI guidelines and frameworks for climate forecasting and disaster management.


Often overlooked in assessments of digital autonomy is the factor of institutional time. Deep technological capability cannot be built through rapid initiatives or large investments alone, but requires long-term knowledge accumulation, policy stability, and sustained support for research, development, and skills formation. The core challenge for GCC states, therefore, lies not in launching projects or securing funding, but in maintaining enduring institutional momentum that converts digital ambition into resilient, self-sustaining capacity capable of withstanding technological, market, and political volatility.

Conclusion

The GCC's approach to artificial intelligence and semiconductors reflects a pragmatic vision of strategic autonomy in the digital age. It is not based on isolation or self-sufficiency, but on strategic repositioning within an interconnected global system, combined with gradual and selective capacity-building.

The success of this model ultimately depends on the ability of GCC states to transform financial investment into knowledge, infrastructure into innovation, and ownership into sustainable self-capability. In a world where algorithms and chips have become strategic resources, possession of technology alone is insufficient; what matters is the capacity to understand it, develop it, and shape its trajectory.

22



Gulf Sports Diplomacy in 2026 Soft Power, Nation Branding, and Global Influence



Dr. Ahmed Sager

Vice President

Introduction

Within the framework of forward-looking national visions adopted by the Gulf Cooperation Council (GCC) states, sports diplomacy has emerged as one of the vital pathways within broader development projects. Sport has been integrated into wider approaches aimed at economic diversification, enhancing international presence, and investing in sectors with long-term impact. In this context, sport has moved beyond its traditional role as a recreational, competitive activity, to intersecting with the economy, culture, and society, and as an effective tool for building more interactive relationships with people and communities.

Sports diplomacy plays a role in each of the national visions adopted by the Gulf states, reflecting their priorities and development trajectories, and as a strategic instrument for stimulating economic activity, supporting calibrated openness to the world, and strengthening international standing. This has contributed to consolidating sports diplomacy as a component of development policy and international engagement.

In recent years, Gulf investments in the sports sector have expanded significantly, supported by the financial capacity of Gulf states, particularly in Saudi Arabia, the United Arab Emirates, Qatar, and Kuwait. This has enabled them to host and organize major sporting events and to develop associated infrastructure in accordance with the highest international standards.

At the same time, these investments reflect a deeply rooted passion for sport among Gulf citizens and a strong societal attachment to it. Thus, hosting sporting events is a natural extension of societal interest rather an attempt to improve image or reshape perceptions, contrary to what some Western media narratives might suggest.

Practical experience has demonstrated that investments linked to sporting events have contributed to establishing lasting infrastructure, creating employment opportunities, and stimulating multiple economic and social sectors in the longer term. This confirms that sport in the Gulf context represents an extension of well-considered development choices, not a temporary promotional tool. Instead, these transformations occur within the broader context of the Gulf states' reconfiguration of their international engagement tools over the past two decades, during which time sport has gradually shifted from a recreational activity to a central element of soft power and a supportive component in nation branding and global influence. Accordingly, 2026 represents the continuation of an already ongoing trajectory and a key milestone for testing the ability of Gulf sports diplomacy to channel this momentum into a more mature and sustainable framework.

Soft Power in Gulf Sports Diplomacy in 2026

By 2026, Gulf sports diplomacy is expected to consolidate the role of sport as a sustainable soft power tool, having moved beyond the phase of episodic hosting of major events toward a more systematic and long-term utilization of sport for communication and influence. Sporting events are no longer viewed as isolated occurrences or fleeting experiences, but rather as part of a broader image reflecting how Gulf states manage their international presence, in line with a broader transition from individual initiatives to more comprehensive strategic frameworks.

This shift is based on a central assumption that soft power, in order to take root, requires continuity and accumulation rather than isolated, situational successes. Conversely, accumulated experience from previous events is expected to contribute to the development of clearer organizational and administrative frameworks, enhancing the efficiency of sporting event management and supporting the sustainability of their role within Gulf soft power.

