ISSUE 2

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EU-GCC Dialogue on Economic Diversification II

Reflections on the 9th EU-GCC Business Forum

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Editorial Introduction

Following the first issue of our Reflections on the 9th EU-GCC Business Forum newsletter series, which highlighted the Forum's opening messages and strategic vision, this second edition turns to one of the central themes that shaped the discussions in Kuwait which is Trade and Investment.

Through the High-Level Panel and the first Networking Session, participants explored how the European Union and the Gulf Cooperation Council can strengthen their partnership through trade, investment, innovation, connectivity and economic diversification. This issue brings together the key messages and perspectives shared during these discussions.

This newsletter is the second in a five-part series revisiting the key discussions, insights and outcomes of the 9th EU-GCC Business Forum. The next three editions will focus on Digital Transformation and AI, SMEs and Skills Development, and New Avenues for Cooperation, providing a comprehensive reflection on the Forum's discussions.

As preparations begin for the 10th EU-GCC Business Forum, this series also looks ahead to the next chapter of EU-GCC cooperation by revisiting the ideas, partnerships and initiatives that emerged in Kuwait.

High - Level Panel

The High-Level Panel, moderated by EU Ambassador Anne Koistinen, provided a wide-ranging and strategic dialogue on the evolving landscape of cooperation between the European Union and the Gulf Cooperation Council, particularly in the context of investment, economic reform, digital transformation, sustainability and geopolitics. The speakers reached the shared narrative that deeper EU-GCC cooperation is not only timely, but essential to navigating a rapidly changing global economy.

Anne Koistinen,
EU Ambassador, State of Kuwait

The speakers, HE Dr. Sabeeh Abdulaziz Al-Mukhaizeem, Minister of Electricity, Water and Renewable Energy, Acting Minister of Finance & Minister of State for Economic Affairs and Investments of the State of Kuwait, His Excellency Luigi Di Maio, EU Special Representative for the Gulf, HE Dr. Abdul Aziz Hamad Aluwaisheg, Assistant Secretary General for Political and Negotiations Affairs, Gulf Cooperation Council for the Arab States of the Gulf, Mr. Ioannis Tsakiris, Vice President of the European Investment Bank reached the shared narrative which is that deeper EU–GCC cooperation is not only timely, but essential to navigating a rapidly changing global economy.

HE Dr. Sabeeh Abdulaziz Al-Mukhaizeem, Minister of Electricity, Water and Renewable Energy, Kuwait

The discussion opened with a focus on Kuwait's domestic economic strategy, where emphasis was placed on the nation's bold infrastructure pipeline, digital transformation agenda and public-private investment models. Kuwait is actively transitioning its economy toward knowledge-based sectors, and European expertise, particularly in project finance, smart infrastructure, was seen as a critical enabler. External stakeholders like the EU can play a vital role by offering long-term investment capital, fostering joint ventures with local firms, and contributing to talent and innovation exchange programs.

His Excellency Luigi Di Maio, EU Special Representative for the Gulf

Attention then shifted to geopolitical factors and global trade realignments. Amid rising geopolitical uncertainty, and it was emphasized taht EU-GCC cooperation can help stabilize supply chains and reinforce multilateralism. The Gulf was portrayed as a reliable, strategically located partner in a world facing fragmentation in energy flows, digital regulation and critical raw materials. The EU's diversification of partnerships beyond traditional allies was framed as a key reason to intensify engagement with the GCC.

HE Dr. Abdul Aziz Hamad Aluwaisheg, Assistant Secretary General for Political and Negotiations Affairs, Gulf Cooperation Council for the Arab States of the Gulf

Speakers highlighted the importance of making this upcoming summit deliver concrete results, particularly in sustainable prosperity and private sector mobilization emphasizing that moving from dialogue to implementation would be essential for long-term impact.

