

A Region in Transition

*Survey of Socio-Economic, Cultural and
International Relations Trends in the
Gulf Region*

Edited by

Saban Kardas

**A Region in Transition: Survey of Socio-Economic, Cultural
and International Relations Trends in the Gulf Region**

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Acknowledgement

This edited book draws on a collaborative effort by the Gulf Studies Center, at College of Arts and Sciences, Qatar University. Joined by other colleagues, the contributors provide concise interdisciplinary analyses on the transformations reshaping the Gulf Cooperation Council (GCC) member states in recent years. Considering the unprecedented socio-economic and cultural changes, energy transitions, and geopolitical realignments, the book promises to capture major aspects of the domestic and international realities of these nations.

The editor would like to extend his appreciation to Dr. Maryam Al Kuwari, Dr. Luciano Zaccara, Dr. Amna Sadiq, Dr. Sinem Cengiz, Dr. Hicret Battaloglu and Farah Al-Qawasmi for their reviews and feedback on the initial drafts of the chapters. The editor also acknowledges his debt to Mrs. Thouria Mahmoud, senior editor at Gulf Studies Center, for her support during the review, editing and manuscript preparation phase.

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The volume is particularly timely considering the recent visibility of the GCC countries, against the background of their extended regional and international roles. The global recovery after the pandemic, adjustment challenges exerted by energy transition,

regional realignments due to the upheavals and conflicts, or their tumultuous domestic transformations all placed the region and regional countries on the map globally. The edited volume will appeal to academics and students, as well as policymakers and practitioners, interested in concise expert analyses on the cultural, socio-economic, energy- and international relations dynamics of the Gulf region.

Saban Kardas, Editor
Doha, February 2026

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Introduction

Contextualizing the Transitions in the
Gulf Region: Explorations in Economics,
Culture and Security

Saban Kardas
and
Thouria Mahmoud

1. Introduction

The Gulf region has long been known for its hydrocarbon wealth, political-economic order based on rentier state model, conservative societies and deep-seated security alliance with the United States. The countries comprising the Gulf Cooperation Council (GCC) have formed a distinct regional space and a unit of analysis beyond their geographical context, sharing language and cultural markers in addition to the socio-economic and political characteristics. Yet, these conventional parameters defining the Gulf countries are going through major shifts, as a result of the contemporary dynamics at the domestic, regional and global levels. At the intersection of new trends in global energy markets, acceleration of digital transformation, shifting geopolitical alignments, and profound societal changes, scholarly and policy attention toward the region has grown remarkably.

This edited book, bringing together twelve chapters, seeks to make sense of these multidimensional processes across economic and energy, security and international relations, and society and cultural domains. Through concise interdisciplinary analyses, contributors aim to provide insights into where some of the countries in the Gulf region stand today and where the region might be heading toward in the coming years.

Indeed, the regional and international environment has been in a state of constant change. The broader Middle East and North Africa region (MENA) has been experiencing profound transformations in the wake of the 2011 Arab uprisings, the 2020 pandemic, the return of great power politics and erosion of norms-based order, or the eruption of new wave of regional conflict since October 2023. All these developments also put enormous pressure on the intra-GCC order and stability, as was clearly reflected in the case of the 2017 blockade on Qatar. Paradoxically, the reconfiguration of the Middle Eastern order in the aftermath of the Arab uprisings moved the Gulf states from the periphery to the center of regional geopolitics. Parallel to their efforts to manage the challenges at home, therefore, the Gulf Arab monarchies have been playing different roles in the unfolding transformations in the MENA, ranging from mediators to major donors of development assistance. Their activism has also extended to the global level, as they have played proactive roles in the global flashpoints, including the Russia-Ukraine war. Meanwhile, the eventual resolution of the 2017 Gulf crisis through the Al-Ula summit in 2021 underscored the resilience of the regionalist vision, and willingness to sustain intra-regional cooperation. The conflict in Gaza and its spillover across the region have once again brought to the fore the importance of

having collective approach to regional security, without downplaying the role of external powers in the Gulf's security architecture.