In this context, sport has increasingly become a natural space for cultural expression, through which the values and social contexts of Gulf societies are conveyed without reliance on direct promotional discourse or artificial attempts at image reshaping, contrary to what is often portrayed in some Western media narratives. Gulf experiences, particularly Qatar's, have shown that hosting major sporting events was not an end in and of itself, but part of a long-term development trajectory that generated broad economic and social dynamism, affecting various sectors linked to sporting events, from transport and hospitality to services and tourism.

Within this framework, hosting the Formula 1 Grand Prix in Abu Dhabi stands out as a soft power tool with wide public impact, given its global media exposure and ability to project the state's image to diverse international audiences outside traditional diplomatic channels. Such events

contribute to shaping indirect perceptions of the host country through organization, fan experience, and the accompanying cultural dimension.

In 2026, the presentation of Gulf cultural elements is expected to be increasingly embedded within the sporting experience itself, through practice, organization, and the surrounding environment, thus reinforcing cultural difference as a natural source of strength rather than a politicized promotional narrative.



Photo Source: Time Out Dubai (2024)

Mass spectator sports, particularly football, continue to represent one of the most effective channels for reaching international public opinion, enabling indirect engagement with societies beyond official political discourse. Sporting events, through their organization, fan experience, and social context, transmit implicit messages about host societies and contribute to shaping long-term perceptions that are often more influential than traditional diplomatic messaging. This reliance on widely popular tournaments is expected to continue in 2026, with media coverage expanding to frame events as broader social and cultural experiences rather than purely athletic competitions.

The Gulf approach to soft power has also expanded beyond traditional spectator sports to include emerging global sectors, notably esports. Saudi Arabia's experience in hosting major esports tournaments, particularly the Esports World Cup, represents an advanced model of integrating this sector into contemporary soft power tools. These

events have reinforced the Kingdom's position as a central hub in the global esports landscape, benefiting from digital momentum and expansive international audiences via online platforms. If this trajectory continues within clear institutional frameworks, it is expected that in 2026 the global center of gravity in esports will increasingly shift toward Saudi Arabia, especially with the launch of new tournaments such as the planned Esports Nations Cup in November 2026. This would strengthen the Kingdom's leadership position in the sector and contribute to reshaping the global esports ecosystem.



Photo Source: Broadcast Pro (2023)

Nation Branding in Gulf Sports Diplomacy in 2026

Sports diplomacy has contributed in recent years to a qualitative shift in how Gulf states build their national image. Sports hosting is no longer presented as an exceptional event or temporary occasion, but as part of a broader trajectory reflecting state capacity in governance, organization, and management of major events within clear institutional frameworks.

This shift was particularly evident in the hosting of major tournaments such as the FIFA World Cup in Qatar, which demonstrated the state's ability to manage complex sports projects over extended periods, encompassing long-term planning, inter-institutional coordination, and the delivery of an integrated visitor experience. This enhanced the state's image as a reliable institutional actor rather than merely an event host.

Similarly, the Saudi Cup in horse racing represents an advanced model of this transformation, as it has evolved beyond a global race into a platform showcasing the Kingdom's capacity to organize a high-profile international sporting event that combines institutional professionalism with cultural heritage, attracting elite owners, jockeys, and equestrian enthusiasts worldwide.

Conversely, the UAE's experience in sports such as equestrianism and golf offers a model centered on building the state's image as an institutional actor in developing sports with global reach, through consistent presence in the international sports arena that goes beyond hosting to sustained participation in the development of these sports.

Within this framework, the image of the Gulf state has gradually shifted from that of a "host state" to that of an "active state" possessing the human capital, organizational expertise, and institutional infrastructure required to efficiently manage the media, logistic, and public dimensions of major sporting events.

In 2026, this trajectory is expected to deepen through greater emphasis on governance and institutional management, as well as highlight organizational experience as part of the narrative accompanying sporting events, rather than focusing solely on athletic outcomes. This contributes to embedding Gulf states as a natural component of the international sports landscape, not as exceptional cases driven solely by economic weight, but as actors with sustainability and institutional professionalism.

