Europe Gulf Forum

POLICY BRIEF

TRADE AND CONNECTIVITY

Trade and connectivity in the Europe-Gulf strategic partnership

Valbona Zeleni | September 2026

Bottom lines up front

- The Strait of Hormuz crisis opened a window to move stalled connectivity projects forward
- These include the India-Middle East-Europe Economic Corridor and the EU-Gulf Cooperation Council free trade agreement
- The priority should be to turn crisis-driven innovations into permanent, well-financed institutional frameworks

Overview

In May 2026, senior leaders from across Europe and the Gulf convened in Greece for the inaugural Europe Gulf Forum, hosted by Antenna Group in partnership with the Atlantic Council. The meeting came at a moment when the Iran war's consequences transformed a longstanding partnership of convenience between the regions into one of strategic necessity.

Atlantic Council experts translated the insights from the gathering into policy briefs on four actionable tracks: (1) defense and technology, (2) energy and resources, (3) trade and connectivity, and (4) investment. The following policy brief identifies key opportunities for collaboration that the Europe Gulf Forum will continue to advance.

The Gulf Cooperation Council (GCC) is the EU's sixth-largest trading partner, while the EU ranks as the GCC's second-largest trading partner. Bilateral trade in goods reached €165.7 billion in 2025, with €110.3 billion in EU exports and €55.4 billion in imports. The United Arab Emirates and Saudi Arabia account for over three-quarters of EU-GCC trade, making them the EU's principal economic partners in the region. Trade in services totaled €84.4 billion in 2024, having more than doubled over the past decade.

The 2026 US-Israeli war with Iran exposed the vulnerability of the Strait of Hormuz and the Red Sea, transforming Gulf-Europe connectivity from a commercial priority into a strategic instrument of resilience and security. Global oil demand has reached 105 million barrels per day, and the Gulf's "bypass infrastructure" was built for a much smaller market, leaving limited capacity to mitigate a prolonged disruption in the Strait of Hormuz. For the EU, which consumes 10.6 million barrels of oil per day and imports 97 percent of its crude, secure access to Gulf energy supplies and maritime routes remains a strategic imperative.

Despite renewed political momentum, flagship initiatives to build more resilient connectivity such as the EU-GCC Free Trade Agreement and India-Middle East-Europe Economic Corridor (IMEC) have yet to move beyond political declarations. While Gulf investment and infrastructure development often outpace Europe's decision-making and regulatory processes, the priority should be to turn crisis-driven innovations, alternative transport corridors, bypass infrastructure, and regional supply-chain coordination, into permanent, well-financed institutional frameworks.

Recommendations

1. Move IMEC from vision to delivery

Three years after its 2023 launch, IMEC remains largely in the planning phase, with progress only on nationally funded components rather the international corridor itself. Closing the gap between political vision and an operational investment platform requires capital, institutional coordination, and a greater sense of urgency. IMEC is competing with other fast-moving initiatives such as China's Belt and Road Initiative.

- **Adopt a network approach.** Rather than viewing IMEC as a single linear corridor, the EU and its partners should develop it as an integrated network of maritime, rail, digital, and energy links. This approach would reduce dependence on the politically sensitive Israel-Jordan segment while incorporating complementary projects, including the Saudi Land Bridge, Iraq's Development Road, and emerging transit opportunities through Syria, into a more resilient regional connectivity architecture.
- **Mobilize financial resources.** Political commitments must be matched by capital and dedicated project management. The challenge is not the absence of European financing instruments, but their effective mobilization. Global Gateway, together with financing from the European Bank for Reconstruction and Development and European Investment Bank, European Fund for Sustainable Development Plus, and member state export credit agencies, could provide the backbone of an IMEC investment platform and de-risk private investment in priority infrastructure. Gulf sovereign wealth funds should be engaged as long-term strategic investors through jointly financed flagship projects supported by clear governance structures.
- **Capitalize on the current geopolitical window.** IMEC enjoys rare bipartisan support in Washington and remains one of the few major connectivity initiatives backed across successive US administrations. The EU, Gulf partners, and the US should use this opportunity to secure long-term commitments, including financing from the US Development Finance Corporation and Export-Import Bank for priority projects, using public backing to catalyze private capital that would otherwise see individual segments as too risky alone.