Mr. Ioannis Tsakiris, Vice President of the European Investment Bank

In the concluding round of questions, core enablers needed to accelerate EU-GCC collaboration were recognized as financing, talent development and regulatory alignment. Participants noted that coordination across these three areas is what will truly unlock progress.

Collectively, the panel echoed a shared conviction that the EU and GCC must move beyond diplomacy toward strategic, structured and sustained economic partnerships, with joint investment and innovation ecosystems at the heart of the next phase. This session highlighted not just the opportunities but the mutual areas of collaboration that will define EU-GCC relations in the decade ahead.

NETWORKING SESSIONS - INTRODUCTION

As part of the Business Forum, a series of dedicated networking sessions played a central role in fostering meaningful dialogue and practical engagement between stakeholders from both regions. Bringing together over 300 participants, the sessions created a dynamic environment for exchange among government representatives, private sector leaders, investors and institutional actors from the European Union and the Gulf Cooperation Council.

Over two days, four thematic networking sessions were organized, covering Trade and Investment, Digital Transformation and AI, SMEs and Skills Development, and New Avenues for Cooperation, the latter structured across two focused segments. Each session provided a platform for participants to engage in targeted discussions aligned with the Forum's broader priorities, encouraging collaboration, knowledge-sharing andd the exploration of concrete partnership opportunities.

The sessions benefited from high-level participation by speakers and experts from both the EU and the GCC, adding depth and strategic perspective to the conversations. This strong representations contributed to impactful exchanges, reinforcing the relevance of the Forum as a space not only for dialogue, but also for advancing actionable outcomes.

GENERAL OVERVIEW

The first networking session of the 9th EU-GCC Business Forum served as a substantive platform for policymakers, trade officials and private sector leaders from Europe and the Gulf to exchange perspectives on how to build a more resilient, diversified and innovative economic partnership between the two regions. The discussions centred on strengthening trade relations, enhancing investment frameworks and fostering a deeper culture of cooperation that goes beyond traditional energy trade into sectors of innovation, digital transformation and sustainable development.

Moderated by Salim Rabbani, Chairman of the Netherlands Middle East Business Council, the session opened with reflections on the evolving nature of the EU-GCC relationship, which has matured from a historical dependence on energy to a multidimensional collaboration focused on economic diversification. Speakers from across the Gulf emphasized that while hydrocarbons remain significant, national visions such as Saudi Vision 2030, Qatar National Vision 2030 and similar frameworks across the GCC are redefining priorities toward strategic sectors like advanced manufacturing, information technology, logistics and other relevant sectors.

This transformation is not just economic but systemic, requiring a stronger role for the private sector and, in particular, for small and medium enterprises that can carry innovation forward. The Gulf side called for Europe's engagement not only as a market but as a knowledge and technology partner, proposing the creation of "technology bridges" linking universities, accelerators and research centres across the two regions.

From the European perspective, officials reiterated the EU's longstanding role as the GCC's largest investor and one of its primary trade partners. The European Commission stressed the importance of reviving and modernizing the framework of cooperation that began with the 1988 EU-GCC Agreement, which laid the foundation for trade and investment dialogue, standardization cooperation and the vision of a region-to-region Free Trade Agreement. The EU outlined its intent to move toward deeper strategic partnerships that encompass trade, technology and investment facilitation agreements that could mirror FTAs in scope without necessarily focusing solely on tariffs. The emphasis was on connectivity between businesses, the reduction of regulatory barriers and a collaborative approach to sustainable growth.

Throughout the discussion, the theme of "diversification through partnership" was echoed repeatedly. The liberalization of the services sector was presented as a frontier of opportunity, particularly in digital trade, fintech and logistics. Services were described as "the invisible engine of growth" for modern economies, while harmonizing digital standards, enabling cross-border data flows and simplifying licensing frameworks were identified as crucial elements of the next phase of EU-GCC cooperation.

