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Rivalry within limits

The war with Iran is exposing deep fractures beneath the surface of Gulf unity. Still, cooperation remains the only viable option

While the world watches the Strait of Hormuz and the discord in negotiations between Iran and the United States, the role of the Gulf states is fading into the background. Iran's attacks on the Arab Gulf states have triggered a threefold shock. First, their business model – built on free trade routes, logistics, energy, tourism and entertainment – is under strain. Second, they are losing the confidence of international investors as safe havens, undermining their narrative as a reliable bulwark against the chaos in their neighbourhood. And lastly, their strategy of shielding themselves from external threats through comprehensive diplomacy, de-escalation and dialogue is at stake.

Influential mediators such as Qatar and Oman have come into the crosshairs of the war, as has Saudi Arabia, which only in 2023 resumed relations with Iran precisely to prevent such a scenario of regional escalation. This threefold shock is now forcing all Gulf states to rethink their security architecture in order to better protect themselves in the future.

Contrasting strategies

At present, it appears as though each ruler in the Gulf is pursuing their own strategy, relying on their own instruments and forging their own alliances. This is particularly evident in the case of the Gulf heavyweights Saudi Arabia and the United Arab Emirates (UAE). The Saudi kingdom sees itself more as an actor committed to de-escalation, coordinating closely with regional players such as Egypt, Turkey and Pakistan. Despite considerable frustration with the Islamic Republic, which has torpedoed any rapprochement in recent weeks, diplomatic relations with Tehran have not been severed. Instead, Riyadh recognises that some form of modus operandi with Iran will remain necessary.

The UAE, by contrast, has sharpened its rhetoric towards Iran in recent

weeks, is increasingly adopting a confrontational stance and emphasises that Israel and the United States will assume an even more dominant role in the region after the war. These differing positions point to deep-seated divergences between Abu Dhabi and Riyadh, which had already become apparent before the war. In Yemen, the rivalry between the two regional powers escalated in December, culminating in Saudi Arabia publicly criticising its Emirati 'brother' and taking military action against its local partner, the Southern Transitional Council. In Sudan, both governments support opposing sides – the UAE backs the Rapid Support Forces (RSF), while Saudi Arabia supports the Sudanese Armed Forces (SAF) – further fuelling the humanitarian catastrophe three years into the bloody civil war.

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The two states also pursue contrasting strategies towards Israel. While the UAE signed the Abraham Accords in 2020 and continues to maintain diplomatic and economic ties with Israel, Saudi Arabia has positioned itself as an active defender of the Palestinian cause since Hamas's attack on Israel on 7 October 2023 and rejects any normalisation of relations with Israel. These differing positions also reverberate beyond the region. Saudi Arabia, for example, criticised Israel's recognition of Somaliland in December 2025, where the UAE operates an important port — another illustration of the growing divergence between Riyadh and Abu Dhabi.

Two rival axes thus appear to have emerged, further consolidated by the current war. On one side stands Saudi Arabia as the representative of a more restrained approach to regional policy, working with partners such as Oman, Qatar, Pakistan and Turkey to pursue assertive diplomacy. On the other side, the UAE – particularly the powerful emirate of Abu Dhabi – has adopted a policy of interventionist strength against Iran and Islamist movements, a stance that is supported in varying degrees by Kuwait and Bahrain. Along these axes, a regional arms race could intensify, economic rivalry could grow, and hyper-nationalism could deepen, leading to further hardening and polarisation of positions across the Gulf.

Yet this seemingly irreconcilable confrontation overlooks the fact that the Gulf states are not striving for pure harmony, but rather pursuing similar interests through different instruments. Their approach is based on a pragmatic both-and strategy that relies on flexible alliances to

achieve their objectives. In fact, their goals are not as divergent as often assumed, but can be summarised as three core priorities: preserving national legitimacy, maintaining regional stability and safeguarding economic development. These are all threatened by the war, creating a natural interest among the Gulf states in avoiding lasting harm to one another — or even outright conflict.

Competition does not preclude cooperation

The Gulf states have a long and shifting history of conflict and rapprochement. Disputes over borders, rivalries between ruling dynasties and families, conflicts over resources and trade routes, and competing approaches to developing their oil- and gas-dependent economies have repeatedly led to periods of defamation, demonisation and disintegration. Most recently, the so-called Gulf crisis from 2017 to 2021 shook Gulf unity, when the UAE, Saudi Arabia, Bahrain and Egypt imposed an air, sea and land blockade on Qatar. Despite these cycles of tension and reconciliation, the Gulf states have proven remarkably resilient, not least because of their ability to adapt flexibly to new challenges.

They must now demonstrate this capacity more than ever. The current war represents a pivotal moment in Gulf history, redefining how their both-and strategy can remain effective. To ensure this, they may increasingly rely on comprehensive deterrence, flexible alliances and diplomacy, which could lead to closer cooperation in certain policy areas. This may include enhanced military cooperation, aimed at strengthening national security through regional defence capabilities and reducing dependence on the United States.

The development of a joint drone programme and protection against attacks on maritime security, desalination plants and future technologies are in the interests of all Gulf states — despite their differences in dealing with Iran. The same applies to other areas. The war, through the sinking of tankers and the deployment of mines in the Persian Gulf, could seriously endanger an already fragile environment. Environmental disasters such as oil spills must therefore be prevented, which can only be achieved through collective action.

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The impact on the collective psyche of Gulf societies should not be underestimated either. Addressing this will require joint efforts in trauma recovery. The blockade of the Strait of Hormuz has made it abundantly clear to most

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Gulf states how dependent they are on this sensitive maritime chokepoint for their energy exports. Alternatives are scarce, benefiting primarily Saudi Arabia and the UAE, while Qatar, Bahrain and Kuwait are being cut off from international maritime trade. Alternative trade routes are therefore essential, but can only be developed through partnership. Plans for such routes have existed for years and could gain renewed momentum in the context of the crisis — whether in energy, transport or the construction of a Gulf railway network. Saudi Arabia, for instance, is planning new logistics corridors with Egypt and Jordan to enhance its independence.

At present, all Gulf states are suffering from declining revenues from oil and gas sales, tourism and financial services. Overall, economic growth in the region is projected to fall in 2026 from an expected 3.7 per cent to just 1.4 per cent. In Qatar, economic output could shrink by as much as 13 per cent, in the UAE by 8 per cent and in Saudi Arabia by 6.6 per cent. This will likely lead all Gulf states to invest more cautiously and more selectively — particularly at home. The more they channel their reduced funds domestically, the fewer resources will be available for the urgently needed reconstruction in regional crisis zones such as Syria. Here too, closer coordination in development cooperation could prove beneficial, as was the case during the Gulf crisis within the framework of the Arab Coordination Group, which brings together the development funds of all Gulf states alongside regional donor organisations such as the Islamic Development Bank.

These examples demonstrate that competition does not necessarily preclude cooperation, but rather depends heavily on context. The existing divergences among the Gulf states should therefore not be seen as set in stone, but as part of a complex process of negotiation and adaptation in times of crisis. Alliances are shifting, leading to profound transformations that are particularly affecting the Gulf states. They will not abandon their both-and approach, but will recalibrate it. Whether they act against or alongside one another will depend more than ever on circumstances and the instruments they choose — resulting in a dynamic that could combine partnership with simultaneous polarisation.



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