



A project funded by  
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# EU-GCC Dialogue on Economic Diversification II

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# Message from the Team Leader



**Team Leader**  
**Dr. Rade Glomazić**

Dear partners and colleagues,

the May issue of our newsletter comes at a moment when resilience has become one of the defining themes of EU-GCC cooperation. Across trade, food systems, logistics, digital infrastructure and defence technology, recent developments have shown that economic diversification depends not only on growth and investment, but also on the ability to adapt, respond and maintain continuity in an increasingly complex regional and global environment.

This month, our activities highlighted resilience from several important perspectives. The discussion on GCC trade corridors and the strategic importance of routes beyond the Strait of Hormuz underlines the need for diversified logistics networks, integrated port systems and flexible transport corridors. For rapidly diversifying GCC economies, resilient connectivity is essential to ensuring the secure flow of goods, food imports, industrial inputs and technologies that support long-term economic transformation.

Resilience was also at the centre of the EU Defence Technology Forum held in Abu Dhabi on 7th May 2026. The Forum brought together senior representatives from institutions, industry and policy circles to discuss advanced defence technology cooperation, dual-use innovation, localisation, industrial partnerships and future security requirements. The discussions confirmed that preparedness, agility and technological innovation are becoming critical elements of defence and industrial policy, while also opening new opportunities for cooperation between European and GCC partners.

A clear message emerged throughout the month: Europe and the GCC have highly complementary strengths. European partners bring advanced technologies, research and development capacity, regulatory experience and operational expertise, while GCC countries offer strong investment capacity, modern infrastructure and ambitious industrial development strategies. This complementarity creates significant potential for joint innovation, co-production, knowledge exchange and long-term partnerships.

The launch of the first EU Business Forum UAE Task Force, focused on the Food and Beverage sector, further demonstrated the importance of structured dialogue with the business community. Together with ongoing technical assistance to EU Chambers of Commerce and the Enterprise Europe Network in the region, these activities support a stronger institutional environment for EU-GCC business cooperation.

Looking ahead, the project will continue to focus on practical areas where cooperation can deliver tangible value, including safe and resilient food trade, cybersecurity and infrastructure resilience, energy transition, and preparations for the upcoming EU-GCC Business Forum. These initiatives reflect our shared commitment to supporting economic diversification, strengthening partnerships and building more resilient systems across both regions.

This issue therefore captures a common direction of travel: EU-GCC cooperation is becoming increasingly strategic, practical and future-oriented, grounded in resilience, driven by innovation, and strengthened through partnership.

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## Main outputs and country focus

### EU Business Forum in the UAE

The EUBF's first Task Force was launched on 8 May in Dubai, focusing on the Food and Beverage sector. Twelve members of the EU business community gathered to share insights, exchange views, and identify priority areas for future work.

During our monthly meeting held on 13 May, participants also had the opportunity to discuss the current economic situation in the region and its impact on their respective businesses.

We introduced the two main themes of the upcoming Energy Task Force- renewable fuels and green molecules, and energy efficiency. EUBF participants were invited to express their interest in joining the Task Force and to propose additional topics for consideration.

## Major policy dialogue event: EU Defence Technology Forum

### Dialogue between GCC and EU representatives on advanced Defence Technology cooperation under the Economic Diversification Phase II initiative



The EU Defence Technology Forum provided a platform to bring together senior institutional, industry, and policy stakeholders from the EU, the UAE and the GCC countries to discuss and align on the evolving defence technology requirements and strategies. It also offered opportunities for collaboration between European and local stakeholders, exploring new avenues for joint innovation, industrial collaboration, and knowledge exchange. The Forum took place on 7 May 2026 at Four Seasons Hotel Al Maryah Island, Abu Dhabi, and gathered 148 participants.

The discussions highlighted how rapidly the global defence landscape is evolving in response to geopolitical instability, technological change, and the lessons emerging from the war in Ukraine. Across all discussions, speakers consistently emphasised the need for greater preparedness, faster innovation, stronger localisation strategies, and closer international cooperation.

His Excellency Oleksandr Balanutsa stressed the importance of proactive preparation and resilience, noting that countries should build defence capabilities before crises emerge.