Moreover, on the energy and economic realm, the fourth energy transition already generated imperatives for economic diversification, which have been long discussed in policy and academic outlets. The GCC states have been working to reduce their dependence on hydrocarbon revenues to avoid long-term consequences, not least because oil and gas prices are subject to frequent fluctuations, thereby contributing to market instability and unpredictable budgetary planning. Combined with the new geopolitical realities and socio-economic trends, the imperative of diversification has acquired a new urgency. While the GCC countries are seeking to expand non-oil sectors in their overall GDP, they are also working hard to move beyond aspirational rhetoric toward concrete measures to implement diversification. They have been also working toward digital transformation, which will be key to the region's sustainable development within a globalizing world. Nonetheless, significant structural challenges are likely to persist, considering how hydrocarbon revenues continue to dominate public finances in most cases, or labor markets still need major reforms to overcome the barriers between public and private sectors.

Last but not the least, the Gulf states are undergoing equally profound transformations on the societal and cultural front. Their rapid modernization owing to hydrocarbons wealth, urbanization, or the influx of migrant populations have reshaped social relations, including family structures, gender roles, or identity markers. While the widening scope of diversity or multi-

culturalism across Gulf cities might be cherished by some, this process may also bring more divisions or tensions at societal level, considering the extent of differences in lifestyles and socioeconomic opportunities, living conditions or access to accommodation. Social reforms, expansion of education opportunities or women's empowerment remain core objectives in the vision plans, while preserving the role of the family as the core institution in Gulf societies. The growing participation of women in diplomacy and the public sphere, the evolving relationship between tribal identity and national belonging, and the changes to family dynamics are only some facets of social transformations, which also manifest themselves at the political realm as well.

2. The Outline of the Book

This edited volume aims to shed analytical light on some of these processes, by bringing together scholars from diverse disciplinary backgrounds working on interconnected aspects of transformations in the Gulf. The chapters are organized under three themes. The first part, socio-economic transformations and energy transition, studies the structural challenges to the GCC, including pathways to diversification, energy geopolitics, workforce nationalization, and digital transformation. The second part, GCC external relations and developments in security, explores the evolving foreign policy and security architecture of the Gulf, from collective action at the GCC level to bilateral partnerships with NATO and the strategic use of mediation. The third part, culture and society, addresses the social fabric of Gulf societies, focusing on family research, women in diplomacy, and the interplay between tribalism and

nationalism. Together, the twelve chapters offer a concise account of a region navigating transition on multiple fronts.

The four chapters forming the first section look at the energy and economic relations. In her chapter entitled “The Path to Economic Diversification in GCC States: Challenges and Prospects,” Maryam Al Kuwari provides a comprehensive assessment of economic diversification efforts across the six GCC nations. Al Kuwari’s chapter is built around three interrelated points: the urgent need for diversification in the face of transformations in energy order, the depletion of fossil fuel resources, and the global shift toward renewable energy; the consequences and mounting costs of decades of failed or incomplete diversification, including delays in developing effective private sectors, persistent unemployment among nationals, and the risk of future budgetary crises; and the reform pathways that might finally deliver sustainable results towards economic diversification. Al Kuwari argues that previous diversification models, sovereign wealth funds, mega-projects, or labor localization quotas, have delivered limited success, which also owes to weakening of political commitment over time. The chapter proposes a three-pillar reform framework: placing the operation and revenues of energy sector under independent institutional management; introducing fiscal discipline and reforms including taxation; and downsizing public sector and fundamentally restructuring the relationship between public and private sectors to bridge the gap in revenues between the two sectors.

The next chapter by Nikolay Kozhanov, titled “Energy under Pressure: GCC-Central Asia Hydrocarbon Cooperation in an Era of Global Volatility,” examines the emerging energy partnership

between the GCC and the energy rich republics in Central Asia. Kozhanov situates this cooperation within the context of interrelated crises affecting the global energy markets, namely the shale revolution, the fourth energy transition, the COVID-19 pandemic, the Russia-Ukraine war, and the renewed American hydrocarbon assertiveness under a second Trump presidency. He identifies several pillars of cooperation between the two parties, including cross-border investments in upstream and downstream sectors, the development of alternative transport corridors such as the Trans-Caspian “Middle Corridor,” knowledge exchange and capacity building, and coordination and policy alignment within OPEC+ frameworks. However, the chapter also points out to major obstacles to the deepening of GCC-Central Asia energy ties: the entrenched influence of Russia and China in Central Asian energy dynamics, the volatile security environment in Afghanistan, infrastructural bottlenecks, and regulatory risks, not to mention diverging interests on certain policy choices. Kozhanov concludes that transforming this pragmatic, project-based engagement into a lasting strategic partnership will require institutional innovation, harmonized investment frameworks, and sustained political will to navigate regional sensitivities.

