An AI Priorities Index for Future Comprehensive Economic Partnership Agreements with the GCC Countries

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Abstract

This paper examines the strategic linkages between private equity firms and sovereign wealth funds (SWFs) from Gulf Cooperation Council (GCC) countries—primarily Saudi Arabia's Public Investment Fund (PIF), the United Arab Emirates' (UAE) Abu Dhabi Investment Authority (ADIA), Mubadala Investment Company, and MGX, and Qatar's Qatar Investment Authority (QIA)—and their investments in artificial intelligence (AI) ecosystems across the USA, China, Japan, Europe (with focus on the Nordic countries, Germany, France, and Eastern Europe), Brazil, Russia, India, and South Korea. Drawing on recent developments, it highlights how GCC SWFs, managing over $5 trillion in assets as of mid-2025 and projected to reach $7.3 trillion by 2030 (Deloitte, 2025), are leveraging partnerships with private equity to finance AI infrastructure, startups, and innovation, blurring the lines between financial investment and geopolitical influence. The analysis reveals a predominant focus on the USA, with emerging engagements in Asia and Europe, and limited but strategic ties in Latin America and Russia, amid MENA SWF deployments of $56.3 billion in the first nine months of 2025 (Global SWF, 2025). A percentage-wise distribution of GCC SWF investments, based on public domain data, is provided, along with AI-specific investments as a percentage of total outward flows and market inferences on GCC ownership of global AI value over the next five years, with the regional AI market expected to exceed $34 billion by 2030 driven by sovereign-backed agendas (Statista, 2025). Implications for global AI governance and economic diversification are discussed, emphasizing the role of capital as a form of soft power.

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Introduction

The Gulf Cooperation Council (GCC) states—Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (UAE)—are at a pivotal juncture in their economic evolution, transitioning from hydrocarbon dependency to knowledge-based economies powered by artificial intelligence (AI) and digital technologies. Historically reliant on oil and gas exports, which accounted for over 70% of total exports, these nations face vulnerabilities from global energy price fluctuations, environmental pressures, and the shift toward renewables (World Bank, 2025). In response, ambitious national visions such as Saudi Arabia's Vision 2030 and the UAE's AI Strategy 2031 prioritize diversification through AI investments, leveraging SWFs managing approximately $5 trillion in assets as of early 2025, projected to grow to $7.3 trillion by 2030 (Mamun, 2025b; DiploFoundation, 2025).

Central to this transformation is the interplay between SWFs, private equity (PE) firms, and global AI ecosystems, where investments in infrastructure, startups, and foundational models serve as tools of "investment diplomacy" (Mamun, 2025a; Diplomacy.edu, 2025). GCC SWFs like Saudi Arabia's Public Investment Fund (PIF), UAE's Mubadala and MGX, and Qatar's Qatar Investment Authority (QIA) are channeling billions into AI, with tech/digital deployments reaching $62.7 billion in 2024 (EY, 2025). This capital influx not only finances innovation but also reshapes trade architectures, embedding AI-specific provisions into CEPAs and Free Trade Agreements (FTAs). Traditional FTAs, focused on tariff reductions for physical goods, are evolving into sophisticated instruments incorporating digital trade rules, intellectual property (IP) safeguards, and resilient supply chains for semiconductors and quantum technologies (Mamun, 2025b).

The core challenge lies in balancing digital sovereignty with geopolitical tensions, particularly the U.S.-China tech rivalry, which amplifies surveillance vulnerabilities and intra-regional disparities (Carnegie Endowment for International Peace, 2025a; SMEX, 2025). Economic forecasts suggest AI could contribute up to $320 billion to the Middle East's GDP by 2030, with the UAE poised for a 14% uplift, yet equitable distribution requires comprehensive ethical guidelines (PwC, 2018). This essay explores how GCC priorities in trade negotiations, ranked by proximity to AI investments, influence future CEPAs, highlighting opportunities for geo-economic fortitude alongside perils in sustainable advancement.

Aim and Scope

The aim of this essay is to critically analyze the GCC's trade negotiation priorities in the context of AI and digital technology investments, providing a balanced assessment of opportunities and risks. Specifically, it seeks to uncover how SWFs leverage AI as tools of investment diplomacy to redefine trade priorities, while evaluating the integration of AI into CEPAs and FTAs. This includes constructing a ranking index of priorities based on their direct linkage to AI ecosystems, investment alignment, negotiation emphasis, and economic projections.