He highlighted Ukraine's ability to rapidly innovate, adapt, and scale production during wartime, and emphasised Ukraine's willingness to share expertise, training, and operational knowledge with international partners. From an industry perspective, Tim Vallings discussed the growing focus on sovereign technologies, localisation, and dual-use innovation since 2022. He noted that while governments are increasing investment and procurement mechanisms, bureaucracy and slow implementation remain major challenges.

The fireside chat "Defence Industry Perspectives in the Current Geopolitical Context" explored how defence industries are adapting to evolving geopolitical realities and battlefield demands. Pavol Čahoj explained that companies are increasingly developing solutions based on direct feedback from soldiers and end users, while also focusing more on local production and national self-sufficiency. Julien Fabreguette articulated the industry's shift towards faster development cycles, rapid testing, and agile innovation. Lessons from Ukraine, he noted, are reshaping the sector by prioritising speed, adaptability, and continuous improvement.

Both speakers emphasised the importance of collaboration between Europe and the Gulf, combining European expertise with the UAE's infrastructure, investment, and industrial capabilities. Technology transfer, co-investment, and shared intellectual property were highlighted as key pillars for successful long-term partnerships.

The panel discussion "The Future of Defence: Technology, Innovation and Industrial Partnerships" revealed a strong alignment between all speakers around several core themes shaping the future of defence cooperation between European Companies and the UAE for shared prosperity. While each speaker approached the topic from a different industrial or national perspective, their points consistently reinforced one another and built towards a shared vision of faster, more integrated, and more resilient defence ecosystems.

One of the clearest overlapping themes was the importance of localisation and sovereign capability development. Defence partnerships are no longer based solely on exporting products, but instead on building long-term industrial cooperation, local production, and integrated capabilities within the UAE. Another major point of convergence was the need for speed, agility, and adaptability in defence innovation. Traditional defence procurement and innovation cycles are no longer sufficient in modern conflict environments.

Interoperability and collaboration also emerged as a shared priority. Across the panel, speakers agreed that no single country or company can independently meet future defence challenges, making international cooperation, technology sharing, and industrial partnerships increasingly essential.

A major outcome of the forum was the strong alignment identified between European and GCC priorities in defence technology and industrial cooperation. European countries offer advanced technologies, R&D expertise, and operational experience, while GCC countries provide strong investment capacity, modern infrastructure, and ambitious localisation strategies. Together, this creates significant opportunities for joint innovation, co-production, supply-chain resilience, and long-term industrial partnerships, particularly in areas such as AI, cyber security, autonomous systems, radar technologies, and critical infrastructure protection.

Overall, the forum concluded that future defence resilience will depend on faster innovation, stronger EU-GCC collaboration, local industrial capability, and the ability to remain flexible and adaptable in an increasingly complex security environment.





## Main outputs and country focus

### Beyond Hormuz: Building Resilient Trade Corridors in the GCC



**Author: Daniela Stratulativ, Senior Expert  
Political Economy - International Trade  
and Investment.**

The recent tensions around the Strait of Hormuz highlighted the importance of a key global maritime corridor. GCC economies maintained continuity by leveraging diversified ports, logistics hubs, and alternative transport corridors.

The disruption underscored that the Strait of Hormuz is not only an energy route, but also a critical gateway for containerized trade, food imports, industrial inputs and manufactured goods that are essential to rapidly diversifying economies across the GCC. This exposure highlights the strategic importance of supply chain resilience for imported goods, particularly given reliance on concentrated sourcing channels. In addition, it reinforces the need for diversified logistics networks and flexible port–corridor systems capable of sustaining trade flows under external shocks.

As a result, GCC transport policy is increasingly oriented toward resilience through redundancy and diversification, rather than optimized efficiency and cost competitiveness. This approach builds on pre-existing infrastructure and long-standing investments in port systems and connectivity corridors, including Saudi Arabia’s Red Sea ports and East–West transport corridor,

the UAE’s integrated network linking Jebel Ali, Khalifa Port and Fujairah, as well as Oman’s ports at Duqm, Sohar and Salalah. These assets enhance structural flexibility by connecting regional trade to both the Arabian Sea and the Red Sea, thus reducing reliance on a single maritime chokepoint.

Across the GCC states, the key distinction in resilience is shaped by the configuration of connectivity. Saudi Arabia and the UAE operate integrated port - pipeline corridor systems with multiple export routes, while Oman leverages geographically advantaged Arabian Sea ports.