The following chapter turns to the workforce reforms, specifically regarding the private sector. Sanaa Ashour, in her contribution titled “From Policy to Practice: How Qatar and UAE Drive Nationalization of their Workforce in the Private Sector,” provides a detailed comparative analysis of workforce nationalization policies in Qatar and the UAE. Ashour examines Qatar’s Law No. 12 of 2024, which mandates centralized enforcement with penalties and incentives, and the UAE’s

Ministerial Resolutions No. 663 of 2022 and No. 455 of 2023, which seek to introduce a more market-driven, incremental approach supported by different programs. Both frameworks are grounded in the broader economic diversification visions propagated by these countries. The chapter identifies common challenges confronting both states, including mismatches between the skills of national graduates and private-sector demands; a deeply embedded cultural preference favoring public-sector employment due to higher salaries or greater job security; and employer reluctance toward nationalization quotas. Ashour argues that the success of future initiatives depends on comprehensive education reform, targeted training programs, employer engagement, and a cultural shift that privileges private-sector careers.

The last chapter under the socio-economic section looks at digital transformation. Pınar Akpınar and Ghada Efaifa, in their contribution titled “Digitalizing Qatar: Aligning National Vision 2030 with Global Frameworks,” investigate Qatar’s Digital Agenda 2030 by mapping its six strategic objectives onto the five pillars of the United Nations Global Digital Compact (GDC). The authors find a strong alignment between Qatar’s domestic digital strategy and international best practices across all dimensions, including digital infrastructure, digital economy, innovation, e-government, emerging technologies, and building a future-leading digital society. As examples, they note several initiatives in data protection, AI governance, and skills development programs training tens of thousands of citizens. Akpınar and Efaifa caution that sustaining Qatar’s digital transformation amid rapidly evolving technological and threat landscapes will require

it to maintain focus on cybersecurity, adapt agile governance practices, and develop transparent monitoring.

The following five chapters cover GCC external relations and developments in security. The first contribution in this section, written by Amna A. Sadiq, titled “An Appraisal of the GCC’s External Action Plan,” provides a historical analysis of the GCC’s evolution as a foreign policy actor. Moving beyond the prevailing state-centric literature that focuses on individual member states’ foreign policies, Sadiq traces three distinct phases of the GCC’s external engagement. The first phase, spanning the 1980s and 1990s, was characterized by a defensive posture driven by the existential threats of the Iran-Iraq War and the Iraqi invasion of Kuwait. The second phase, beginning around the 2000s, was marked by the GCC’s shift toward proactive dialogue and negotiation with other organizations as well, during which the GCC emerged as a reliable partner in economic development and peacebuilding. The third and current phase, crystallized by the resolution of the 2017 crisis in Al Ula summit, has witnessed the emergence of a more ambitious effort to develop collective foreign policy framework, exemplified by the 2024 GCC Vision for Regional Security and the first EU-GCC Summit. However, in conclusion, Sadiq draws attention to the chronic challenges that may constrain this evolution: member states’ uncertain commitment to collective decisions, significant foreign policy divergences on issues such as Palestine or the definition of terrorist groups, and the absence of supranational enforcement mechanisms or intra-GCC conflict resolution mechanisms.

The second chapter under the foreign policy section, titled “Foreign Policy Dynamics in the Gulf Subregion after the 2011

Arab Uprisings” applies the regional security complex theory to analyze how post-2011 transformations reshaped Gulf foreign policy. Locating the Gulf as a security subcomplex within the broader Middle Eastern regional security complex, Ömer Faruk Aydemir identifies three interrelated processes. First, the relative retrenchment of the United States and the weakening of traditional Arab power centers such as Egypt and Iraq resulted in Gulf monarchies gaining greater regional visibility and influence. Second, deepening regime security concerns and diverging interpretations of the threat posed by political Islam, particularly the Muslim Brotherhood, undermined intra-GCC cohesion, producing more fragmented and conflict-prone alliance structures. Third, power vacuums in failed and fragile states intensified the Saudi–Iran rivalry, further undermining the Gulf security order. The chapter concludes that even after the formal end of the 2017 crisis, the subregion continues to be shaped by a fragile balance combining flexible alliances and ongoing oscillations between competition and limited cooperation.

