



A Project funded by
the European Union

EU-GCC Dialogue on Economic Diversification II



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Momentum into 2026: EU–GCC Cooperation Driving Diversification

As 2025 concluded and 2026 began, Phase II of the EU–GCC Dialogue on Economic Diversification advanced from structured dialogue to tangible implementation. With EU exports to the GCC exceeding €99 billion in 2024, the partnership continues to evolve toward more diversified trade composition, regulatory alignment, and resilient value chains. This period was marked by the 9th EU–GCC Business Forum in Kuwait, the launch of the EU Business Forum in the UAE, and targeted Business over Breakfast Dialogues on customs modernisation and public procurement reform in the UAE and Bahrain, reinforcing practical cooperation at both policy and technical levels. The delivery of six Country Economic Fiches and six FDI Reports further strengthened the analytical foundation supporting evidence-based policymaking and business decision-making across the region. Together, these milestones demonstrate a partnership that is aligning institutional frameworks with market realities, fostering cooperation, facilitating trade, and reinforcing long-term economic resilience across both regions.

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Welcome note

Message from the Team Leader



Team Leader
Dr. Rade Glomazić

For many years, the EU–GCC economic relationship was shaped by a narrow set of exchanges. Today, that framework is evolving into something broader, more complex and more strategic. Trade between our regions is no longer defined only by volumes. It is defined by composition, resilience and integrated value chains.

Services, advanced manufacturing, digital platforms, logistics, smart infrastructure, financial technologies and regulatory standards are increasingly shaping the architecture of exchange. The partnership is moving from dependence toward diversification, from transactions toward systems.

The most significant transformation is structural. It lies in regulatory predictability, digital customs systems, transparent procurement frameworks and investment confidence. Modern trade is built on interoperability. It depends on aligned standards, efficient border procedures, clear compliance mechanisms and stable legal environments. Businesses expand not simply where markets are large, but where systems function predictably.

At the Business Forum in Kuwait, one message was unmistakable: diversification cannot be achieved alone. Europe seeks resilient, rules-based partnerships in an increasingly fragmented global economy. The Gulf seeks technology integration, industrial expansion and stable access to global markets. These ambitions converge naturally.

The next phase of EU–GCC trade will not be measured solely in headline figures. It will be measured in how effectively small and medium enterprises can scale across borders, how smoothly digital trade operates, how confidently investors deploy capital, and how efficiently regulatory systems interact.

Trade is becoming architecture — an architecture of standards, capital, innovation and institutional trust.

Our task is to ensure that this architecture is coherent, resilient and built for long-term prosperity.

Stakeholder Engagement and Strategic Knowledge Deliverables

Strategic Meetings with Key Stakeholders: The project team conducted several high-level introductory meetings in August and September 2025. These included discussions with Cranfeld Clinic (3 September 2025) on AI-driven healthcare transformation and regulatory barriers, the Belgian Business Council (4 September 2025) to mobilise Belgian companies for the Business Forum, and 3I Holding's CEO (20 August 2025) on social entrepreneurship and SME ecosystem building in Saudi Arabia. Further engagements involved Snbla (20 August 2025) to address visa processes, payment systems, and talent exchange, and multiple meetings with the ECC-KSA (14 August and 25 August 2025) to define priorities for technical assistance and institutional capacity building.

- Successful Business Over Breakfast Events:** Three “Business over Breakfast” events were successfully delivered. These included dialogues on Public Procurement (16 October 2025) and Customs (28 October 2025) in the UAE, and a Customs Breakfast Dialogue in Bahrain (January 2026). These events facilitated discussions on regulatory frameworks and trade facilitation, fostering closer cooperation between EU and GCC stakeholders.

- Key Knowledge Product Deliveries:** December 2025 saw the completion and delivery of 6 country FDI Reports, providing in-depth analysis of investment flows and stocks. Additionally, 6 Country Economic Fiches were completed between October and November 2025, offering macroeconomic and competitiveness indicators for each GCC country. These reports are crucial for supporting EU strategy development and GCC regulatory harmonisation.

Country focus - United Arab Emirates

Launch of the EU Business Forum in the UAE : Unifying the voice of European business in the UAE.