Nonetheless, this challenge is expected to serve as a driver for further institutional development, improved governance practices, and accumulated expertise.

At a later stage, and with further accumulation of experience, some Gulf states may gradually move from being active states to partners in designing sporting events and shaping their trajectories, thereby strengthening their presence in planning and decision-making circles within

the international sports system and conferring a leadership dimension that goes beyond hosting and implementation.

Global Influence in Gulf Sports Diplomacy in 2026

The global influence of Gulf sports diplomacy is expected to witness notable development in 2026, as Gulf states continue transitioning from a role limited to hosting major sporting events toward more active participation within the international sports system. Repeated hosting of continental and international tournaments, combined with accumulated organizational and institutional expertise, has enhanced global sports organizations' confidence in Gulf capabilities and opened the door to broader roles extending beyond execution to planning and decision-making.

Gulf participation in regional and international sports federations and committees is also expected to increase, reinforcing their presence as natural actors in the global sports arena rather than temporary hosts.

In this context, sport emerges as an effective platform for enhancing informal international relations, providing spaces for interaction among officials, federations, sponsors, and audiences outside traditional diplomatic frameworks. Sporting events are likely to be increasingly leveraged as supportive platforms for bilateral and multilateral relations, particularly with Asian and African countries, through accompanying meetings, economic forums, and cultural events, contributing to the development of long-term relationships grounded in shared interests and societal engagement.

At the regional level, the trajectory points toward consolidating the Gulf states collectively as a regional sports hub with geographical and strategic influence, serving as a bridge between Asia, Africa, and Europe. This is expected to be reflected in the growing reliance on the region as a key stop on international sporting calendars, expanded hosting of national teams and clubs, and the growth of training and sports development roles.



Photo Source: [Arab News](#) (2021)



Risks and Potential Challenges in Gulf Sports Diplomacy

Alongside the opportunities offered by Gulf sports diplomacy, a set of risks and potential challenges emerges that may affect its ability to generate sustainable outcomes across soft power, nation branding, and global influence. These risks become particularly salient as Gulf states move from episodic hosting toward more institutionalized and long-term engagement in the global sports arena.

First, the use of sport as a soft power tool remains vulnerable to risks associated with weak coordination among organizing entities or the absence of a unified institutional framework. Such shortcomings may result in repetitive events that lack genuine qualitative added value, thereby limiting the cumulative and long-term impact of sports diplomacy initiatives.

Second, sports diplomacy initiatives face risks related to the reinterpretation of conveyed images outside their intended cultural and political context. Overemphasizing cultural elements may expose them to heightened scrutiny or media controversy, potentially undermining the implicit messages that sporting events are meant to transmit.

Third, excessive reliance on mass spectator sports carries reputational risks linked to factors beyond state control, including match results, crowd behavior, or organizational incidents. These elements may attract negative media attention and contradict the intended direction of sport as a tool of soft power.

Fourth, as Gulf states consolidate their image as “active states” within the international sports system, rising global expectations generate increasing pressure to consistently maintain high standards of quality and organization. This dynamic narrows the margin for error and subjects Gulf sporting experiences to more intense scrutiny and evaluation than in earlier phases.

Fifth, the expansion of hosting and organizing major sporting events remains contingent upon the ability of Gulf states to manage regional competition, strengthen intra-Gulf coordination, and alleviate growing pressures on infrastructure and organizing institutions. Failure to address these challenges could undermine the sustainability and coherence of Gulf sports diplomacy’s global influence over the medium and long term.

Conclusion

Gulf sports diplomacy in 2026 represents a pivotal stage in a trajectory that began years ago and has gradually evolved from employing sport as a tool of symbolic presence to adopting it as a sustainable pathway within soft power policies, nation branding, and global influence. The Gulf experience demonstrates a growing capacity to integrate sport within broader national visions that respect cultural and social specificities while leveraging economic and organizational capabilities, reflecting a qualitative shift in engagement with the international sports domain.