The following chapter turns to discuss an increasingly salient dimension of the Gulf’s strategic environment, namely maritime security. In their contribution, titled “Maritime Security and the GCC: Prospects for Partnership with NATO,” Şaban Kardaş and Nesibe Hicret Battaloglu first survey both conventional and non-conventional threats in the maritime domain, ranging from piracy, terrorism, and trafficking to environmental degradation. Then, they focus on the regionalization of the post-October 2023 conflict, in which Houthi attacks on commercial shipping had major ramifications, including a rerouting of global trade. The authors trace the evolution of international naval initiatives in the region, from early anti-piracy operations to more recent coalitions

such as Operation Guardian of Prosperity, with a focus on the limited engagement of the GCC and its member states with these multilateral platforms. They underscore the gap between the GCC countries' stated commitment to maritime security and their inability to develop a unified response, reflecting broader divergences in member states' positions on regional conflicts, particularly the fragile process in the Yemen conflict. The chapter concludes by exploring prospects for cooperation between the GCC and NATO in maritime domain, noting both the potential synergies and the political obstacles that continue to complicate deeper institutional collaboration.

The next chapter continues on the discussion of NATO's security roles in the region, this time focusing on the case of Qatar. Simon Coppieters's chapter, titled "Qatar's NATO Partnership: A Case of Security Layering?," examines Qatar's participation in NATO's Istanbul Cooperation Initiative (ICI) through the analytical lens of 'security layering.' Coppieters argues that Doha's engagement with NATO represents not a deep institutional partnership but rather a deliberate small-state strategy of embedding multiple actors' security calculations within Qatar's own strategic framework. Drawing on hedging and omnibalancing theories to develop the concept of security layering, he shows how Qatar constructs a multilayered security architecture that combines bilateral arrangements, most notably with the United States and Türkiye, with multilateral platforms to ensure a sustained interest in its own stability by both regional and extra-regional actors. The 2017 Gulf crisis, which prompted a significant recalibration of Doha's defense partnerships, serves as a crucial case study. Coppieters finds that Qatar's NATO engagement functions primarily as symbolic political signaling, enhancing

Doha's alignment within a Western-centered security framework while managing strategic uncertainty through cumulative rather than substitutive partnerships.

The last contribution in this section is written by Abdulla Banndar Al-Etaibi, titled "Mediation as a State Security Tool: Qatar's Strategic Use of Conflict Mediation in the Gulf Region." Al-Etaibi challenges the conventional view of mediation as merely a soft-power instrument or an element of diplomatic activism. Instead, he argues that for a small state operating in a competitive and often conflict-ridden regional environment, mediation functions as a core component of national security strategy. He then identifies five mechanisms through which mediation generates security benefits for Qatar: strategic indispensability to major powers, privileged access to armed non-state actors such as Hamas and the Taliban, regional tension reduction, role-based legitimacy anchored in the mediator identity, and the accumulation of networked protection through diversified diplomatic relationships. In order to illustrate these mechanisms, the chapter studies Qatar's long-standing mediation between Hamas and Israel, particularly during the post-October 2023 Gaza conflict. Al-Etaibi concludes that Qatar's experience demonstrates how small states in the Gulf can convert diplomatic specialization into strategic resilience, thus transforming international relevance into a form of security provision.

The following three chapters form the third section, culture and society. In his contribution, titled "Family Research in the Arab Gulf States: An Appraisal," Md Mizanur Rahman provides a critical assessment of the status of family studies in the Gulf as an

emerging interdisciplinary field. Rahman argues that despite the profound social transformations triggered by oil wealth, urbanization, and mass labor migration, family research in the Gulf has not kept pace with the theoretical and empirical advancements achieved in Western academia. Early scholarship tended to subsume the Gulf within a homogeneous Middle Eastern framework, while the dominance of political science and economics in Gulf area studies focused on macro processes and marginalized the family as a unit of analysis. The chapter traces the field's evolution from pioneering works in the 1950s through the oil-wealth era of the 1970s, and to the recent contributions that examine the interplay between tradition and modernity, globalization and local culture, and state policies and family life. Rahman identifies persistent gaps in the literature, including the need for systematic theoretical frameworks attuned to the particular characteristics of Gulf societies, and calls for a more institutionalized research agenda that can illuminate the resilience of Gulf families in the face of emerging challenges. He more practically suggests that the universities in the region might introduce family studies programs for college level training and research, and prioritize family research across the region.

