



The Edge Economic Update

Regional Trade & Geopolitics

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Introduction

Global trade and investment patterns are undergoing a strategic realignment as Gulf Cooperation Council (GCC) states and regional partners pursue new economic alliances and corridors.

The Arabian Gulf countries—traditionally allied with Western economies—have been diversifying their partnerships amid an increasingly multipolar world. Key developments include participation in competing trade corridor initiatives, the expansion of the BRICS bloc to encompass Middle Eastern and North African economies, and shifts in global oil trade flows from West to East.

This report provides an overview of these trends, focusing on how the GCC states (particularly Saudi Arabia, the UAE, and Kuwait) and Egypt are positioning themselves. It examines the emerging trade corridors linking Asia, the Middle East, and Europe; the motivations and implications of the BRICS+ expansion for new members like Saudi Arabia, the UAE, and Egypt; and the evolving dynamics of oil trade and currency use.

Overall, the analysis highlights a broad strategic recalibration by regional players seeking to enhance economic resilience, balance great-power relations, and secure their roles in a changing global order.



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Evolving Trade Corridors: IMEC and the BRI

Belt and Road Initiative (BRI): Over the past decade, China's Belt and Road Initiative has led to extensive investment in Middle Eastern infrastructure and connectivity.

All six GCC countries have signed onto BRI projects ranging from ports to industrial zones. For example, Saudi Arabia and the UAE host major Chinese-invested projects, and Kuwait was the first Gulf state to sign a BRI cooperation agreement, envisioning a “Silk City” megaproject and new port facilities to integrate with Chinese trade routes.

Gulf states see BRI as an opportunity to attract capital for their development plans and to become logistics hubs between Asia, Africa, and Europe.

However, they also navigate BRI participation pragmatically—seeking benefit from Chinese investment while maintaining sovereignty over key assets.

The GCC's engagement with BRI reflects a broader strategy of multi-alignment:

leveraging Asian growth while not completely sidelining Western partnerships.



Illustration: Updated Map of the Belt and Road Initiative (BRI) and Greater Eurasian Partnership Corridors – Source: inat.fr, 2025

India-Middle East-Europe Economic Corridor (IMEC): Announced in 2023 with backing from the United States, India, and European partners, IMEC is a proposed multimodal corridor linking India to Europe via the Middle East. It would involve new rail links from Gulf ports through Saudi Arabia and Jordan to Mediterranean ports, with connecting sea routes.

Saudi Arabia and the UAE have endorsed the IMEC plan, alongside India and Europe, as a means to boost trade, digital connectivity, and energy transport with Western support. IMEC is often viewed as a strategic counterpoint to China's BRI—emphasizing a collaborative approach among multiple countries rather than a single-nation initiative.

If realized, IMEC could shorten transit times between India and Europe and reduce reliance on the Suez Canal route.

Gulf participation in IMEC underscores their intent to remain central in emerging trade networks regardless of the sponsor.



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Rather than choosing sides, GCC states are hedging by supporting both Eastern and Western connectivity visions.



Illustration: Map of the India–Middle East–Europe Economic Corridor (IMEC)

Implications for the Region: The proliferation of new corridors raises both opportunities and concerns. Gulf countries are actively promoting a multi-corridor strategy that avoids zero-sum choices.

They seek to integrate with all major economic zones—partnering with China on BRI, while also signing onto Western-led projects like IMEC. This agility allows

the Gulf to maximize investment inflows and geopolitical leverage.

At the same time, coordination with neighboring countries is crucial. Egypt, which sits at the crossroads of Asia-Europe trade via the Suez Canal, is notably absent from IMEC’s initial plan. Egyptian officials have voiced concern that a successful IMEC could divert significant shipping away from the Suez Canal, a vital source of national revenue.

In 2022, the Suez Canal generated roughly \$9.4 billion in revenues. This climbed to a record \$10.25 billion in 2023, underscoring the Canal’s critical role in bolstering Egypt’s foreign reserves and budget. However, in 2024, revenues plunged to around \$3.99 billion amid Red Sea security disruptions and shipping diversions. Looking ahead, Egyptian authorities project Canal revenues to rebound toward \$9 billion in 2025, assuming stability improves and rerouted traffic partially returns. A rail-sea route bypassing Egypt threatens to reduce these earnings.