SESSION 1 - PANELISTS

Diversification as a Shared Priority Qatar - A Transformational Investment Partnership

Saleh Majid Alkhulaifi
Assistant Undersecretary for Industry and Business Development, Ministry of Commerce and Industry, Qatar

The discussion was oppened by His Excellency Saleh Majid Alkhulaifi with an assesment on EU-GCC relations, which are shifting from their traditional energy foundation toward what he called a "transformational investment partnership." Across the Gulf from Qatar and Saudi Arabia to the UAE, Oman, Kuwait and Bahrain, each national vision shares a central question which is "How can we diversify away from oil and gas and start focusing on more strategic sectors?"

The GCC's economic strategies emphasize advanced manufacturing, digital services, IT and logistics, areas in which Europe, with its technological expertise and intellectual property base, can be an ideal partner. Qatar has enacted significant reforms to attract investment, including the 2019 foreign-ownership law, which allows 100% ownership across more than 2,400 business activities and sharply reduces bureaucratic procedures. These measures aim to place Qatar among the world's top 10 business environments by 2030.
Gulf sovereign wealth funds should shift focus from large European blue-chip corporations to smaller, innovation-driven companies that form Europe's industrial backbone.

Building "technology bridges" between R&D institutions, accelerators and universities in both regions would enable the flow of innovation, while sovereign wealth funds could catalyse partnerships through mid-size investments of EUR 100 million rather than billion-euro deals. His opening speach was concluded with wording that he future of EU-GCC relations should be "not only about transactions, but about transforming our economies together."

Removing Barriers to Trade

Iruarrizaga Diez Ignacio
Head of Unit, European Commission, DG Trade

Representing the European Union, Iruarrizaga reaffirmed that European Union remains committed to a "strategic partnership based on mutual respect and trust." The EU is the GCC's largest investor by stock and its second-largest trading partner, demonstrating the political and economic weight of the relationship.

The 1988 EU-GCC Cooperation Agreement set the foundation for reciprocal trade diversification, industrial standardization and intellectual property protection. While the Agreement has endured, he noted that today's geopolitical and economic realities demand a new level of ambition which was expressed by the words "We are trying to take the relationship on trade and investment to another level."

The EU-GCC Dialogue on Trade and Investment meets annually to identify and reduce barriers to commerce. He cited the Memorandum of Understanding between the Gulf Standards Organization and the EU's standards bodies (CEN and CENELEC) is a concrete example of cooperation that quitely but significantly facilitates trade through harmonized technical norms.

Looking forward, he reffered to the momentum from the October 2024 EU-GCC Leaders' Summit, which agreed to explore resuming negotiations for a region-to-region Free Trade Agreement and developing new bilateral strategic partnerships with individual GCC countries covering not only trade but also technology and external relations. He closed by urging businesses to contribute actively to these processes, saying, "The negotiations have to be meaningful for you. Tell us what are the difficulties you encounter in doing business together."

Services - The Invisible Engine of Growth

Khalil Ebrahim Muhanna
Director, Trade in Services and Bilateral Issues, General Directorate of Free Trade Agreements, GCC Council

Khalil Ebrahim Muhanna offered an analytical perspective on the emergine importance of the services sector in EU-GCC relations. The services sector was described as "the invisible engine of growth." Trade in services, especially digital commerce, fintech and logistics will increasingly define economic cooperation between two regions. The focus must shift from tariff reduction to the more complex challenge of aligning regulations, standards and professional qualifications across borders.

"We need concentrated efforts to achieve regulatory convergence." he urged, emphasizing the importance of simplifying licensing and market-entry procedures for small and medium-sized enterprises.
Digital connectivity was identified as a key frontier for cooperation, including harmonized standards for cross-border data flow, e-signatures and
e-commerce. Joint work on the mutual recognition of professional qualifications would facilitate labour mobility and service exports.

While the EU already maintains a relatively liberalized services market, he cautined that entry requirements particularly in financial and digital sectors remain high. The goal should be to create an integrated services ecosystem where regulation enables innovation and investment rather than impedes it, ensuring that both regions benefit from a more diversified and technology-driven economic structure.