The next chapter, entitled "Women and Diplomacy: Case of Qatari Women's Role in the Palestinian Cause," focuses on women's evolving roles. Farah Al Qawasmi and Sinem Cengiz examine the growing role of Qatari women in diplomacy and humanitarian action, with a particular focus on their contributions to Palestinian cause. The authors argue that two factors have facilitated this development: national policy reforms aligned with Qatar National Vision 2030 that promote gender equality and women's empowerment in the workforce; and

Qatar's foreign policy approach, centered on mediation, conflict resolution, and humanitarian aid, which has created strategic opportunities for female diplomats. Through the case studies of influential female leaders, they trace how these figures have leveraged their positions to advance humanitarian assistance, advocate for Palestinian rights on international platforms, and contribute to initiatives within the realm of post-conflict reconstruction. Despite cultural and institutional constraints limiting on-ground participation, the authors conclude that Qatari women in diplomacy have emerged as proactive agents of Qatar's soft-power agenda, playing a critical role in portraying the country's diplomatic image in a positive light.

The final chapter by Haya Al-Mannai, titled "Nationalism and Tribalism in Qatar: Evolving Dynamics since the 2017 Gulf Crisis," explores how the 2017 blockade fundamentally reshaped the relationship between tribalism and nationalism in Qatari society. Al-Mannai argues that the crisis served as a catalyst for the construction of a more inclusive national narrative in which a broader sense of national solidarity evolved to supersede tribal identities, which were historically a potential source of fragmentation. The chapter provides a conceptual analysis of the distinction between tribe as a social structure and tribalism as a political mobilization of identity. In an interesting case study of the Gulf crisis of 2017, Al-Mannai revisits how the blockading states attempted to weaponize tribal affiliations to undermine Qatar's social cohesion. Paradoxically, she concludes, this external pressure galvanized a new form of fervent nationalism that might transcend tribal divisions. While the long-term implications of this transformation remain uncertain, Al-Mannai concludes that tribes will continue to be an influential force in

regional politics, and that regional distrust will persist as a defining feature of the Gulf's socio-political landscape.

3. Conclusions for the Gulf's Multi-dimensional Transition

The chapters in the first section collectively underscore the imperative of moving beyond dependence on hydrocarbons within a new era. The analysis of economic diversification by Al Kuwari, review of new energy partnerships by Kozhanov, study of workforce nationalization by Ashour, or examination of digital transformation by Akpınar and Efaifa all engage with the fundamental challenge of restructuring political economic foundations grounded in oil and gas revenues, or diversifying relationships in the new era. All four chapters review various manifestations of the tensions between sustaining the hydrocarbon economy and preparing for a carbon-free future, though the authors may have diverging opinions on the prospects of achieving a balanced position.

The contributors in the second section offer a balanced account between regional-level and unit-level analyses. While Aydemir's application of regional security complex theory, Sadiq's study of GCC's collective external action, and Kardaş and Battaloglu's analysis of GCC's maritime security offer broader systemic perspectives, Coppieters's analysis of security layering and Al-Etaibi's treatment of mediation as a means of security bring in micro level perspectives. As such, the section outlines the prospects for collective action in the security realm, while also underscoring the remaining structural and unit-level impediments to translating those prospects into actual collective

responses. They reiterate how prospects for regional security at the GCC level perhaps will continue to be shaped by oscillations between dynamics favoring integration versus fragmentation. Moreover, through their focus on the case of Qatar, Coppieters and Al-Etaibi further underscore the importance of small-state agency within the fluid Gulf security order. The chapters analyzing the Gulf security dynamics also underscore the intersection between the regional and global levels, which is clearly showcased in the maritime security domain (Kardaş and Battaloglu) or NATO's engagement with Qatar and other actors (Coppieters). Earlier chapters by Kozhanov (cross-regional energy partnerships) or Akpınar and Efaifa (global drivers of digital transformation) further reiterate how the Gulf region cannot be discussed in isolation from global trends. Any discussion of transitions in the Gulf needs to trace the domestic, regional and international forces at once.

The third section engaged with socio-cultural dimensions involved in the Gulf transformation. While the chapters address different themes, they are united by a common theme: the challenge of sustaining Gulf traditions in the midst of the modernization and economic, political and social reforms, as well as evolving international relations and security dynamics, covered in earlier sections. The enduring relevance of traditional social structures despite the processes of modernization is reiterated by tribalism analyzed by Al-Mannai and family dynamics analyzed by Rahman. Indeed, the complex interplay between tradition and change cannot be isolated from broader regional and international context. While Rahman reviews shifting dynamics of family in relation to socioeconomic changes, Al-Mannai illustrates the politicization of tribal affiliations

during periods of regional tensions, and Al Qawasmi and Cengiz trace the manifestation of women's empowerment at the international level. Whether these new dynamics and forces of modernization will create pressures to revisit the social contract in the Gulf, a theme that was also raised in the first section by Al Kuwari as part of her discussion on economic diversification, will be worth watching in coming years.