Success in 2026 will remain contingent on strengthening institutional frameworks, enhancing coordination among relevant actors, and achieving a balance between sporting ambition and sustainability requirements. The importance of Gulf sports diplomacy therefore extends beyond hosting events or organizing tournaments to contributing to a deeper narrative about Gulf societies and reinforcing their presence as natural and influential actors within the global sports landscape.

Accordingly, 2026 constitutes a genuine test of the Gulf states’ ability to transform accumulated sports momentum into long-term impact, in light of accumulated organizational experience, diversified sports diplomacy tools, and emerging organizational and media challenges. This moment provides an appropriate opportunity for evaluation, reinforcing the Gulf’s position within the international system and reflecting the maturity of its experience in employing sport as an effective tool for communication, trust-building, and partnership development at both regional and global levels.

23



Leadership in a Multiplex World: Power Redistribution and Opportunities for Influence in a New Order



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Introduction

The United States continues to be a global leader, but its role in managing the global order is gradually diminishing as Washington increasingly tries to offset the long-term costs of enduring leadership.^[1] There is a sense a fundamental structural change and disconnect between US power and comprehensive responsibility, led by growing commitments, internal polarization, and a shift towards selective engagement. Nowadays, the core power is increasingly melting within infrastructures, institutions, companies, and norms, posing a challenge towards the sustainability of centralized hegemony. As a result, within the blurred lines of alternative leadership, more issue-specific and multi-lateral relationships signal a more fragmented, but still-standing world order.

Post Hegemonic Global Order

The global order has begun to drift towards post hierarchal hegemony, where leadership and authority are distributed among states, institutions, and infrastructures. Post-WWII, the United States imposed its own model of hegemony on the global order through the fusion of normative authority, military power, and institutional legitimacy elements. As sources and channels of influence are multiplying, uneven capabilities are increasing with growing complexity, suggesting that the traditional US model may no longer be sustainable. In its place,

a more asymmetrical and issue-specific model is gradually appearing that represents a transition to a post hegemonic era, where the practice of leadership may be distributed, partial, and constantly shifting, and power may also operate through engagement in practicing norms, building networks, and interdependence, as seen in the overlapping governance arrangements across economic, security, and digital domains.^[2] Great powers, specifically the United States, realize the current and future costs of comprehensive leadership, and seem to prefer selective and careful engagement, while gradually practicing influence through these domains. Thus, the post hegemonic order could have a negotiated and adaptive form that is less stable but more flexible.

^[3] In other words, the expectations of a structural shift that will render the overall leadership model unsustainable due to the relative decline of the US's role, do not necessarily signal an immediate traditional transfer in hegemony. Rather, we may see a redefining of leadership involving mediation, shared agenda-setting, and on-demand and issue-specific alliances, with less central authority, as a slight structural shift towards post hegemonic order.

The United States: Is There an Alternative?

If we are entering a post hegemonic era, then we may expect a transitional phase while awaiting an alternative hegemonic power. However, this view may rest on a historical analogy that is no longer valid. The increasing desire within states

to preserve selective, beneficial, and reliable engagements shows the lack of an endorsed acceptable “alternative,” but that means a change in the conditions and circumstances of how to define and practice leadership within the global order.

US hegemony reached its peak through an exceptional and unique blend of legitimate military and institutional capabilities. Nowadays, no single actor has this capacity. The behavior of China, as a major expected “alternative,” shows a clear reluctance to shoulder the burden of global engagement, and increasingly demonstrates restraint, selective influence, and calculated responses. The strategic coherence that the EU lacks, prevents the “transatlantic partner” from the role of an overall leader. As for the growing regional powers, India already escaped expectations, while positioning itself as a counterbalancing power within the global order,^[4] and this may be the result of a shift in the political economy of leadership towards distributing the benefits of stability. Moreover, concerns around the costs of crisis management and enforcement that will still be centralized on any potential leader abound as if overt leadership, while conferring power through influencing networks of finance, protection, and technology, increases vulnerability to high risk.