Bahrain, Kuwait, and Qatar are more exposed to regional shipping disruptions due to reliance on a narrower set of maritime gateways.

The resilience of these systems depends not only on the availability of alternative infrastructure, but also on the degree of integration between ports, inland transport corridors and logistics networks. The ability to reroute cargo efficiently across coasts and transport modes enables trade flows to continue despite regional disruptions. As a result, resilience is increasingly defined by networked connectivity and operational flexibility rather than by the capacity or performance of individual assets alone.

Exposure to the Strait of Hormuz remains a structural consideration in regional trade and logistics, reinforcing the importance of expanded port capacity, inland corridors, and alternative trade routes.

Resilient connectivity has therefore become a core pillar of economic diversification in the GCC, reflecting the extent to which growth sectors increasingly depend on access to multiple transport routes and robust logistics networks.

Policy efforts should focus on strengthening integrated port systems, expanding multimodal transport corridors and upgrading logistics infrastructure to enhance routing flexibility and ensure continuity of trade under external shocks.

## Implemented and Planned Activities

The project continues to deliver its activities designed to foster economic integration and diversification. In May 2026 the project successfully organised the EU Defence Technology Forum in Abu Dhabi (7 May 2026) as well as focused on the organisation of several events in the region including the Dialogues on Safe and Resilient Food Trade in both Qatar and Kuwait (online).

The Defence Forum was honoured to include the participation of H.E. Lucie Berger, EU Ambassador to the UAE, H.E. Andrius Kubilius, European Commissioner for Defence and Space, through a video message, and H.E. Dr. Oleksandr B., Ukrainian Ambassador to the UAE and former Deputy Minister of Defence. The discussion during the Forum focused on the shifting geopolitical landscape, new policy approaches in the defence sector, industry perspectives, and the role of technology, innovation, and industrial partnerships in strengthening future cooperation.

Significant technical assistance continues to be extended to EU Chambers of Commerce and the Enterprise Europe Network (EEN) in Bahrain, Saudi Arabia, Kuwait, and the UAE. This support includes strategic business planning, legal advisory, and the development of concept notes for new institutional initiatives, such as the establishment of the EU Business Forum in the UAE.

For the period ahead, the project is preparing for a series of planned activities including the Dialogues on Safe and Resilient Food Trade in both Qatar and Kuwait (online), Digital Cybersecurity and Infrastructure Resilience Dialogue event organised with Digital Cooperation Organization – DCO in Riyadh, Saudi Arabia (moved to September 2026) as well as the upcoming EU-GCC Business Forum towards the end of the year. These initiatives are designed to facilitate the exchange of best practices and align regulatory standards with international benchmarks as well as enhance bilateral business opportunities for both EU and GCC actors.



# Planned Activities

## KSA Digital Cybersecurity and Infrastructure Resilience Dialogue

 September 2026

 Saudi Arabia

## EU–Oman Aviation Dialogue

 TBD 2026

 Oman

## Participation in EU-KSA Foresight Dialogue event

 30th Sep -1st Oct 2026

 Saudi Arabia

## Fintech & Digital Banking & Innovation (MISA)

 TBD 2026

 Saudi Arabia

## Online events in preparation to the 10th EU-GCC Business Forum

 August - September 2026

 Online

## Customs Dialogue - Qatar

 TBD 2026

 Qatar

## Official Launch Event of the Chamber of Commerce Bahrain

 TBD 2026

 Bahrain

## EUBF next monthly meeting

 18th September 2026

## Participation in Quantum and New - Tech Summit

 28–30 September 2026

 UAE

## Public Procurement Dialogue

 TBD 2026

 Kuwait

## 10th EU-GCC Business Forum

 25th October 2026

 Saudi Arabia

## EU-GCC Defence Technology and AI Forum

 December 2026

 Qatar

## ABOUT US

The EU-GCC Dialogue on Economic Diversification II is a project funded by the European Commission Service for Foreign Policy Instruments under the Partnership Instrument. The project contributes to stronger EU-GCC relations by supporting the GCC countries in the ongoing process of economic diversification away from hydrocarbon-dependent sectors, including by funding regular EU-GCC Business Fora.



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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 convergence, and private sector engagement, we can advance sustainable growth, trade, and investment opportunities across both regions.*



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