In short, the diverse contributions that form this volume examine how GCC states are responding to the various transitions. Authors showcase how the transformations that are taking place in the Gulf are multidimensional in nature: economic diversification and labor market reforms are interlinked with education and cultural changes and evolving dynamics of identity, as well as shifts in the regional and international security environment. Moreover, they trace how transformations in the Gulf are deeply embedded within global dynamics: challenges of energy transition, rise of new security threats in the maritime and cyber domains, or digitalization, among others, will determine the evolution of the Gulf states' economic, socio-cultural or security policies. By analyzing those multidimensional transformations within a broader global context, this edited collection provides a survey of some of the major trends in the Gulf, and opens the door for further interdisciplinary inquiry into the trajectories of the Gulf states in coming years.

Part 1

Socio-economic Transformations and Energy Transition

Chapter 1

The Path to Economic Diversification in GCC States: Challenges and Prospects

Maryam Al Kuwari

Abstract

The purpose of this paper is to critically discuss economic diversification in the Gulf Cooperation Council (GCC) countries on three levels. At the first level, the paper will highlight the urgent need for economic diversification in the region and the challenges that have prevented economic diversification in the past, specifically factors such as the predominance of oil rents, oil price/revenue fluctuation, and the lack of political will for major reforms in the past. At the second level, the paper will discuss the costs and consequences of failing to achieve economic diversification in the long term, especially the failure to develop a private sector that plays an effective role in creating jobs and in contributing to economic output and growth. This is particularly relevant as public sectors in the GCC states have long exceeded their ability to create jobs and to act as the employer of preference for GCC citizens. At the last level, the paper discusses the reform paths that may be implemented to achieve economic diversification and the potential outcomes for different GCC countries. This paper argues that in addition to introducing major structural reforms, economic diversification cannot be achieved without redefining the roles of the public and

private sectors and without transforming the private sector into a major driver of the economy. The paper concludes that GCC countries can no longer afford the luxury to postpone real economic reforms, especially as population growth across the region continues to impose additional burdens on the public sectors at a time when oil and gas revenues can no longer cover the increasing needs and demands of GCC societies.

1. Introduction

Since the turn of the century, the International Monetary Fund (IMF), other economic agencies and economic consultants have been calling on the GCC countries (Bahrain, Saudi Arabia, Kuwait, Oman, Qatar and the UAE) to adopt economic diversification programs. Such calls were justified in reference to new potential threats such as the economic shocks resulting from oil price fluctuations, the negative impacts of oil rents on economic development and the unsustainability of energy-dependent economies, the gradual global shift to renewable energy sources, and ultimately, the depletion of fossil fuel resources. While economic diversification seems to have become a compelling issue for GCC countries in recent years, in reality, these countries have been attempting to diversify their economies away from oil dependence since the 1970s, albeit with limited success (Albassam, 2015).

At present, each of the GCC nations has ongoing strategic visions and plans that aim to achieve diversification by the 2030s, which on the surface suggests political commitment to such a transformation. However, given the inconsistent track record of economic diversification plans in the region, there remain serious concerns about the path of these plans. The first section of this

chapter discusses the need for economic diversification in the GCC. The second section critically evaluates the costs of failed diversification and the possible implications in the long term. The third section proposes a path for reforms and a potential roadmap to economic diversification.

2. The Need for Diversification

According to Fattouh and Sen (2021), oil-dependent countries can no longer afford the luxury of postponing economic diversification in light of declining oiling prices, as was the case in 2014 and later during the pandemic. Moreover, since the 1970s, public spending in the GCC region has been following the cyclical movement in oil prices (Sweidan & Elbargathi, 2023). This oil dependence is also linked to potential difficulties in the future. For example, Luciani (2019) points out that the generous welfare schemes in the Gulf countries are unsustainable in the long term, considering the growing population, price fluctuation, and the future prospects of oil exports. Others warn that oil dependence is connected to corruption and poor governance, high unemployment rates, low productivity and significant income inequalities (Colgan, 2014), structural economic weaknesses (Sachs & Warner, 1999), inefficiency and unsustainable growth, and persistent institutional weakness (Matallah, 2020).

3. The Costs of Failure to Diversify

GCC countries have attempted to implement economic diversification plans since the early 1970s, but the mixed and modest results of such plans were attributed to the fact that political commitment and committed financing from the states peaked when oil prices declined significantly, only to lose