Photo Source: China Daily (2022)

Furthermore, the foundations of global legitimacy, such as institutional authority (UN, Bretton Woods), normative narratives (rules-based order sovereignty), and functional public goods (security

guarantees, monetary stability) are mutating if not shifting. For major powers, long-term commitments to overall leadership are no longer attractive and are beginning to carry high costs due to internal political constraints. In other words, alternative unipolarity has become less important among powers and alliances. Still, the logic of the “alternative” may transcend time and the world may enter a temporary leadership vacuum, as the hegemonic era still lingers enough to drag the order into its center.

The year 2026 may signify the redefinition of leadership as a situational function stemming from an issue-specific model, exercised through on-demand alliances. There is a vital necessity to understand the importance of managing an order in which power may be distributed, and stability may be maintained without a single, centralized leader or a reliable guarantor.

Europe and Asia and the Limits of Normative Power

In an increasingly fragmented global order, normative power faces growing challenges. While the European Union bears significant institutional and economic weight, there has been a major failure in translating its normative influence into overall transnational leadership. Structural limitations of normative leadership have become evident through the widening gap between setting rules and enforcing them. The “Brussels effect,” where European rules of market access are followed, proves the capacity of the EU to influence global economic standards; but the influence remains contingent upon the acceptance of external actors.^[5] The EU’s ability to protect its norms in competitive environments has been restricted by challenges of sustainable strategic unity and independent enforcement ability. As a result, normative leadership has become effective in cooperative contexts, but inefficient against escalating conflicts. The reality is that the EU requires capable strategic alliances to back its normative influence.

In Asia, particularly China, even if the overall theme revolves around pragmatic multilateralism and is managed through balanced competition and economic interdependence, practicing normative power has emerged, but in a different model. For China, President Xi Jinping sought to socialize Mekong countries through the acceptance of normative Chinese concepts such as 'community of shared destiny' by mobilizing and reconfiguring their material and normative resources.^[6] The rising normative role of China has marked its own narrative that focuses on development and sovereignty, but not a global export-ready comprehensive normative framework. Another model in Asia is Japan, where normative power

has been practiced in specific alliances, but also reflects limitations and partial efficiency. ASEAN is also trying to become a nascent "normative power," through disseminating its norms and values worldwide, but cultural relativism of normative vision is still a major challenge. The overall scene in Asia is one of massive normative diversity that touches on stability, but cannot right away, be unified and exported.

Overall, there are common constraints in the EU and Asia for practicing their models of normative leadership within the global order. Legitimacy, careful enforcement, and minimum capability are essential challenges that must be addressed.




Photo Source: [India Chapter](#) (2025)

The Middle East, the Gulf, and Strategic Mediation

In the Middle East, the Gulf region in particular faces an unprecedented opportunity to practice a progressive leadership role in the post hegemonic order. The Gulf's global participation has begun to shift, following decades of conflict and instability,

into a practical role as strategic mediators as witnessed throughout the region. Mediation has emerged as a prominent type of regional leadership based on facilitating dialogue and linking conflicting parties rather than forcing outcomes as witnessed in Gaza (Qatar), Iran and the United States (Oman), Russia and Ukraine (UAE), and the Global Alliance (Saudi Arabia), just



to cite some of the recent prominent examples. In addition, as US engagement has diminished in the region, local actors now have a growing responsibility to practice restraint and as global power metrics shift, the responsibility falls on the shoulders of regional leaders to safeguard regional stability.^[7] But no dominant regional power is expected to immediately emerge. While the practice of mediation acts as a core function of possible partial leadership, it is not enough to fulfill the demands of a global power. The Gulf states have shown immense ambition - establishing their transformative visions and building influence through selective alliances and massive networked communication, and exploiting their financial resources and vital role in the energy market, alongside diversified diplomatic channels with regional and international rivals. The Gulf states recognize today that influence can be built on trust instead of normative coercion or convergence. In addition, the weight of the Gulf in the global energy ecosystem has widened its influence capabilities through controlling market stability, a leadership type that is structural rather than rhetorical.