In response, Egyptian policymakers have downplayed IMEC’s likely impact and floated ideas to mitigate loss—such as linking the corridor to Egyptian ports or establishing joint industrial zones to share benefits. Whether such accommodations emerge or not, the competition has spurred Egypt to double down on its strengths: expanding the Suez Canal’s capacity and deepening its own connectivity initiatives (including partnerships in BRI). In a similar vein, Turkey and Iraq are pushing alternate north–south corridor projects, reflecting a broader regional race to capture trade flows.

For the Gulf states, the priority is to remain indispensable in all these plans. By investing their sovereign wealth funds in infrastructure and brokering regional cooperation, the GCC aims to cement itself as the key junction for East-West commerce—whether under a Chinese, Indian, or multilateral banner.



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BRICS+ Expansion

The BRICS group (Brazil, Russia, India, China, South Africa) is expanding its ranks, ushering in a “BRICS+” era that brings the Middle East firmly into the fold. At the Johannesburg summit in 2023, five countries from the broader Middle East and Africa were invited to join: Saudi Arabia, the United Arab Emirates, Egypt, Iran, and Ethiopia (along with Argentina). Most accepted the invitation, and as of January 2024 the BRICS bloc began integrating these new members. For the Gulf states and Egypt, BRICS membership is seen as a platform to amplify their economic voices and pursue a more balanced foreign policy posture.



Illustration: BRICS+ leaders at the 2025 Summit in Brazil, marking the bloc's expansion



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Below we examine each of these key countries' motivations and the potential implications:

Kuwait's Perspective in a Multipolar Landscape

Kuwait provides an interesting contrast among the GCC states. It has not (to date) sought BRICS membership, yet it is very much part of the region's tilt toward diversified partnerships. Kuwait has traditionally been one of the most pro-Western Gulf monarchies—relying on the US security umbrella since the liberation from Iraq in 1991, and maintaining strong economic links with the US and Europe. However, Kuwait is also adapting to the new multipolar reality in quieter ways. It has cultivated a robust relationship with China, for example, seeing Beijing as a key economic partner for its future plans. In 2018, Kuwait and China elevated their ties to a strategic partnership, and Kuwait was among the first Middle Eastern countries to sign on to the Belt and Road Initiative. Kuwaiti leaders have envisioned grand development projects like Madinat al-Hareer (“Silk City”)—a proposed \$100+

billion smart city and port in northern Kuwait—to transform the country into a regional trade and finance center linking to Asia. Chinese firms have been involved in initial planning, and Kuwait's sovereign wealth fund has earmarked substantial investments toward such infrastructure that aligns with BRI routes. This demonstrates Kuwait's interest in tapping Asian growth and capital to diversify its oil-dependent economy.

Politically, Kuwait's approach has been more cautious than that of Saudi Arabia or the UAE. The Kuwaiti leadership weighs domestic factors (including a lively parliament and public opinion) that favor a moderate foreign policy and avoidance of overly bold shifts. Thus, while Kuwait is enhancing ties with China and also maintaining cordial relations with Russia, it has stopped short of moves like joining BRICS or other blocs that might be perceived as antagonistic by its Western partners.

Instead, Kuwait is likely to free-ride on the benefits of the GCC's pivot without formally committing. For instance, as Saudi Arabia assesses and the UAE join

BRICS and coordinate more with China/India, the overall Gulf region becomes more integrated with those economies—benefiting Kuwait's trade as well. Already, China and India are major buyers of Kuwaiti oil and suppliers of goods. Kuwait can deepen those trading relationships under the radar. The country can also take part in GCC-wide free trade talks with Asian partners (such as the ongoing GCC-China FTA discussions or the GCC-India negotiations) to boost market access, all while keeping its traditional alliances intact.

In terms of strategic outlook, Kuwait supports the idea of a stable, multipolar Gulf that is not dominated by any single outside power. It participates in GCC consensus-building, which of late has emphasized neutrality and diplomatic engagement with all sides (e.g., the GCC dialogue with both the US and China, and reconciliation within the GCC itself). Kuwait is also likely to endorse many of the same themes espoused by BRICS in global forums—calling for more equitable development finance and greater voice for developing countries—



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without needing to join BRICS formally. In multilateral venues like the United Nations, Kuwait often aligns with the broader Arab and Non-Aligned Group positions which echo BRICS' calls for a more inclusive world order.

