# Friday 1 May – Sunday 31 May

Gulf Cooperation Council

The US-Israel-Iran conflict continues to dominate regional headlines, with a ceasefire still under negotiation and ongoing discussions surrounding the future management of the Strait of Hormuz, including proposals for vessel transit fees and coordinated shipping oversight led by Iran and Oman. Yet looking beyond the immediate crisis reveals a region that remains firmly focused on long-term economic transformation. Governments and state-backed entities advanced major initiatives in artificial intelligence, critical minerals, logistics, and trade. From new AI infrastructure and quantum computing deployments to strategic mining investments and alternative trade corridors, the Gulf's integral role as an economic node in the global economy continues.

## AI and semiconductors

- Oman has issued Royal Decree No. (50/2026) establishing Artificial Intelligence Special Zone in Muscat. The zone's management will be appointed by the Board in coordination with the Ministry of Transport, Communications and IT. AI infrastructure is a key pillar of Oman's Vision 2040: the economic strategy aims to expand the digital economy's contributions to GDP by 10% by 2040, up from 2% in 2021. Construction is underway with Afouq selected by the authorities to develop and operate a 105,000 m2 plot.
- Aramco, Riyadh's oil giant, has started using the Kingdom's first quantum computer as part of a broader drive to maximise efficiencies and output. Recently, Aramco announced it would deploy a supercomputer by 2027 with use-case applications on seismic imaging and reservoir simulations.
- Google is deepening its partnership with Saudi Arabia. Qiddiya, the entertainment giga project, will reportedly use Google's Gemini agent to monitor visitor behaviour, spending, and movement patterns alongside Google's Q-Brain platform to help management and staff with decision-making around the parks.

## Critical minerals and metals

- Muscat's sovereign wealth fund, the Oman Investment Authority, will acquire stakes in Samas Mining and Tekatron, two Turkish mining and defence firms, through a US$500m fund jointly set up with Oyak, Turkey's military pension fund. Samas operates the Tokat bentonite deposit, which is one of only two deposits globally. Omani firms will have priority access to sodium bentonite, which has applications in gas drilling, industrial operations, and medical and cosmetic products, giving Omani industry a significant advantage as the miner expands production to 300,000 tonnes per annum.
- Minerals Development Oman, Muscat's state-owned mining champion, has invited construction firms to design and develop its Al Shuwaymiyah Port, a greenfield deepwater facility and bulk minerals port on its southeast coast. The port is expected to become operational in the first half of 2029 with a handling capacity of 27 million tonnes per annum; indicative minerals include gypsum, limestone, and dolomite sourced from the hinterlands.

## Trade

- The UK and GCC finalised a free-trade agreement that is expected to see the latter liberalise 90% of its tariff lines in a 10-year period once entering into force, increase net trade by £15.5bn (20%), and boost the UK's economy by £3.7bn per annum. Two important notes to highlight include, firstly, a pledge to clear customs within 48 hours and release shipments in under six hours. Secondly, and perhaps more significantly, it will allow UK companies to store and process data outside the region for the first time, allowing them to avoid setting up local data centres.
- Gulf states have taken measurable steps to build new trade channels to manage disruptions incurred by the Third Gulf War. For starters, Riyadh is presenting Neom port as an alternative trade channel across the Red Sea to counterbalance Iran's dominance of the Strait of Hormuz. Elsewhere, Abu Dhabi and Muscat have formalised a logistics land corridor in Sharjah's Al Madam border point allowing for a more seamless flow of goods into Oman's Sohar, Duqm, and Salalah ports alongside its eastern coastline.

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- Minister of Foreign Trade Thani Al Zeyoudi detailed a new shift in the UAE's foreign trade strategy: avoiding dependence on any country providing more than 50% of a good, accelerate investments in logistics outside the strait and increase capacity in Fujairah and Khor Fakkan, build up logistical connectivity and infrastructure in the Northern Emirates, and deepen ties with "real friends." The Minister's comments come days after Abu Dhabi Ports Group and Borouge agreed to study the concept of an alternative export hub in Fujairah allowing the chemicals maker to bypass the closure of the Strait of Hormuz and deliver its products to global markets.

## What we're keeping an eye on

Will Abu Dhabi and Muscat play a greater role in Washington's critical minerals calculus?

The Quad, a diplomatic grouping comprised of the US, India, Japan, and Australia, announced a Critical Minerals Initiative Framework. As part of the framework, the grouping will raise US$20bn to strengthen critical minerals supply chains by enabling mining, processing, and recycling across member countries. New Delhi, Tokyo, and Canberra are all signatories to Washington's Pax Silica framework, a strategic alliance designed to secure and coordinate supply chains for AI and semiconductor technologies among co-signatories.

The UAE and Oman stand to benefit if they take decisive steps. Abu Dhabi possesses the institutional, operational, and logistical foundations to position itself at the centre of this effort. For one, it is a signatory to Pax Silica, has free trade agreements under its CEPA programme with both India and Australia, and is currently negotiating one with Japan. Its national mining champion, International Resources Holding, is already expanding across Africa and Pakistan and now has a stronger incentive to evaluate opportunities in Australia and India. Combined with the established trade and logistics networks of DP World and AD Ports Group, Abu Dhabi is well positioned to play a larger role in emerging critical minerals supply chains.

Oman faces a similar opportunity, albeit on a smaller scale. Critical minerals form a central pillar of the Sultanate's economic diversification strategy, and the sector has matured considerably in recent years. The key trend to watch is not resource extraction itself, but the development of downstream manufacturing capabilities. Oman's free trade agreement with India enters into force on 1 June, reducing tariffs and, by extension, input costs should Muscat seek to source and process Indian minerals. At the same time, the Sultanate has demonstrated a willingness to pursue opportunities abroad, as evidenced by its recent agreement with Botswana. As a result, Muscat may increasingly look beyond its borders in search of mineral assets and partnerships