The EU Business Forum (EUBF) has been launched to unite the diverse and growing community of EU businesses operating in the UAE. The Forum provides a shared platform for EU national business organizations to connect, exchange information, coordinate positions, and develop joint actions on issues of common interest. Beyond collaboration, the EUBF will support policy advocacy relevant to EU businesses and ensure representation for EU Member States not yet formally present in the UAE. Officially launched on 21 January, the Forum quickly moved into action, planning its first meeting for 5 February, when a roundtable will be held with 30 high-level stakeholders, the EU's Chief Negotiator and his team. This will take place alongside the latest round of EU–UAE Free Trade Agreement negotiations in Dubai.

Kuwait



Three months after the 9th EU–GCC Business Forum in Kuwait (November 2025), its impact continues to resonate as a turning point in interregional relations. Held under the theme “Together for Shared Prosperity,” the Forum brought together European Commissioners, Gulf ministers, development banks, sovereign wealth funds, regulators, and private-sector leaders at a moment when geopolitical tensions, supply chain realignments, and energy transition pressures are reshaping global trade. The gathering marked a shift from exploratory dialogue to a structured, forward-looking economic partnership focused on resilience through diversified and strategically aligned cooperation.

While EU–GCC relations were historically anchored in hydrocarbons, the Kuwait Forum reflected a broader transformation on both sides: Europe’s industrial decarbonisation and digital transition, and the Gulf’s diversification into advanced manufacturing, logistics, renewables, tourism, financial services, and emerging technologies. Discussions moved beyond trade balances and energy security toward regulatory alignment, digital trade, SME internationalisation, green hydrogen value chains, smart logistics, human capital development, and infrastructure finance. Kuwait, as GCC Presidency, strategically positioned itself as a bridge, introducing innovations such as the Country Showroom format to connect policy dialogue with concrete investment projects and business matchmaking. By February 2026, the Forum stands as a milestone confirming that EU–GCC cooperation is evolving into a strategic economic partnership grounded in investment flows, regulatory convergence, innovation ecosystems, and institutional alignment.

Riyadh Metro Expansion Demonstrates High-Level EU -Saudi Industrial Partnership

A major new phase of EU–Saudi infrastructure cooperation was confirmed on 22 January 2026,

when a consortium led by Webuild (Italy), together with Alstom (France) and Saudi partners, secured a contract valued at approximately \$2.75 billion from the Royal Commission for Riyadh City (RCRC) to extend Riyadh Metro’s Red Line. The project includes an 8.4 km driverless extension, new stations, tunnels, and advanced signalling systems, strengthening the capital’s expanding public-transport network. The new extension includes the construction of 7.1 kilometers of deep underground tunnels, 1.3 kilometers of elevated tracks, and 5 new stations. The project is scheduled for completion in approximately six years. The Riyadh Metro programme operates under the authority of the Royal Commission for Riyadh City (RCRC), chaired by Crown Prince Mohammed bin Salman, and forms a central component of Saudi Arabia’s Vision 2030 strategy to transform Riyadh into one of the world’s leading urban economies. Saudi officials have consistently framed the metro as a cornerstone project designed to enhance mobility, and support sustainable urban development. EU Ambassador Christophe Farnaud highlighted the broader significance of such cooperation, noting that Saudi Arabia and Europe are “charting a new path for global cooperation supporting innovation, diversification, and long-term sustainable growth.” Additionally, European Commissioner Dubravka Šuica reinforced this direction during the EU–Saudi consultation held in Riyadh on 9 December 2025, stating that the emerging partnership framework will “expand cooperation between EU and Saudi companies, bringing our peoples closer.” The metro’s ongoing rollout, and the new January 2026 extension contract together demonstrate how EU engineering expertise and Saudi strategic investment are translating high-level engagement into tangible infrastructure delivery and long-term industrial cooperation.



Riyadh Metro network, part of Saudi Arabia's Vision 2030 urban transformation programme overseen by the Royal Commission for Riyadh City. Photo: Royal Commission for Riyadh City (RCRC).

Photo Credit: RCRC

<https://www.rcrc.gov.sa/en/photos>

Major policy dialogue event

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EU-GCC Businesses Forum Drives Economic Dialogue and Partnership

The 9th EU-GCC Business Forum, held in Kuwait City on 5 November 2025, served as a pivotal platform for strengthening economic ties between Europe and the Gulf. The forum, a flagship annual event, brought together senior EU and GCC officials, including Commissioner Šefčovič and EUSR Di Maio, alongside private sector leaders. Discussions focused on critical areas such as digitalisation, AI, trade and investment, SMEs, entrepreneurship, hospitality, healthcare, smart agriculture, and food security. A key outcome was the emphasis on creating meaningful connections and fostering a deeper understanding of both markets, with a commitment to establishing working groups for sustained engagement beyond the forum.