The scope encompasses qualitative analysis of policy documents, SWF reports, and secondary sources from 2024-2025, including thematic examination of geographic and sectoral distributions. It covers key areas such as digital trade, fintech, semiconductors, IP protections, and quantum computing, with country-by-country and area-by-area breakdowns. Geopolitical conditioning, including engagements with the U.S., China, Europe, and emerging markets, is evaluated for implications on equitable growth. Limitations include reliance on publicly available data, potentially underrepresenting classified investments, and a focus on the GCC collective with country-specific variations. The essay emphasizes a rigorous critique of optimistic narratives to inform policy recommendations for sustainable digital transformation, projecting AI's role in adding $320 billion to regional GDP by 2030 (PwC, 2018; Carnegie Endowment for International Peace, 2025c).

GCC Priorities in Trade Negotiations: A Ranking Index

GCC trade negotiations increasingly prioritize elements proximate to AI and digital investments, reflecting SWF strategies to capture value in global AI ecosystems. Based on geographic distributions (U.S.: 40-50% of outflows; Asia: 20%; Europe: 30%) and sectoral allocations (tech/digital: 38% of 2024 MENA SWF deployments, approximately $62.7 billion AI-adjacent), a ranking index assesses priorities by direct linkage to AI hardware/software, investment scale (e.g., MGX's $100 billion fund, PIF's $40 billion AI initiative), negotiation integration (e.g., UAE-Australia CEPA), and GDP uplift potential (Mamun, 2025a; EY, 2025). Ranked from highest to lowest proximity (score 1-10), this index highlights a pivot from 1980s hydrocarbon-focused FTAs to AI-centric protocols.

1. **Semiconductors and Silicon Chips (Proximity Score: 10/10)**: As the hardware backbone for AI models and data centers, semiconductors align closest with SWF allocations, such as PIF's $23 billion deals with Nvidia and AMD, and MGX's Intel acquisition (Mamun, 2025a). Negotiations emphasize resilient supply chains and 99% tariff elimination, hedging U.S. export controls and China restrictions (Bureau of Industry and Security, 2025). Examples include UAE-Jordan CEPA securing chip supplies and Saudi-EU talks supporting Vision 2030 infrastructure (GAFT, 2025).

2. **AI and Intellectual Property (IP) Protections (Proximity Score: 9/10)**: Safeguarding investments in startups like Anthropic ($3-5 billion from QIA/Mubadala) drives IP clauses requiring human input and ethical frameworks (Mamun, 2025a; SABA IP, 2025). This aligns with 20-25% of outward flows targeting AI assets, seen in GCC-India FTA covering AI IP and UAE's $200 billion U.S. deals mitigating surveillance risks (Reuters, 2025a; SMEX, 2025).

3. **Quantum Computing (Proximity Score: 8/10)**: Closely related to AI for advanced algorithms, investments like Qatar's $1 billion Quantinuum JV propel ecosystem protocols (Mamun, 2025a; The Quantum Insider, 2025). Proximity arises from SWF hedging in high-growth areas, with GCC-EU FTAs projecting QAR 3.64 billion sector growth by 2025 (Invest Qatar, 2025).

4. **Fintech (Proximity Score: 7/10)**: AI applications in finance tie to digital platform investments, prioritizing regulatory harmonization (Mamun, 2025b). UAE fintech is projected at $6.43 billion by 2025, mid-proximate as AI-enabled but broader (Middle East Briefing, 2025). Examples: Bahrain's 38 Fintech Forward partnerships and GCC-Malaysia FTA safeguards (Finance Yahoo, 2025; GCC Business Watch, 2025a).

5. **Digital Trade and E-commerce (Proximity Score: 6/10)**: Enabling AI data flows, priorities prohibit electronic duties and mandate localization, aligning with 18% tech outflows (Mamun, 2025b). Facilitative rather than core, seen in UAE-Australia CEPA boosting e-commerce and GCC Digital Economy Pact unifying flows (DFAT, 2025b; Gulf Magazine, 2025).

This index underscores AI-adjacent priorities driving 60-70% of projected AI value capture (1-2.5% of $4.5 trillion global AI, 2026-2030), but risks U.S. dependency and ethical issues necessitate indigenous innovation (Deloitte, 2025; Statista, 2025).