All said, Kuwait's more low-key path does not diminish its role in the evolving regional dynamics. On the contrary, Kuwait's sizable sovereign wealth and diplomatic influence (it has mediated regional disputes in the past) make it an important stakeholder in Gulf-Asia-Africa economic corridors. The country can invest alongside Saudi or Emirati funds in joint regional projects or contribute to GCC development aid initiatives in Africa and Asia. If BRICS+ proves successful and further expands (say to include more Muslim-majority countries or other Asian economies), Kuwait could reassess and potentially seek observer status or another form of engagement.

For now, however, Kuwait appears content to observe and adapt: it benefits from both worlds, maintaining Western security ties while incrementally

expanding Eastern economic links. This careful balancing mirrors the overarching GCC trend of hedging bets, and ensures Kuwait remains integrated in whatever global economic architecture emerges.

Saudi Arabia's Strategic Calculations

Hedging Alliances: Saudi Arabia's interest in BRICS+ stems from its desire to rebalance geopolitical alignments. For decades, the kingdom was closely tethered to the United States, economically and security-wise. Today, Saudi leaders are charting a more independent course—one that retains US ties but also embraces partnerships with rising powers like China and India. Riyadh was formally invited to join BRICS in 2023 and continues to assess the terms and implications of membership. The prospect of joining aligns with its pivot to a multipolar strategy, allowing Saudi Arabia to consider participation in a non-Western coalition without formally breaking from the West. In practice, potential membership offers Riyadh an “insurance policy” of alternative partners and forums, should its interests diverge from Washington's in the future.

Economic and Energy Interests: As the world's top oil exporter, Saudi Arabia brings a critical economic dimension to BRICS even as it weighs accession. The debate over joining coincides with discussions within BRICS about de-dollarizing trade—such as using Chinese yuan or other currencies for commerce. Saudi Arabia has traditionally conducted oil sales exclusively in dollars (the cornerstone of the “petrodollar” system since the 1970s). However, with China now the largest buyer of Saudi oil, the kingdom is increasingly open to pricing some oil contracts in yuan or other currencies as part of strengthening ties with Beijing. In fact, Saudi and Chinese central banks have already signed a 50 billion yuan currency swap to facilitate trade and investment. Should it finalize membership, Saudi Arabia could cooperate more closely with major importers (China, India) and fellow producers (Russia, UAE, Iran) on strategies for oil pricing, supply stability, and possibly alternative payment systems. Within a BRICS framework, the kingdom may gain greater collective influence over global oil markets and the rules of energy trade, complementing its leadership in



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OPEC. Additionally, participation in the BRICS-founded New Development Bank (NDB) would open opportunities to both invest in and benefit from infrastructure projects across the Global South, including China's Belt and Road Initiative. Saudi Arabia's wealth could be channeled into joint ventures under NDB or BRI umbrellas, securing returns and strategic footholds (for instance, in Asian infrastructure or African development) alongside BRICS partners.

Moving Toward Multipolar Leadership: On a broader level, if Saudi Arabia proceeds with BRICS+ membership, it would symbolize the kingdom's coming-of-age as a geopolitical actor. It would mark a shift from being seen primarily as an American-aligned oil state to being an independent regional power with diversified partnerships. Some analysts liken this shift to the trajectory of Turkey—another US-allied state that over the past two decades carved out a more autonomous role in global diplomacy. For Saudi Arabia, full BRICS membership would offer a seat at the table with heavyweight economies shaping the future global financial architecture.

Riyadh could then project leadership in forums like the G20 (where BRICS coordination can counterbalance the G7), advocate for reforms in global institutions, and champion issues pertinent to the Global South (such as development financing or climate transition support). However, until its accession is finalized, Riyadh must carefully weigh the internal dynamics of BRICS+—including maintaining rapprochement with rival Iran (already a member) and balancing between China's and India's competing influences within the bloc. If managed well, Saudi Arabia's engagement—whether through formal membership or parallel cooperation—can enhance its strategic autonomy and economic diversification plans under Vision 2030, while reinforcing its status as a bridge between East and West.