GCC Trade in goods with EU

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EU – GCC trade in goods 2020 – 2024

Prepared Q4 2025

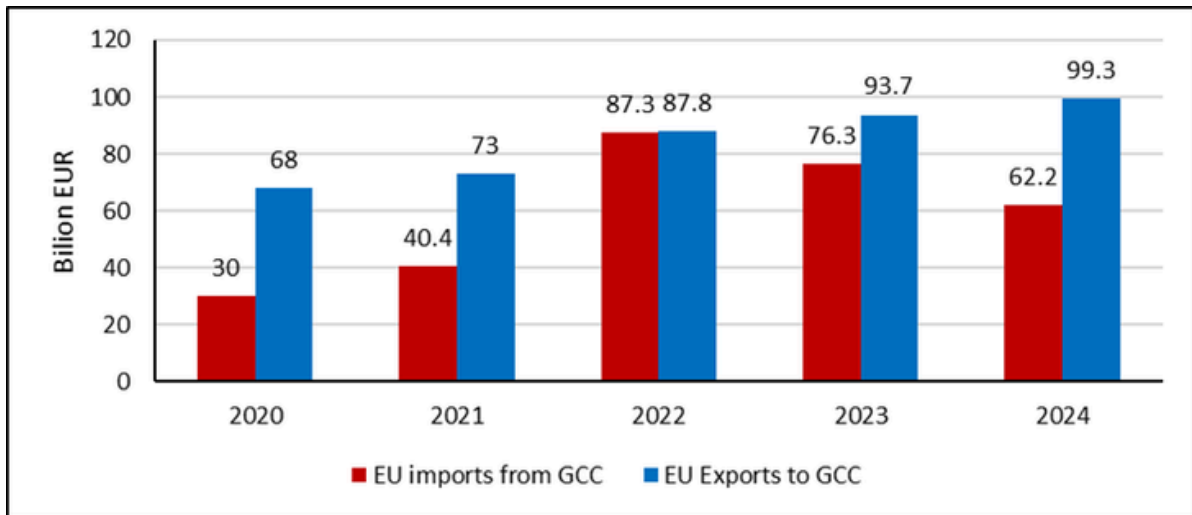


Author: Daniela Stratulativ, Senior Expert Political Economy - International Trade and Investment.

EU exports to the GCC have increased significantly since 2022, reaching more than 99 billion EUR in 2024.

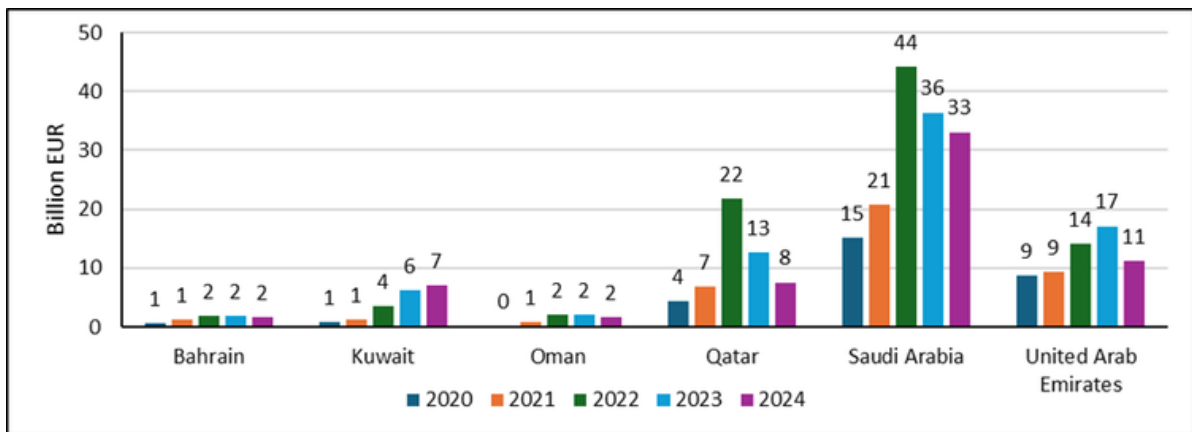
By contrast, EU imports from the GCC have declined, falling to 62 billion EUR in 2024 from a peak of 87 billion EUR in 2022, as shown in the following chart.