Impact on Future CEPA Negotiations

The prioritization of artificial intelligence (AI) and digital technologies within the Gulf Cooperation Council (GCC) region's trade and investment framework is profoundly

reshaping the landscape of future Comprehensive Economic Partnership Agreements (CEPAs), elevating these elements to non-negotiable status as nations pursue economic diversification and hedge against intensifying geopolitical rivalries. This shift is driven by the need to secure technological sovereignty, enhance supply chain resilience, and capitalize on AI's potential to amplify trade volumes and GDP growth. For instance, AI is projected to boost global trade flows by up to 37% and GDP by 13% by 2040, provided enabling policies are in place, with generative AI alone poised to add $21–35 billion annually to GCC economies—equivalent to 2.8% of non-oil GDP (GCC Business Watch, 2025; McKinsey, 2024). In this context, CEPAs are evolving from traditional tariff-focused pacts into multifaceted instruments that incorporate digital trade provisions, intellectual property (IP) safeguards for AI innovations, and clauses addressing data flows and ethical AI deployment, thereby aligning with the GCC's Vision 2030 agendas for innovation-led growth.

A prime example is the ongoing GCC-India Free Trade Agreement (FTA) negotiations, which, as of October 2025, are on the cusp of formal commencement, building upon resumed talks in November 2022 and reaffirmed intentions in January 2025. These discussions emphasize semiconductor supply chain resilience and AI-related IP protections, aiming to elevate bilateral trade to $250 billion by 2030 amid rising global tariff tensions (India Briefing, 2025; SSGA, 2025). India, a burgeoning hub for semiconductor manufacturing and AI talent, offers the GCC opportunities to diversify away from oil dependency; in return, the GCC provides market access and investment in India's tech ecosystem. Specific cases illustrate this focus: the negotiations include provisions for tariff elimination on 90% of Indian exports like electronics and semiconductors, mirroring the UAE-India CEPA's success, which boosted non-oil trade by 33.9% year-on-year to $37.6 billion in the first half of 2025 (Clyde & Co, 2025; LinkedIn, 2025). Moreover, Qatar's bilateral push with India targets a mid-2026 FTA signing to double trade to $30 billion, incorporating AI-driven sectors such as digital trade facilitation and joint ventures in quantum computing, underscoring how AI priorities accelerate deal-making with tech-savvy partners while stalling progress with others lacking such offerings (Economic Times, 2025; DD News, 2025).

Similarly, EU-GCC discussions are gaining momentum following the 29th Joint Council and Ministerial Meeting on October 6, 2025, which endorsed outcomes from the 33rd EU-GCC Joint Cooperation Committee held in Brussels on September 5, 2025, and commended the inaugural GCC-EU Summit in October 2024 titled "A Strategic Partnership for Peace and Prosperity" (Consilium.europa.eu, 2025; GCC-SG.org, 2025). These talks explore resuming the long-stalled FTA negotiations—suspended since 2008—by integrating quantum technologies, digital trade chapters, and AI governance to foster networked geo-economic resilience. For example, the Joint Statement highlighted commitments to a rules-based international order and enhanced cooperation in areas like clean energy and digital infrastructure, with AI playing a pivotal role in addressing non-trade barriers such as data protection and ethical standards (AGDA, 2025; Europe and Arabs, 2025). This approach draws from the EU's experience in embedding AI

regulations in trade pacts, as seen in its Digital Trade Agreements, which could help the GCC mitigate risks from U.S.-China tech rivalries. A case in point is the potential for quantum computing collaborations, where EU expertise in AI ethics could complement GCC investments, potentially unlocking new trade corridors and reducing protectionist pressures from rising far-right sentiments in Europe (IISS, 2025).

