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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

At a time of continued uncertainty and tension in the Middle East, the value of strong and reliable partnerships becomes even clearer. The relationship between the European Union and the Gulf Cooperation Council is built on trust, shared interests and a long-standing commitment to stability, economic cooperation and open dialogue. This foundation is particularly important in periods of crisis, where coordinated action and trusted partners matter most.

At the same time, this partnership is not only about responding to immediate challenges. It is a long-term relationship that continues to evolve in a changing global context. Today, cooperation is becoming more practical and flexible, combining regional dialogue with more targeted bilateral engagement where it brings results.

Despite increasing global competition, the EU remains a key and trusted partner for the GCC. Trade between the two regions remains strong, exceeding €160 billion in 2024, and continues to provide a solid basis for cooperation. Beyond trade, the EU offers a stable and predictable framework that supports long-term economic cooperation and investment.

This partnership builds on decades of engagement. Since the 1988 Cooperation Agreement, the EU and the GCC have worked together across a wide range of areas. More recent initiatives, including the Joint Action Programme 2022–2027 and high-level meetings in recent years, have helped give this cooperation clearer direction and stronger momentum.

In this context, the EU-GCC Dialogue on Economic Diversification plays an important role. It supports exchange, cooperation and practical engagement across key sectors, grounded in shared interests and mutual benefit. The focus is on working together and building on each partner’s priorities and experience.

This edition of the newsletter highlights recent activities and developments reflecting this continued cooperation. These efforts contribute to stronger economic resilience, deeper partnerships and progress towards shared goals.

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Main outputs and country focus

EU Business Forum in the UAE

This forum offers the European Union business community in the UAE a simple and informal setting in which to discuss and solve specific economic issues.

The EU Business Forum kick off meeting took place on the 21 January, and we quickly moved into action, organizing a EU-UAE Free Trade Agreement (FTA) Business roundtable on 5 February, alongside the latest round of EU–UAE Free Trade Agreement negotiations in Dubai.

This high-level gathering convened a distinguished group of 35 stakeholders, including the EU Ambassador in the UAE, several EU Heads of trade, Chairmen of EU Business Councils, and senior representatives from the European Commission (DG MENA), including the EU's Chief Negotiator and his team. H.E. Lucie Berger delivered an introductory speech focusing on the potential of the Free Trade Agreement to transform economic cooperation between the European Union and the United Arab Emirates.

The EU chief negotiator Léon Delvaux highlighted the shared commitment of the EU and the UAE to strengthening trade and investment ties, exploring new opportunities for mutual economic growth and aligning regulatory frameworks. For the participants, this was a special opportunity to discuss the current state of the Free Trade Agreement negotiations in detail, focusing on each sector and exchanging concrete information about progress and issues.

EU participation to the Quantum and New Technologies Summit

Having already held several productive meetings with DG Connect and company representatives, taking into consideration the current situation in the region, we decided to keep on going with the organisation of the event itself, to make the most of it. To organize a high quality event, in other words, to guarantee the best outreach from international companies and speakers, this conference has been postponed to September.

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Major policy dialogue event

Major Policy Dialogue Event: EU-UAE Free Trade Agreement Business Roundtable

The EU-GCC Economic Diversification project reached a significant milestone in February 2026 with the successful delivery of the EU-UAE Free Trade Agreement (FTA) Business Roundtable in Dubai on 5 February 2026. This high-level gathering convened a distinguished group of stakeholders, including Ambassadors from EU Member States, Chairmen of various Business Councils, and senior representatives from the European Commission (DG MENA). The roundtable provided a vital platform for strategic dialogue, focusing on enhancing economic cooperation and exploring the transformative potential of a Free Trade Agreement between the European Union and the United Arab Emirates.

The discussions emphasized a shared commitment to deepening trade and investment ties, identifying new avenues for mutual economic growth, and addressing regulatory frameworks. The active engagement of high-level officials from both the public and private sectors underscores the strategic importance of these dialogues in supporting the GCC's economic diversification objectives and strengthening the long-term EU-GCC partnership.

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GCC – Economic Diversification and Macroeconomic Resilience in a Volatile Global Environment



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The recent geopolitical developments in the Middle East and the challenges facing the GCC countries highlight the importance of assessing the region's economic resilience and the foundations supporting its continued growth and diversification.

The GCC has shown strong resilience in the past several years and remains well positioned to sustain robust growth and achieve its diversification objectives. This growth is supported by strong non-hydrocarbon expansion driven by domestic demand, investment programmes and a dynamic services sector, insulating the region from recent geopolitical spillovers (including Red Sea disruptions) and trade fragmentation (such as US tariffs).