Logistics and Connectivity - Building Resilient Trade Routes

Carolin Stumm-Wenk
Managing Director for the Arabian Gulf,
Hapag-Lloyd

Carolin Stumm-Wenk brought a logistic indistry perspective to the dialogue underlining how resilient and efficient transport networks are essential to the success of EU-GCC trade.

"Free trade is at the heart of what we do." but recent years have exposed vulnerabilities forcing ships to divert around the Cape of Good Hope, lengthening transit times and driving up costs. She emphasized that such disruptions highlight the need for intermodal solutions linking maritime routes with rail and land logistics to maintain continuity and cost efficiency in global supply chains.

Infrastructure development across the GCC is happening at "lightning speed" compared with European benchmarks and she expressed confidence that this expansion will foster trade security and connectivity. A similar degree of regulatory alignment could yield substantial benefits for Gulf economies.

The GCC is also at the forefront of digitalization, often surpassing Europe in implementing paperless customs, trade digitalization and smart port technologies. She concluded in rather optimistic wording saying that deeper logistics and regulatory integration will allow EU-GCC trade to become not only stronger but also more resilient in the face of global uncertainty.

Connecting Europe and the Gulf

Nico van Dooren
Director of New Business, Port of Rotterdam Authority

Speaking for Europe’s largest port, Nico Van Dooren offered a data-driven view of the energy-trade nexus linking Europe and the Gulf. Thirteen per cent of Europe's total energy imports pass through Rotterdam and more than 90% of current EU-GCC trade remains energy-related, underscoring both the strength and the vulnerability of this dependence.

The Port of Rotterdam is collaborating with GCC partners, including the Port of Sohar in Oman and Saudi Arabia's NEOM project, to develop value chains for green and blue hydrogen. The colour classification is less important than the carbon intensity of production.

The future lies in shared investment models that align producers, shippers and end users saying that if everybody puts his own risk in the chain, you can't get to the investments.

Rotterdam's strategy is to build integrated ecosystems where risk and cost are distributed, enabling scalable, commercially viable hydrogen trade between the regions. He emphasized that the broader spirit of the session is a transition from traditional transactions to collaborative transformation in pursuit of a decarbonized future.

Innovation and Investment

Menelaos Xenophontos
Head of Strategy and Intelligence, Invest Cyprus

Menelaos Xenophontos presented an exconomic overview that ilistrated the growing debth of two-way investment between Europe and the Gulf.
EU FDI stock in the GCC reached around USD 250 billion in 2023, while GCC investment into the EU doubled in 2024 and reached about USD 55 billion in the first three quarters of 2025, with a quarter of that directed to EU markets. This demonstrates the robust momentum and mutual confidence underpinning the relationship.

Among others, infrastructure and ICT innovation were identified as principal sectors where cooperation could yield significant returns. Cyprus was presented as an example of how coordinated government, innovation-foundation and private-sector collaboration can reposition a smaller economy.

Today, Cyprus hosts two unicorns and ranks among the top 40 global start-up ecosystems. He concluded that similar synergy between Gulf capital and European innovation can propel both regions toward long-term prosperity.

Innovation and Investment

Mohammed Abdulrhman AlShabanah
Senior Advisor & Head of Investment Development for Information Technology & Communications, GCC Council

Mohammed Abdulrhman AlShabanah provided a detailed overview of Saudi Arabia's transformation under Vision 2030, portraying it as a case study in how the GCC is reshaping its investment landscape. He reported that European foreign direct investment in Saudi Arabia now exceeds USD 80 billion, reflecting strong confidence in the Kingdom's reforms.

He explained that since its establishment in 2020, the Ministry of Investment (MISA) serves as a single gateway for investors, offering a one-stop service for licensing, partnership facilitation and after-care support. Referring to investment targets, he stated "Our objective was 500, and by today we have reached 800."