2. Develop a common EU–GCC economic security agenda for trade and investment

The EU and GCC should broaden their partnership beyond trade by developing a common security agenda focused on mutual investment, resilient supply chains, critical raw materials, emerging technologies, digital infrastructure, and crisis preparedness. This would provide the institutional and financial foundations for a more resilient partnership.

- **Conclude the EU–GCC free trade agreement (FTA).** The EU–GCC FTA, which has remained under negotiation for more than 35 years, needs an injection of political momentum. Simultaneously, bilateral investment should be expanded through a more pragmatic and flexible approach. Rather than treating trade and investment as separate tracks, both sides should pursue a comprehensive economic partnership that combines renewed FTA negotiations with stronger investment facilitation, regulatory cooperation, and joint financing of strategic sectors.

- **Establish a task force on regulatory alignment.** Regulatory alignment should be framed as a shared competitiveness agenda rather than a market-access barrier. The EU should engage GCC partners proactively on the implementation of regulations such as the EU's Carbon Border Adjustment Mechanism and the Corporate Sustainability Due Diligence Directive, providing technical assistance, capacity-building, and regulatory guidance to help Gulf companies meet EU standards and manage compliance costs. Sustained dialogue will be necessary to implementation and to address unintended obstacles to trade and investment. This approach would preserve the EU's regulatory objectives while supporting GCC decarbonization, green hydrogen, and low-carbon industrial investment.
- **Strengthen digital resilience and strategic data infrastructure** by establishing a joint EU-GCC framework for disaster recovery, cybersecurity, and digital infrastructure investment. The vulnerabilities exposed by the 2026 Gulf crisis reinforce the case for deeper EU-GCC cooperation on data resilience. Building on the growing Gulf investment in European data centers and sovereign cloud infrastructure, the two regions should promote joint investment in data centers, cloud infrastructure, and AI computing capacity, combining Gulf capital with Europe's energy infrastructure and regulatory stability to enhance cyber resilience and develop strategic digital capabilities.

3. Invest in energy sector resilience

- **Pursue a dual-track strategy.** The EU and GCC should pursue a dual-track strategy that combines diplomatic efforts to safeguard freedom of navigation through the Strait of Hormuz with investment in alternative export infrastructure. Existing bypass routes, including Saudi Arabia's East-West Pipeline and the United Arab Emirates' Abu Dhabi Crude Oil Pipeline to the Gulf of Oman, demonstrate the value of diversifying transport capacity, as a prolonged Hormuz closure would otherwise create a substantially larger global supply shock.
- **Expand energy storage.** Expand joint investment in strategic energy storage, including oil and jet fuel reserves, to enhance market stability, strengthen supply security, and improve resilience against future disruptions. This would be a win-win opportunity, where the Gulf secures a reliable, structurally embedded market, while the EU gains greater price stability and protection against energy supply disruptions caused by geopolitical crises and disruptions to critical transport routes.
- **Strengthen EU-GCC coordination.** The two regions should establish a permanent strategic coordination mechanism, building on existing ministerial dialogues and Global Gateway structures, to oversee connectivity projects, coordinate financing, monitor implementation, and publish annual progress reports. The framework should also institutionalize cooperation on logistics, infrastructure sharing, and supply-chain resilience, transforming the crisis-driven coordination demonstrated during the 2026 conflict into a lasting pillar of the strategic partnership.

About the author

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About the Europe Gulf Forum

Launched in September 2025, the Europe Gulf Forum is a platform bringing together the highest level of political and business leadership in Europe and the Gulf to advance greater strategic and economic engagement between the two regions.

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