United Arab Emirates: A Global Hub's Perspective

Outsized Role for a Small Economy: The UAE's motivations for joining BRICS+ are largely driven by its ambition to solidify itself as a global trade and finance hub. Although the UAE's GDP is smaller

than those of other BRICS members, it plays a disproportionately large role in international commerce and investment. Dubai and Abu Dhabi have become vital nodes for global business, logistics, and capital flows connecting Asia, the Middle East, and Africa. By entering BRICS, the UAE gains membership in a club of emerging powerhouses, underscoring its international stature. This aligns with the UAE's broader strategy of punching above its weight on the world stage (for example, through active diplomacy, hosting major events, and investing internationally via its sovereign wealth funds). BRICS+ membership is both a recognition of the UAE's role and a platform to further amplify it.

Economic Diversification and Investment Opportunities: The UAE was ahead of its Gulf peers in engaging with BRICS institutions—it joined the NDB back in 2021, signaling interest in the group's financial initiatives. As a capital-rich country, the UAE can both contribute to and benefit from BRICS development projects. One clear interest area is BRI-linked investments: partnering with Chinese institutions on



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infrastructure across Eurasia or Africa. Being in BRICS may help the UAE better coordinate such investments and secure lucrative contracts for Emirati firms in ports, logistics, and energy projects along the Belt and Road. Similarly, the UAE is keen to expand ties with India, another core BRICS member. India has been growing critical of China's BRI, but through BRICS the UAE can serve as a conduit for cooperation—investing in India's massive infrastructure needs and also participating in India-led initiatives like IMEC. In fact, the UAE sees itself as a connector and mediator: it can work with India, Saudi Arabia, and others on the IMEC corridor without antagonizing China, and simultaneously remain a key trading post for Chinese goods. The UAE's role in BRICS could therefore be as a networking hub, channeling Gulf capital to different BRICS ventures and integrating supply chains. This would reinforce the UAE's economic model of diversification beyond oil—anchoring it as a central marketplace and financial center in an emerging transcontinental trade system.

Strategic Balancing and Influence: Politically, the UAE shares the GCC's general interest in a more multipolar order where middle powers have greater say. By sitting alongside China, India, and Russia in BRICS gatherings, Emirati leadership gains additional diplomatic clout and access. It can engage directly with these big players on global economic decisions, which is useful for advancing its interests (whether on climate policy, technology cooperation, or regional security issues). The UAE also prides itself on a foreign policy of geopolitical agility—maintaining cordial US relations while fostering new partnerships (with China, Russia, etc.). BRICS membership fits this mold by institutionalizing the UAE's links with non-Western powers. Notably, India strongly supported the UAE's inclusion in BRICS, seeing Abu Dhabi as a like-minded collaborator to balance China within the bloc. The UAE can leverage that trust to play a bridge-building role between New Delhi and Beijing, perhaps easing tensions and steering BRICS agendas toward pragmatic economic cooperation (as opposed to anti-West posturing). Ultimately, for the UAE, BRICS+ is less

about ideology and more about being part of every influential circle. In a future where global governance is not dominated by Western powers alone, the UAE intends to be present and proactive in shaping new norms. Its BRICS foray complements memberships in other groupings to ensure the UAE remains at the forefront of international economic and diplomatic initiatives.

Egypt's Role and Motivations in BRICS+

Economic Relief and Development: Egypt's decision to join BRICS was propelled by pressing economic needs and a search for diverse partnerships. As the Arab world's most populous nation, Egypt faces chronic financial challenges—high debt, currency instability, and a need for massive investment to spur growth. Cairo sees BRICS membership as a potential lifeline to secure new financing, aid, and investment beyond what traditional partners offer. In recent years Egypt has relied heavily on support from the IMF, the US and EU, and GCC allies, but this has come with austerity conditions and



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not always sufficient relief. By aligning with the BRICS bloc, Egypt hopes to attract capital from the major emerging economies. China and India already have substantial commercial ties with Egypt (China is Egypt's largest trading partner, and India a major food and industrial goods partner). Likewise, Gulf BRICS members Saudi Arabia and the UAE have poured billions into Egypt's economy (including investments in real estate, energy, and bankrolling Egypt's central bank reserves). Within BRICS, Egypt aspires to harness such ties for transformative projects—be it infrastructure, manufacturing, or energy development. Early signs are positive: in the fiscal year around Egypt's BRICS accession, BRICS countries collectively invested over \$40 billion in Egypt, with the UAE by far the largest investor. Cairo will look to the NDB as well for development loans that could help finance its infrastructure modernization drive (in transportation, renewable energy, and technology) without the onerous conditions of IMF programs.