EU - GCC Trade in goods, 2020 – 2024



At GCC country level, the trends show a decrease in exports to the EU for all GCC countries, with the exception of Kuwait. In 2024, the largest GCC exporters to the EU, UAE and Saudi Arabia, reduced exports by 35% and 8%, respectively.

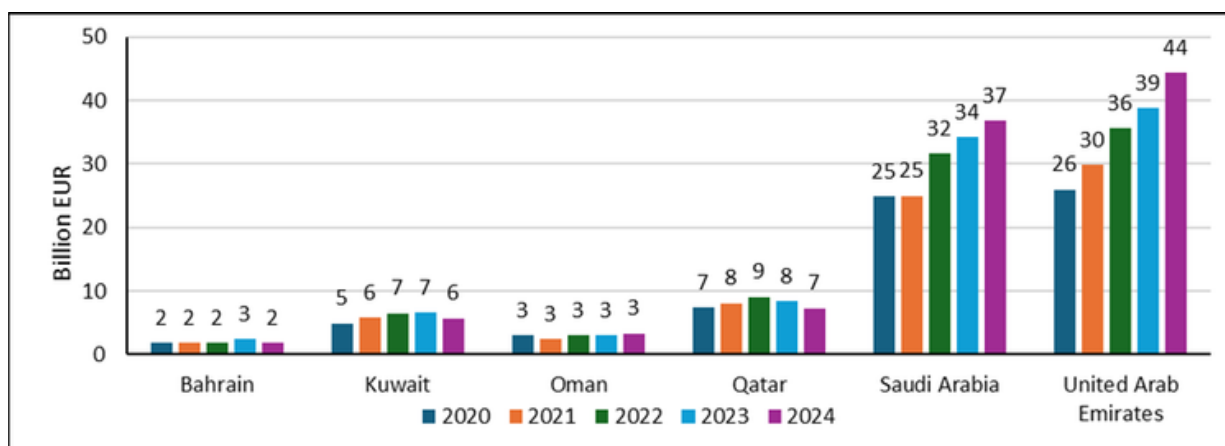
GCC Countries Exports to EU, 2020 – 2024



Source: Eurostat

GCC imports from the EU continue to increase in the two largest markets, the UAE and Saudi Arabia. In 2024, UAE imports from the EU increased by 13% to 44 billion EUR, while Saudi Arabia imports increased by 8%, reaching 37 billion EUR.

GCC Countries Imports from EU, 2020 - 2024



Source: Eurostat

As a supplier to the GCC, the EU ranks 1st or 2nd in all markets, with the exception of Oman, where EU ranks 6th. The largest GCC markets for EU goods are the UAE and Saudi Arabia. Exports to UAE reached over 44 billion EUR in 2024, while exports to Saudi Arabia were 37 billion EUR.

EU imports from the GCC come mainly from Saudi Arabia and the UAE, reaching 33 billion EUR and 11 billion EUR, respectively.

The table below provides details on EU's rankings as GCC trade partner and the values of exports and imports.

EU Rankings as Trade Partner for GCC countries, 2024

GCC country	EU rank as supplier	GCC Imports value (Billion EUR)	Imports from EU as % of country's imports from all partners	EU rank as export market	GCC Exports value (Billion EUR)	Exports to EU as % of country's exports to all partners
Bahrain	2	1.8	14.2	3	1.7	13.5
Kuwait	1	5.7	19.7	9	7	0.2
Oman	6	3.3	7.4	8	1.6	4.1
Qatar	1	7.3	21	6	7.6	7.4
Saudi Arabia	2	36.8	19	2	33.1	13.2
United Arab Emirates	2	44.4	11.9	11	11.2	3.1

Source: Eurostat

EU-GCC Dialogue Podcast Series:

A new podcast series is planned for January-March 2026, aiming to scale up communication efforts and feature high-level participants, including a pilot episode with Luigi Di Maio. This initiative will build a foundation for reusable formats and workflows, creating long-term assets such as social media templates and visual marketing materials .