Growth projections for 2026 prepared by IMF in December 2025, indicate robust expansion across GCC economies, with Qatar (6.1%), the UAE (5.0%) and Saudi Arabia (4.5%) recording the highest rates, followed by Oman (4.0%), Kuwait (3.9%) and Bahrain (3.3%). Despite the current heightened geopolitical tensions and global economic uncertainty, the GCC economies remain well positioned to achieve growth rates exceeding the World Bank projections for the global average of 3.1% and the 1.5% anticipated for advanced economies.

The GCC's resilience is rooted in extensive structural reforms and forward-looking policy measures strengthening competitiveness, diversification and technological transformation, as shown below.

The GCC business environment has improved significantly in the recent years, due to strong reform momentum. Five GCC economies now rank among the 30 most competitive countries worldwide: the UAE (5th), Qatar (9th), Saudi Arabia (17th), Bahrain (22nd) and Oman (28th).

GCC output and external trade have become more diversified, gradually narrowing the gap with advanced economies. The UAE provides a clear example of this progress. Its Comprehensive Economic Partnership Agreement (CEPA) programme, launched in September 2021, has so far resulted in negotiations with over 35 high-growth economies, aiming to expand access to markets representing nearly one-quarter of the world's population. A number of 15 CEPAs have been concluded and entered into force.

The GCC economies are also investing in future technologies as a core pillar of a new stage of economic diversification. Most GCC countries are now close to or on par with advanced economies in terms of digital infrastructure and affordability, according to the Enhanced Digital Access Index (EDAI). Their high level of readiness is further supported by rapid advances in AI investments and R&D, factors that position the region to enhance productivity and increase value added in the economy.

These developments underscore the GCC's capacity to sustain growth and advance economic diversification, even in a volatile global environment. The region has the capacity and is well prepared to manage current shocks, while converging towards advanced-economy standards in terms of competitiveness, openness and technological readiness.

Since 2018, the EU – GCC Dialogue on Economic Diversification project has been working towards promoting and enhancing economic cooperation both at bilateral and regional level, while actively supporting the achievement of GCC's economic diversification objectives.

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Activities and events

Implemented and Planned Activities

The project continues to execute a robust program of activities designed to foster economic integration and diversification. During the current reporting period, **stakeholder outreach and engagement** remained a core priority, with over 790 targeted invitations issued to key public and private sector entities. These efforts were supported by a comprehensive database of over 3,000 organizations, ensuring broad and inclusive participation across the region.

In terms of policy **analysis and institutional support**, the project has successfully delivered six Country FDI Reports and six Country Economic Fiches, providing essential data-driven insights for decision-makers. Furthermore, significant technical assistance has been 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.

Looking forward, the project is preparing for a series of **planned activities** through the second quarter of 2026. Key milestones include the **Digital Cybersecurity and Infrastructure Resilience Dialogue** event organized with Digital Cooperation Organization – DCO (April 2026), followed by specialized dialogues on **SPS and Food Security** in Qatar (May 2026). These initiatives are designed to facilitate the exchange of best practices and align regulatory standards with international benchmarks.

Implemented and Planned Events

The start of the 2026 period saw the successful execution of several impactful events, including the **EU Business Forum UAE Launch** and the **Customs Breakfast Dialogue in Bahrain**, both held in January 2026. These events have been instrumental in building professional networks and advancing technical cooperation in critical economic sectors.

The upcoming event calendar is equally ambitious, underscoring the project's geographic reach and sectoral diversity. A key highlight is the **EU Defence Technology Forum** to be held in the UAE (May 2026). This high-level platform will bring together EU institutions, European defence and technology companies, and key GCC stakeholders to showcase advanced capabilities, strengthen industrial partnerships, and deepen institutional links in the defence and security space. Other notable engagements include the **Cybersecurity and Artificial Intelligence Workshop** in May in Riyadh and the **10th EU–GCC Business Forum**. These upcoming initiatives reflect the project's continued commitment to fostering meaningful sectoral cooperation, enhancing visibility of EU expertise, and expanding the scope of EU–GCC economic collaboration.

Planned Activities

KSA Digital Cybersecurity and Infrastructure Resilience Dialogue

April 2026

Saudi Arabia

SPS and Food Security Breakfast Dialogue

April 2026

Kuwait

EU–Oman Aviation Dialogue

May 2026

Oman

Cybersecurity and Artificial Intelligence Workshop

May 2026

KSA

SPS and Food Security Breakfast Dialogue

May 2026

Qatar

Official Launch Event of the Chamber of Commerce

May 2026

Bahrain

EU Defence Technology Forum

May 2026

UAE

EU–Oman Study Visit

September 2026

Belgium and France

Participation in Quantum and New-Tech Summit

27–29 September 2026

Dubai

Launch of EEN

September 2026

Kuwait

10th EU-GCC Business Forum

2026

Panel Participation in Milipol Defense Event

October 2026

Qatar

Contacts

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

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