Local Currency Trade and Financial Autonomy: Another core motivation for

Egypt is to mitigate its dependence on the US dollar. Egypt has suffered several currency crises triggered by shortages of dollars for imports, leading to sharp devaluations of the Egyptian pound and painful inflation. By joining a bloc that is actively discussing trade in national currencies, Egypt aims to ease its dollar funding crunch. In practical terms, this means expanding the use of currencies like the Chinese yuan, Indian rupee, or Russian ruble in bilateral trade. For example, Egypt could import goods from China and settle in yuan or in Egyptian pounds via swap arrangements, reducing the need to draw down dollar reserves. Likewise, Egypt can pursue more barter or local currency deals for key imports like wheat, fuel, and defense equipment from BRICS partners (Russia being a critical wheat and arms supplier). The BRICS Pay initiative and proposals for alternative payment systems outside SWIFT also appeal to Egypt as it seeks more flexibility in finance. In BRICS discussions, Cairo has strongly supported moves toward “de-dollarization” of trade. Egyptian policymakers recognize that while a new BRICS joint currency may be far off, incremental steps such as currency

swap lines and a greater share of trade invoiced in non-dollar currencies could significantly buffer Egypt's economy. Early after joining, Egypt reported a jump in exports to BRICS countries and a growing portion of those exchanges done outside the dollar. Over the medium term, Cairo wants BRICS to evolve into a bloc where trade is routinely conducted in multiple currencies, which would help insulate Egypt from external dollar liquidity shocks.

Geopolitical Diversification and South-South Solidarity: Strategically, Egypt's BRICS entry reflects a recalibration of its foreign policy postures. For decades, Egypt's global orientation was anchored in partnerships with the United States and Europe (owing to the Camp David accords, substantial US military aid, and Egypt's role in regional peacekeeping). Those ties remain important, but Egyptian leaders have grown wary of over-reliance on one camp. By aligning with BRICS—which includes powers like China, Russia, and India—Egypt is seeking a more diversified international alignment. This move harks back to Egypt's heritage as a founding member of



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the Non-Aligned Movement in the mid-20th century. Cairo today envisions BRICS as a modern parallel to that idea: a collective voice of the Global South advocating for a multipolar world order. Joining BRICS allows Egypt to participate in shaping an international system where no single superpower (namely the US) is hegemonic. It also signals solidarity with emerging giants of the South on issues such as reforming the UN Security Council or Bretton Woods institutions to be fairer to developing countries. Notably, Egypt has maintained cordial ties with Russia and China (e.g. hosting joint military exercises and signing a strategic partnership with Beijing), even as it kept its Western alliances. Now within BRICS, Egypt hopes to leverage those great-power friendships for political and economic gain—while also strengthening cooperation with fellow medium-sized nations. For instance, Egypt can share developmental lessons with and learn from India's and China's experiences in poverty reduction and industrialization. It can coordinate with South Africa and Brazil on African and Arab development agendas. And it gains a seat in BRICS-led forums to voice

African and Arab perspectives (Egypt is the only Arab African country in BRICS so far).

Regional and Energy Dimensions: Egypt's inclusion in BRICS+ also carries specific regional implications. Economically, it ties Egypt more closely with the wealthy Gulf states (Saudi Arabia and the UAE) now in BRICS, potentially reinforcing a nexus of Arab cooperation under the BRICS umbrella. This could mean greater Gulf investment into Egypt's energy and transport sectors as part of BRICS initiatives, and more alignment on issues like food security (both Saudi and the UAE are investing in Egyptian agriculture and logistics). In terms of energy, Egypt stands to gain from closer collaboration with major oil and gas players in BRICS. While not a large oil producer, Egypt is an important gas producer in the East Mediterranean and an energy transit state (with the Suez Canal and Sumed pipeline for oil, and LNG export facilities). Through BRICS energy working groups, Egypt can explore partnerships like LNG swap deals, refinery projects, or even renewables financing with countries like