The United Arab Emirates (UAE), as a frontrunner, exemplifies this trend with 27 CEPAs signed by mid-2025, including key 2025 agreements with Malaysia (January), Australia (October), New Zealand, Kenya, Ukraine, and the Central African Republic, bringing the total to 26 by April and adding one more by October (Gulf Business, 2025; Arab News, 2025). These pacts embed high-priority provisions such as tariff elimination on up to 99% of goods, including semiconductors and AI-related electronics, alongside robust IP safeguards and digital trade facilitation measures that streamline customs for tech exports (Clyde & Co, 2025; MOET.gov.ae, 2025). For instance, the UAE-Malaysia CEPA focuses on e-commerce and renewable energy tech, granting preferential access for UAE firms in AI-driven logistics, while the UAE-Australia agreement includes clauses for tariff-free semiconductors and joint AI research, accelerating non-oil exports amid global supply chain realignments (DFAT, 2025b; Hawksford, 2025). This strategy not only fast-tracks deals with tech-rich nations but also leverages the GCC's $5 trillion in SWF assets to extract concessions, such as technology transfers, from partners. However, it risks prolonging asymmetric negotiations with less digitally advanced economies, as seen in stalled talks with non-tech-focused regions, potentially exacerbating intra-GCC disparities where UAE and Saudi Arabia dominate AI investments (e.g., UAE's $200 billion U.S. deals in AI chips) while smaller states like Bahrain lag (IISS, 2025; Reuters, 2025a).

These dynamics also heighten surveillance vulnerabilities, as AI-embedded CEPAs could facilitate data-sharing that amplifies risks in authoritarian contexts; for example, investments in AI surveillance tech under China's Digital Silk Road have raised ethical concerns, prompting calls for oversight clauses in future pacts (Carnegie Endowment for International Peace, 2025d; SMEX, 2025). In Oman and Kuwait, where digital dependencies are growing, such provisions might include ethical AI frameworks to mitigate misuse, drawing from global standards like the WTO's push for coordinated AI trade policies to avoid fragmentation (ESCAP, 2025; WTO, 2025). Overall, prioritizing semiconductors—evidenced by U.S. chip export deals to the UAE amid export controls—positions CEPAs as strategic tools for technological sovereignty, potentially contributing $320 billion to Middle East GDP by 2030 through productivity gains and trade expansion (PwC, 2018; US Import Data, 2025). Yet, balanced regulatory oversight is crucial to prevent over-reliance on dominant powers and ensure equitable benefits across the GCC, fostering sustainable resilience in a multipolar world.

Provisions as Sweeteners in Negotiations

In the intricate landscape of Gulf Cooperation Council (GCC) trade negotiations, provisions linked to artificial intelligence (AI) and digital priorities have emerged as potent sweeteners, accelerating agreements by delivering reciprocal advantages that align with the region's ambitious goals for technological advancement, economic diversification, and geopolitical hedging. These incentives not only facilitate quicker deal closures but also embed long-term value, such as enhanced market access, technology transfers, and regulatory alignments, amid escalating global trade tensions. As of October 2025, with the GCC emphasizing AI's role in reshaping the global economy—evidenced by increased sectoral focus and partnerships—these provisions are strategically deployed to exchange the region's strengths in energy and security for concessions in digital domains, thereby reducing dependencies on dominant powers like the United States and China while fostering innovation-led growth (GCC-SG.org, 2025; Digital Bricks, 2025).

Tariff reductions and supply chain safeguards for semiconductors stand out as high-impact sweeteners, ensuring resilient access to critical technologies from partners like the US and Taiwan while reciprocally boosting exports for negotiating counterparts. This approach is particularly appealing in a era of friendshoring and supply chain disruptions, where semiconductors underpin AI ecosystems. For instance, in the EU-GCC strategic partnership talks initiated in 2025, focusing on energy, security, and digital infrastructure, tariff eliminations on semiconductors are projected to elevate bilateral trade to $250 billion by 2030, providing European firms with preferential access to GCC markets in exchange for technology-sharing commitments (GCC Business Watch, 2025; Consilium.europa.eu, 2025). A parallel case is the US-EU $40 billion chip deal announced in September 2025, which, while not directly involving the GCC, sets a precedent for similar provisions in GCC-US engagements, such as the UAE's $200 billion deals in AI chips, where tariff reductions mitigate export controls and secure supply chains for Gulf sovereign wealth funds' investments in semiconductor fabs (CEPA, 2025; Reuters, 2025a). These sweeteners have expedited negotiations by addressing mutual vulnerabilities—GCC's tech import reliance and partners' need for stable energy supplies—ultimately projecting to add $21–35 billion annually to GCC non-oil GDP through AI-enhanced manufacturing (McKinsey, 2024).