He highlighted the National Investment Strategy, which covers 22 key sectors ranging form hydrogen and logistics to technology and tourism, aligning closely with the diversification goals of other GCC states. He mentioned programmes such as Shareek, linking foreign investors with local partners and Miza, a premium residency scheme for executives, as well as the forth coming Saudi Start-Up Platform that will connect entrepreneurs, venture funds and regulators to nurture innovation. He also referenced the creation of the EU Chamber of Commerce in Riyadh and a series of bilateral forums with European countries as evidence of deepening ties.

His closing message was one of confidence and partnership ant that is that Saudi Arabia and the GCC more broadly, are ready to collaborate with Europe not just as trading partners but as co-architects of a new global economy driven by innovation and sustainability.

Industry Perspective - Airbus Commentary

Commentary by Thierry Cloutet
Head of Regional Business Growth MENA, Airbus

Thierry Cloutet highlighted that the GCC is a cornerstone of Airbus’s strategic roadmap. His exact word were “We are focused on working more closely than ever with our partners across all parts of the company, from commercial aircraft to helicopters and Defence and Space. Our goal is simple, to support the region’s growth and its drive for self-reliance by providing the right technology and expertise. And, by investing in local people and infrastructure, we are making sure we grow together with the GCC for the long term.”

At Airbus, this means deepening industrial cooperation, expanding training programmes and co-developing solutions that address the region’s priorities from more efficient air transport to resilient defence and space-based connectivity. The EU-GCC Business Forum underlines how closely our futures are linked.

Europe brings advanced technology, the Gulf brings vision, investment and ambition to diversify. When we align these strengths through partnerships, we help create jobs, stimulate innovation and enhance resilience on both sides. This is the spirit in which we are committed to engaging with our Gulf partners in the years ahead.

Key Takeaways

Discussions emphasized the importance of strengthening EU-GCC trade and investment relations through deeper cooperation, regulatory convergence and strategic partnerships.
Speakers highlighted the role of advanced manufacturing, digital services, information technology and logistics in supporting economic diversification across the GCC.

Participants stressed the importance of reducing barriers to commerce, harmonizing technical standards and strengthening cooperation through the EU-GCC Dialogue on Trade and Investment. The discussions highlighted the growing importance of the services sector, digital connectivity, cross-border data flows and the mutual recognition of professional qualifications and speakers underlined the importance of resilient transport networks, stronger logistics connectivity and closer cooperation between businesses from both regions.

Participants emphasized the need to strengthen cooperation through innovation, technology, investment and knowledge exchange, while encouraging greater engagement between governments, businesses and investors.

Looking Ahead

The discussions during Networking Session 1 demonstrated the strong commitment of both regions to deepen cooperation in trade, investment, innovation and technology. Speakers highlighted opportunities to strengthen strategic partnerships, reduce barriers to business and promote closer collaboration between public institutions and the private sector.

The next issue of the Reflections on the 9th EU-GCC Business Forum newsletter series will turn to Networking Session 2 - Digital Transformation and AI and Networking Session 3 - SMEs and Skills Development. Building on the discussions presented in this edition, it will explore how digital technologies, artificial intelligence and innovation are reshaping economic cooperation between the European Union and the Gulf Cooperation Council, while examining the policies and partnerships needed to support this transformation.

The forthcoming edition will also highlight the role of small and medium-sized enterprises as drivers of innovation, competitiveness and economic diversification. Drawing on the discussions held in Kuwait, it will revisit the perspectives shared by policymakers, business leaders and industry experts on strengthening entrepreneurship, improving access to finance, developing skills and creating an enabling environment in which SMEs can expand, innovate and contribute to sustainable economic growth across both regions.

Contacts

ABOUT US

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If you found this newsletter valuable, we encourage you to share it within your network to strengthen dialogue and cooperation between the EU and the GCC. By fostering economic diversification, digital transformation, regulatory covergence, and private sector engagement, we can advance sustainable growth, trade, and investment opportunities across both regions.

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