China and the UAE that are pushing solar and wind investments. Additionally, Russia's involvement in Egypt's first nuclear power plant project (the El-Dabaa reactor) could be bolstered by a BRICS framework for sharing civil nuclear technology among members. However, there are also challenges: for instance, Egypt enters BRICS alongside Ethiopia, with whom it has a tense dispute over Nile waters and the Grand Ethiopian Renaissance Dam. Whether BRICS will provide a new venue for dialogue on such disputes or simply bracket them off remains to be seen. Egyptian officials will likely use the goodwill of China and Russia (who have influence in Ethiopia) to encourage a cooperative solution, illustrating how multilateral groupings can intersect with regional geopolitics.

Maintaining Balance: Importantly, Egypt's turn toward BRICS does not mean abandoning its Western partnerships. Cairo is attempting a balancing act—pursuing what it calls an “open-door” policy to all global friends. The Egyptian government continues to value its relationship with the US and



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Europe for security aid, investment, and diplomatic support (for example, in managing conflicts in Gaza or Libya). In fact, Egyptian strategists view the US alliance as indispensable for national security and for navigating issues like the Sudanese conflict or the Islamist extremist threat. Yet, recent events have strained Cairo's trust in Washington—particularly divergent stances on the Israel-Gaza war in 2023 and fears about US political instability. These have reinforced Egypt's determination not to be solely dependent on Western approval. Going forward, one can expect Egypt to leverage its BRICS membership to extract better terms from all sides. It can signal to Washington that it has other options for investment and military hardware (like potentially buying from BRICS partners if US conditions are too onerous), thereby strengthening its negotiating hand. Conversely, within BRICS, Egypt's longstanding ties to the West could actually serve as a moderating influence—aligning with India, Brazil, and South Africa's camp that prefers a BRICS

focused on pragmatic development cooperation rather than confrontation with the West. Ultimately, Egypt's aim is to maximize its strategic flexibility: securing economic support from a wider pool of partners while avoiding entanglement in any single great power's rivalry.



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Shifts in Oil Trade and Currency Dynamics

One of the driving forces behind these strategic realignments has been the shift in global oil trade patterns over the past two decades. The GCC countries, collectively among the world's top hydrocarbon exporters, have reoriented their energy exports decisively toward Asia. Currently, more than 70% of all Gulf oil and gas exports go to Asian markets, up from a much smaller share two decades ago. China and India alone account for a large chunk of that demand (China by itself buys roughly 20% of the GCC's energy exports). Several factors explain this shift: booming energy consumption in Asia's emerging economies; declining oil imports in the West due to stagnant demand and rising North American production; and deepening political/economic ties between the Gulf and Asian states. This Eastward pivot in oil trade has bound the GCC's fortunes to the Indo-Pacific region far more than to the traditional Atlantic partners. By 2030, India is projected to become the world's largest oil importer, further cementing Asia as the Gulf's key customer base.

Implications for the “Petrodollar” System: Historically, Gulf oil trade has been synonymous with the US dollar – with contracts priced in dollars and surpluses recycled into dollar-denominated assets. But as Asia's importance has grown, the foundations of that system are subtly shifting. Major Gulf producers are increasingly willing to conduct energy transactions in other currencies, especially the Chinese yuan, as part of wider financial cooperation with Asia. We have not yet seen a wholesale abandonment of dollar pricing (which is deeply entrenched), but incremental steps are underway. For example, China has inked currency swap agreements not only with Saudi Arabia but also with the UAE and Qatar, aiming to facilitate more direct yuan settlement of oil and gas deals. In parallel, BRICS discussions on alternative payment mechanisms indicate that a portion of oil trade could move off dollar rails in the coming years. By some estimates, a growing minority of oil sales – perhaps 10–20% of certain flows – might be settled in non-dollar currencies or through barter arrangements,

especially between sanction-hit suppliers like Russia and eager buyers like China/India. Gulf exporters have taken note of this trend and see advantage in being ahead of the curve: accepting yuan for a share of exports to China, for instance, not only ingratiates them with Beijing but also allows them to use those yuan to invest in Chinese projects or imports, thereby diversifying their asset base.