Enhanced AI intellectual property (IP) protections and ethical frameworks, ranked as medium-high priorities, serve as compelling incentives by minimizing litigation risks and promoting trust in cross-border AI collaborations. These provisions extend beyond traditional IP to cover AI-specific issues like patentability of algorithms and ownership of generative AI outputs, aligning with global standards such as the WTO's TRIPS Agreement. In the UAE-India CEPA, updated in 2025, digital IP clauses have been pivotal, safeguarding AI innovations in sectors like electronics and fintech while facilitating data protection and open finance collaborations, resulting in a 33.9% year-on-year trade surge to $37.6 billion in the first half of 2025 (Clyde & Co, 2025; India Briefing, 2025). This includes mutual recognition of AI patents and anti-infringement remedies, drawing from India's AI talent pool and UAE's regulatory advancements, such as its AI legislative framework celebrated on Intellectual Property Day in May 2025, which deploys AI for IP

analysis and enforcement (Calawyers.org, 2025; US Chamber, 2025). Similarly, the Saudi-Kuwait AI partnership, signed in July 2025, incorporates ethical AI guidelines to reduce risks in joint deployments, serving as a model for broader GCC CEPAs by offering partners assurances against IP theft in exchange for access to Gulf markets (ECDHR, 2025). Such frameworks have not only hastened agreements but also mitigated surveillance concerns, as seen in calls for ethical clauses in AI provisions to prevent data misuse (SMEX, 2025).

Joint ventures (JVs) in quantum computing, positioned as medium-priority sweeteners, incentivize participation by promising shared technological leaps and economic multipliers, particularly in high-stakes sectors like cybersecurity and pharmaceuticals. Qatar's landmark $1 billion JV with Quantinuum, announced in May 2025 under a partnership with Al Rabban Capital, exemplifies this: the agreement accelerates quantum adoption in the region, projecting QAR 3.64 billion in economic growth by 2030 through application co-development and developer training, while offering the US firm access to Qatari investment and markets (Quantinuum, 2025a; Invest Qatar, 2025). This model has influenced broader trade pacts, such as Qatar's bilateral FTA talks with India targeting a mid-2026 signing, where quantum JVs are proposed to double trade to $30 billion, embedding provisions for shared IP in quantum-AI hybrids (Economic Times, 2025). Likewise, the UAE's $10.9 billion pledge to France in 2025 for quantum and AI collaborations includes JV clauses in potential CEPAs, exchanging French expertise for Gulf funding and energy ties, thereby positioning the GCC as a global quantum hub amid forecasts of $750 million in sector revenues by 2025 (The Quantum Insider, 2025; Quantinuum, 2025b).

Regulatory harmonization for fintech and digital trade, another medium-ranked sweetener, enables seamless cross-border operations and market expansion, benefiting both sides through standardized frameworks that reduce compliance burdens. In the GCC, efforts like the Digital Cooperation Organization (DCO) pact sealed in September 2025 drive AI, data, and policy alignment, serving as a foundation for CEPAs by harmonizing sandboxes and digital-ID standards (Gulf News, 2025). For example, the UAE's fintech market, projected to reach $6.43 billion in 2025, leverages harmonized regulations in its CEPAs with Malaysia and Australia, facilitating e-commerce and payments while granting partners access to GCC consumers (Middle East Briefing, 2025; BBK Online, 2025). Ripple's expansion into Bahrain under the GCC Funds Passporting Regime highlights this, where regulatory alignment amplifies fintech opportunities, projecting the GCC fintech market to triple to $29.8 billion by 2032 (AInvest, 2025; LinkedIn, 2025b). These provisions expedite deals by addressing disparities in digital regulations, as noted in a 2025 IMF study on GCC digital transformation, fostering regional integration and innovation (IMF, 2025).

Finally, lower-priority yet strategic sweeteners like data localization and e-commerce facilitation support AI training and digital ecosystems, aligning with friendshoring trends by ensuring secure data flows without mandatory localization. In GCC CEPAs, these clauses draw from agreements like RCEP, covering e-commerce facilitation and IP in digital trade

(WTO Center, 2025). The UAE's 2025 e-commerce law, part of its investment climate statement, mandates protections for digital transactions, sweetening deals like the UAE-Kenya CEPA by enabling AI-driven logistics without localization barriers (US State Department, 2025; Competenza.ae, 2025). Similarly, enterprise e-commerce in the GCC, exceeding $50 billion by 2025, benefits from facilitation provisions in supply chain localization efforts, offering partners tariff reductions in exchange for data-sharing commitments (Task-TC.net, 2025). These elements mitigate US dependencies through reciprocity, as seen in scattered cloud strategies avoiding strict localization, ultimately enhancing trade resilience (CEPA, 2025b).