Within mediation-based regional leadership, the Middle East is shifting towards partial risk management and de-escalation. Still, persistent structural conflicts, such as the Palestinian issue, will remain major limitations towards permanent stability. As a regional actor, Israel relies on deterrence rather than integration, thus, it will continue to operate outside of any regional mediation framework. Iran and Turkey, on the other hand, still operate through a combination of proxy networks, while non-state actors continue to undermine de-escalation efforts throughout the region through malign activities that perpetuate violence and chaos. In this context, the Gulf states face key challenges in sustaining the credibility of their regional mediation efforts and avoiding fragile and conditional but not assured leadership. Among the challenges the GCC states face is internal division in terms of practicing inconsistent foreign policies, continuous external

interventions, and misalignment on fundamental regional issues.^[8]

By 2026, the Middle East may begin to recognize that leadership will be a system-level function practiced through mediation and coordination rather than carried out through traditional hierarchy. This reality, however, does not imply immediate internal decentralization or regional unity but merely reflects how powerful influence through mediation can be and how it can be a part of the solution towards regional stability.

The Power of Infrastructure and Hidden Leadership

In a post hegemonic order, states may look for a new form of leadership that is more efficient than traditional leadership styles of the past—one that is less costly and more capable of overcoming internal political constraints. Nowadays, there is an increasing realization that global interaction is greatly shaped by infrastructure and that control can be exercised covertly by states that have authority in various fields of infrastructure. Here, leadership can be measured more by the ability to design and implement systems of change that can influence behavior and shape choices, rather than by the number of treaties signed and alliances forged.

In other words, when there is power over infrastructure and the shaping of systems, a new type of leadership is born; one that exercises authority through authoring financial protocols, engaging with supply chains, controlling digital platforms, and standardizing technical models.^[9]

In the face of crises in the global financial system, for example, this new leadership will address them through coordination with a central banks ecosystem in collaboration with regulatory bodies who control settlement systems without a specific political mandate. In the same way, setting standards and regulating flows within digital infrastructures opens new channels of geopolitical influence.

While infrastructure leadership gives actors power, this kind of centralization exposes global affairs to the development of alternative networks, and major counter-deterrence risks. This type of leadership is characterized by invisibility and technicality, expanding the gap between actors who shape outcomes and parties that bear political responsibility.^[10]

Even if infrastructure power becomes the new norm, it will not be the major model of global order leadership. Still, it may become the root from which partial authority and influence stem, while interaction will remain within the middle, and states, global institutions, NGOs, and corporations will branch out formulating the nature of the order. For policymakers, remaining dependent on alliances, treaties, and deterrence solely to exert influence and preserve their positions may not suffice in the post hegemonic era. Instead, they will need to rise up as architects of critical infrastructure systems within the global order.



Photo Source: AlJazeera (2025)

Recommendations: Gulf States 2026: From Leadership Partner to Participant

1. Shift from positioning diplomacy to rule-making diplomacy by focusing diplomatic efforts on participating in the development of standards and protocols that govern emerging governance areas (digital, financial, energy, climate, and supply chains).
2. Establish an influential presence at critical institutional and technological junctures by deepening engagement with regulatory platforms, forums, and technical bodies that manage data flows, payment and clearing systems, cybersecurity standards, and supply chain governance, targeting decision-making roles (such as chairing committees and working groups).
3. Transform national infrastructure into a tool of quiet influence by leveraging it as an indirect leadership capability, linking operations and compliance to standards that the state helps formulate.
4. Build flexible functional alliances by adopting a dynamic alliance model, such as issue-specific short- or medium-term coalitions (e.g., energy crises, maritime security, etc.). These alliances avoid ideological commitments or centralized leadership through power-sharing and cost-reduction.
5. Institutionalize mediation from a successful negotiation into a replicable governance product by transforming the Gulf mediation experience from ad hoc initiatives into operational frameworks.

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