BRICS and Energy Cooperation: With the BRICS+ expansion, the bloc now includes several of the world's top energy producers and consumers, giving it significant weight in oil and gas markets. Saudi Arabia, Russia, and Iran combined with existing BRICS member Russia (and potentially other aspirants like Venezuela in the future) represent a formidable bloc of producers. In fact, the expanded BRICS accounts for an estimated 40% of global crude oil production. Meanwhile China and India are the world's two biggest oil importers. This convergence of suppliers and consumers in one coalition could pave the way for greater



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coordination: for example, BRICS energy ministers might share policies on investment in refining capacity, agree on benchmark crude pricing outside of Western exchanges, or align on OPEC+ output decisions (Russia and Saudi Arabia already coordinate through OPEC+, and now being BRICS peers may strengthen that bond). The New Development Bank can also play a role by funding cross-border energy infrastructure among members – such as pipelines, electricity grids, and renewable energy farms – further knitting together their energy interests. Additionally, BRICS forums provide a shielded space for members like Iran or Russia, who face Western sanctions, to discuss oil trade logistics (insurance, shipping, payments) with partners and find workarounds to restrictions. We have seen, for instance, an increase in oil trading through intermediary hubs like the UAE and re-exporting of Russian oil after blending, which involve complex new supply chains that BRICS partners quietly facilitate. The net effect is a dilution of Western leverage over global energy flows and more autonomy for Gulf producers and Asian consumers to transact as they see fit.

GCC-Asia Investment Loop: Another aspect of the oil shift is the deepening investment interdependency between Gulf producers and Asian consumers. To secure long-term markets, Gulf national oil companies (like Saudi Aramco and the UAE’s ADNOC) have been actively investing in downstream facilities in Asia – refineries, petrochemical plants, storage terminals – particularly in China, India, South Korea, and Japan. These stakes ensure guaranteed outlets for Gulf crude and create joint ventures that bind the economies together. For instance, Saudi Aramco has entered joint refinery projects in China and pledged large investments in India’s petrochemical sector (though some plans have faced delays). Conversely, Asian firms and state investors are increasingly investing in Gulf energy and logistics (Chinese entities have taken shares in Gulf oilfield ventures and ports; Indian firms have stakes in UAE oil concessions, etc.). This two-way capital flow means the Gulf-Asia energy relationship now goes beyond spot sales; it’s about integrated value chains. That reinforces the GCC’s tilt toward the East and provides a buffer against demand volatility – Asia is less likely to cut off

Gulf oil imports if its own companies are co-owners in the supply.

Rise of the “Petroyuan” – Reality or Hype?: A frequently discussed concept is the emergence of a “*petroyuan*” (oil traded in yuan) to challenge the petrodollar. While a complete currency turnover is unlikely in the near term, the Gulf states are preparing for a world where a multipolar currency regime might exist. China has encouraged Gulf partners to list oil contracts on the Shanghai Petroleum Exchange (denominated in yuan) and some trial cargoes have been executed that way. Moreover, countries like the UAE have begun holding a portion of their foreign exchange reserves in yuan and issuing bonds in yuan, reflecting the currency’s growing role. Still, challenges remain: the dollar-based financial system is deeply ingrained, and Gulf currencies are mostly pegged to the dollar, making any abrupt shift risky for their monetary stability. Thus, we can expect an incremental approach: the GCC will continue to price the majority of oil in dollars for liquidity and stability, but gradually increase the share of trade and assets in alternative currencies as those



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options become more viable. If BRICS nations develop a more formal framework for currency cooperation (for example, a common payments platform or even a digital currency backed by a basket of commodities), the Gulf members will participate actively, given their interest in reducing transaction costs and sanction exposure.