By strategically deploying these sweeteners, GCC negotiations not only accelerate CEPAs but also position the region for sustained digital leadership, though careful balancing is needed to avoid over-concessions in sensitive areas like data sovereignty.

Disadvantages in Negotiations with the Gulf for Parties with Low or No Technology Content

In the evolving landscape of Gulf Cooperation Council (GCC) trade negotiations, the integration of artificial intelligence (AI) and digital technologies has become a pivotal factor, often determining the pace, scope, and favorability of agreements. Parties lacking substantial technology content—such as those focused primarily on commodities, agriculture, or traditional manufacturing—face significant disadvantages. These stem from the GCC's strategic pivot toward "investment diplomacy," where sovereign wealth funds (SWFs) managing over $5 trillion in assets prioritize tech-driven diversification to reduce hydrocarbon dependency, which historically accounted for over 70% of exports (Mamun, 2025b; World Bank, 2025). This section substantiates these disadvantages through data on investment patterns, negotiation dynamics, and economic projections, drawing on GCC SWF allocations (38% in tech/digital in 2024, equating to $62.7 billion AI-adjacent) and recent Comprehensive Economic Partnership Agreements (CEPAs) that embed digital provisions like IP safeguards and semiconductor supply chains (EY, 2025; Mamun, 2025a).

One primary disadvantage is reduced bargaining power, leading to asymmetric terms or stalled talks. GCC states leverage their SWFs—projected to grow to $7.3 trillion by 2030—to demand concessions in high-tech areas, such as AI governance and quantum computing, which low-tech partners cannot readily offer (Deloitte, 2025; Mamun, 2025b). For instance, the UAE's 27 CEPAs by mid-2025, including those with Australia and Malaysia, incorporate tariff eliminations on 99% of goods alongside digital trade rules, projecting fintech growth to $6.43 billion by 2025 in the UAE alone (Middle East Briefing, 2025; Clyde & Co, 2025). In contrast, negotiations with low-tech-focused regions like parts of Africa or Latin America remain limited or opportunistic, with investments in Brazil confined to nascent AI-driven logistics rather than comprehensive pacts, reflecting only

5-10% of GCC outward flows compared to 40-50% in the tech-heavy US (Mamun, 2025a; EY, 2025). This asymmetry results in low-tech partners securing fewer “sweeteners,” such as joint R&D commitments or ethical AI frameworks, which could otherwise offset tariff reductions (IISS, 2025).

Prolonged or stalled negotiations represent another key drawback, exacerbated by the GCC’s emphasis on tech alignment amid U.S.-China rivalry. Low-tech countries often lack the leverage to navigate these geopolitical tensions, where GCC hedging strategies favor partners offering resilient supply chains for semiconductors—core to AI and valued at $23 billion in PIF deals with Nvidia and AMD (Mamun, 2025a). The restarted EU-GCC FTA talks in 2025, for example, integrate quantum provisions projecting QAR 3.64 billion in sector growth, but historical stalls (e.g., due to European market competition fears) highlight how non-tech issues like reforms can delay agreements, disadvantaging partners without digital offerings (AGDA, 2025; Consilium.europa.eu, 2025). Similarly, the uncertain China-GCC FTA, after two decades, faces challenges from strategic divergences, with GCC pivots toward U.S. tech potentially sidelining low-tech elements like traditional trade in favor of DSR-aligned fintech (ORF, 2025; Carnegie Endowment for International Peace, 2025d). Data from the World Trade Organization indicates AI could boost global trade by 37-40% by 2040, but low-tech partners risk missing this uplift, as GCC non-oil GDP is projected to exceed 70% by 2028 through tech-focused deals (WTO, 2025; Lexology, 2025).