EU-GCC High-Performance Computing and AI – Workshop

The half-day workshop's goal is to demonstrate how HPC and AI can deliver concrete economic benefits and to discuss practical cooperation between the EU and GCC in these fields. Through simple case studies and examples, participants will see how advanced computing can, for instance, improve trade performance, investment readiness, entrepreneurship outcomes, optimize traffic in smart cities, or accelerate medical research, all contributing to economic growth and quality of life. The workshop will also facilitate sharing of experiences: EU experts might highlight successful AI or supercomputing projects, while GCC experts could outline their goals and needs in these areas. By the end, the aim is to identify common interests and opportunities for EU-GCC collaboration, such as joint research projects, training programs, or sharing computing resources, to ensure that both regions benefit from these technologies in line with their economic development plans.

KSA Digital


This breakfast dialogue aims to clearly show that secure, resilient digital infrastructure is key to economic stability and growth. EU and GCC participants will share simple examples of how protecting data, networks, and critical systems builds trust for businesses and the public. The discussion will highlight why cooperation between the EU and GCC on cybersecurity standards and best practices benefits both. Importantly, the dialogue will introduce the idea that once strong digital foundations are in place, there is an opportunity to move further into advanced technology use, a theme continued in the next event on High-Performance Computing and AI.

Planned Events for 2026

the EU-Oman Aviation Dialogue

 TBD

the KSA Digital Cooperation (DCO) AI Working Group

 April 2026

Qatar Defense & Security Forum

 October 2026

EU Defence Technology Forum

 7th May 2026

Oman Study-Tour

 2026

the 10th EU-GCC Business Forum

 October 2026

Upcoming Events for 2026

EU-GCC Cybersecurity and Infrastructure Resilience – Breakfast Dialogue

 (Riyadh, 2026)

This hybrid breakfast dialogue will convene EU and GCC government officials and technical experts to establish cybersecurity as the backbone of economic stability and innovation. Participants will share concrete examples of how protecting data, networks, and critical systems builds trust for businesses and citizens, while identifying common threat landscapes and exploring joint EU-GCC mechanisms for critical-infrastructure protection.

EU-GCC High-Performance Computing and AI – Workshop

 (Riyadh, 2026)

This hybrid workshop will blend plenary presentations, live demonstrations, and discussions to align EU expertise with GCC ambitions in supercomputing and artificial intelligence. The event will showcase how HPC and AI deliver tangible economic benefits through concrete case studies, discuss responsible AI governance, and generate a roadmap for EU-GCC cooperation on HPC infrastructure, AI applications, and human-capital development.

EU-Oman Aviation Dialogue

 (TBD)

This strategic dialogue will bring together aviation stakeholders from the EU and Oman to explore opportunities for enhanced cooperation in air transport, safety standards, and sustainable aviation initiatives. The meeting aims to strengthen bilateral relations and identify concrete areas for collaboration in the aviation sector.

Oman Study-Tour

 (2026)

This study tour will provide EU stakeholders with firsthand insights into Oman's economic development, trade infrastructure, and investment opportunities across key sectors. Participants will engage with Omani government officials and business leaders to explore potential collaboration and partnership opportunities.

Qatar Defence & Security Forum

 (2026)

This forum will facilitate dialogue between Qatari and EU defense and security officials to address regional security challenges and explore defense cooperation opportunities. Participants will discuss strategic partnerships, technology transfer, and joint initiatives to enhance regional stability and security.

2025-2026 Events Completed

EU–KSA High-Level Energy Roundtable

📍 Riyadh, Saudi Arabia

📅 29 April 2025

Networking Reception at the Residence of the EU Ambassador

📍 Riyadh, KSA

📅 8 October 2025

EU–UAE Breakfast Dialogue on Public Procurement

📍 Abu Dhabi, United Arab Emirates

📅 16 October 2025

EU–UAE Breakfast Dialogue on Customs

📍 Abu Dhabi, United Arab Emirates

📅 28 October 2025

EU–GCC Annual Business Forum

📍 Kuwait City, Kuwait

📅 5–6 November 2025

EU Business Forum UAE Launch

📍 United Arab Emirates

📅 21 January 2026

Customs Breakfast Dialogue

📍 Bahrain

📅 29 January 2026

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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