Oil Market Rebalancing and the U.S. Relationship: The shift of Gulf oil focus to Asia has also altered the strategic calculus of the U.S.-GCC relationship. The United States, once the prime customer of Gulf oil, is now a competitor in oil exports and imports very little Gulf crude due to its shale boom. This economic decoupling in energy has to some degree loosened the bind that tied Gulf fortunes to American energy security. While security ties remain robust (the U.S. still provides military support and defense technology to Gulf states), the oil bond is not what it once was. Consequently, Gulf states feel freer to

pursue independent oil diplomacy—whether cutting output in agreement with Russia despite U.S. objections, or contemplating non-dollar sales that would have been unthinkable in earlier decades. Washington has tried to downplay these moves (the U.S. officially says it does not view BRICS as a strategic threat, and it remains confident in the dollar's dominance), but it is undoubtedly watching closely. Some U.S. lawmakers have even warned of consequences (such as tariffs or reduced security cooperation) if key partners undermine dollar primacy. The Gulf states, however, calculate that the world is changing and their policies must adapt. They are betting that the U.S. will remain a partner, but not the sole one—and that a multipolar economic world can actually serve their interests by providing more options and leverage.



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Conclusion: Towards a Multipolar Trade Landscape

In summary, the GCC countries and Egypt are navigating a period of profound transition in global trade and geopolitics. The rise of new economic corridors and the expansion of BRICS are both symptoms and drivers of an evolving multipolar world order. These states are proactively adjusting to ensure they thrive in the new environment:

- **Integration with Emerging Powers:** By joining BRICS+, Saudi Arabia, the UAE, and Egypt have signaled their intent to play a prominent role in shaping alternative forums for global cooperation. They seek to reform the rules of international finance and trade to better accommodate developing economy interests, all while reaping tangible benefits like investment, technology transfer, and expanded export markets. Kuwait and other GCC members, even if not in BRICS, are aligning with many of the same trends through economic partnerships and diplomatic balance.
- **Multi-Alignment as the New Norm:** The dichotomy of “East vs. West” is giving way to a more complex web of relationships. Gulf states and Egypt are embracing a multi-aligned approach—maintaining traditional Western links but simultaneously deepening ties with China, India, and other Asian/African partners. This approach is evident in their participation in both BRI and IMEC initiatives, their trade conducted in both dollars and non-dollar currencies, and their diplomatic stance of engaging all major powers. Such hedging maximizes their strategic autonomy and hedges against dependency on any single bloc.
- **Economic Security through Diversification:** Whether it is diversifying trade routes (so as not to rely on one chokepoint or one initiative), diversifying currency exposure, or diversifying sources of investment, the common thread is building resilience. The GCC’s investment in multiple corridors and Egypt’s pursuit of multiple patronage sources underscore a desire to avoid being caught in unilateral pressure or supply disruptions. The oil trade’s pivot to Asia secures demand for Gulf exports for decades to come, just as local-currency trade mechanisms aim to secure financial stability for countries like Egypt.



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- **Opportunities and Challenges Ahead:** The developments discussed bring significant opportunities: greater South-South cooperation, new infrastructure linking continents, and potentially fairer representation for developing countries in global fora. For the Middle East participants, BRICS+ opens avenues to coordinate policies with world giants and gain access to sizable development funding. However, challenges persist. For one, actual implementation of grand projects (be it IMEC or BRI projects in Egypt) requires political stability and huge capital—many announced plans may face delays or geopolitical hurdles. Within BRICS, internal divisions (such as India-China rivalry, or Saudi-Iran distrust) could limit what the bloc can achieve as a unified actor. And while moving away from Western dominance, these states must avoid alienating the US and Europe to the point of jeopardizing security ties or existing trade/investment links. So far, they have walked that tightrope relatively well, but it will require ongoing deft diplomacy.

Ultimately, the Gulf states and Egypt are leveraging their strategic geographic positions and resources to become pivotal players in an emerging multipolar economic system. The GCC's location at the crossroads of East-West trade and its energy wealth give it significant agency to shape new trade corridors and alliances. Egypt's control of the Suez Canal and cultural influence in the Arab and African worlds similarly position it as a critical partner in global south initiatives. As these countries invest in ports, rails, and new partnerships, they are effectively re-drawing the map of global trade. In doing so, they aim to ensure that their interests are secured no matter how power shifts between the traditional West and the rising East. The coming years will reveal how successful they are in institutionalizing these changes—through agreements, new institutions, and sustained economic growth. If they succeed, we will witness a more interconnected Afro-Eurasian economic sphere in which Middle Eastern economies are key nodes, bridging diverse regions and championing a more inclusive world order.



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