Economic opportunity costs further compound these disadvantages, with low-tech negotiators potentially forfeiting access to GCC markets and investments. AI is forecasted to add $320 billion to Middle East GDP by 2030, with the UAE alone expecting a 14% uplift ($91-96 billion), driven by tech-embedded CEPAs like UAE-India, which surged trade to $84 billion by 2023 through digital foundations (PwC, 2018; Carnegie Endowment for International Peace, 2025c; India Briefing, 2025). Without tech content, partners may secure only modest gains, as seen in limited GCC engagements in Russia (geopolitically constrained to non-sensitive AI) or Brazil (nascent, with total commitments under 5% of outflows), leading to uneven benefits and perpetuating dependencies (Mamun, 2025a; Nikkei Asia, 2025a). Intra-GCC frictions and vulnerabilities to oil swings (despite 3.2% growth projected for 2025) amplify this, as low-tech deals offer less resilience against global turbulence, potentially reducing bilateral trade growth by 10-15% compared to tech-rich pacts (World Bank, 2025; IISS, 2025).

Ethical and surveillance risks also disadvantage low-tech parties indirectly, as GCC negotiations increasingly embed governance standards that favor tech-savvy partners. Investments amplify surveillance vulnerabilities, with dependencies on U.S.-dominated stacks risking data privacy erosion and human rights concerns, as noted in partnerships like G42’s divestment from Chinese assets (SMEX, 2025; CSIS, 2025). Low-tech countries, lacking reciprocal tech leverage, may concede more on non-tech issues (e.g., labor standards) without gaining ethical AI safeguards, exacerbating inequalities—urban adoption rates reach 89% in GCC firms, versus rural lags (McKinsey, 2024; Mamun,

2025b). Overall, without technology content, negotiators face 20-30% lower projected GDP contributions from deals, underscoring the need for diversified strategies to counter these imbalances (PwC Middle East, 2025).

Conclusion

In conclusion, the integration of artificial intelligence (AI) into the Gulf Cooperation Council (GCC) region's trade and investment architecture marks a transformative evolution, fostering economic diversification, bolstering geopolitical resilience, and driving long-term growth in an era of escalating global uncertainties. Sovereign wealth funds (SWFs) have positioned themselves as central catalysts in this shift, directing significant capital toward AI ecosystems. This is illustrated by Gulf SWFs' investments totaling $82 billion in 2023 and an additional $55 billion in the first nine months of 2024, alongside forecasts that Middle Eastern SWFs' assets under management will surge to $18 trillion by 2030 (Deloitte, 2025). These entities are prioritizing high-growth domains such as digital infrastructure and generative AI, as demonstrated by Abu Dhabi's MGX fund's pledge of up to $100 billion in the near term, predominantly in the United States, to advance technological autonomy and forge international alliances (GCC-SG.org, 2025).

Key outcome indicators highlight AI's profound transformative capacity: projections indicate that AI could add up to $320 billion to the Middle East's GDP by 2030, accounting for approximately 2% of worldwide AI benefits, while the GCC's AI market is anticipated to expand to $5.11 billion in 2025 alone (American Affairs Journal, 2025; Carnegie Endowment for International Peace, 2025c). Furthermore, generative AI is poised to contribute $21–35 billion annually to GCC economies, equating to as much as 2.8% of non-oil GDP, with comprehensive AI integration potentially yielding $277 billion for the region by 2030 via enhanced labor productivity (Carnegie Endowment for International Peace, 2025d; Consilium.europa.eu, 2025). These advancements dovetail with broader diversification initiatives, where non-oil sectors are propelling regional GDP growth to 3.2% in 2025 and 4.5% in 2026, underpinned by robust economic foundations and targeted trade pacts such as Comprehensive Economic Partnership Agreements (CEPAs). For instance, the UAE-India CEPA has catalyzed a 33.9% year-on-year rise in non-oil trade, reaching $37.6 billion in the first half of 2025 (IISS, 2025; Mamun, 2025b).

Trade agreements serve to magnify these benefits, with GCC merchandise trade hitting $1.5 trillion in 2024 amid international volatility, and efforts like the GCC-EU FTA talks tackling non-trade impediments to expand market entry and mitigate protectionism (MECouncil, 2025; ORF, 2025). Nevertheless, persistent hurdles—including geopolitical frictions, potential surveillance vulnerabilities tied to AI deployments, and the imperative for equitable collaborations with major powers like China and the US—demand careful management to preserve momentum. In the end, by harnessing AI through sophisticated investment diplomacy and multifaceted trade frameworks, the GCC stands ready to realize 4–4.4% annual non-oil GDP expansion, generate up to 7.4 million jobs in fields

such as energy and fintech, and cement its status as a premier global center for innovation and adaptability by 2030 (Mamun, 2025a).

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