

*Policy Brief*

# GULF FOREIGN POLICY AMID ESCALATION & ALLIANCES

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The US and Israel's strikes against Iran since February 28 mark a pivotal moment in the Gulf's security architecture. They transformed what had previously been a gradual recalibration of alliances into an immediate strategic dilemma for the GCC states. Iran's direct attacks targeting Gulf territory and infrastructure exposed the double-edged nature of hosting US military assets, which remain central to deterrence but increase their exposure to retaliation and escalation. This has intensified long-standing concerns about overdependence on external security guarantees and accelerated ongoing efforts by GCC states to diversify their strategic partnerships.

However, rather than abandoning US security ties, GCC states are pursuing calibrated hedging strategies that combine continued defense cooperation with the US, expanding European security engagement, and strengthening economic and technological ties with emerging powers like China. The result is a more multidirectional foreign policy behavior, shaped by both systemic pressures and domestic priorities, as they seek to balance deterrence, autonomy, and threats in an increasingly volatile regional environment.

Despite a shared rationale, the scope and implementation of hedging differ across the GCC states. This Policy Brief identifies the key drivers that have shaped variation in Gulf hedging strategies, ranging from threat perceptions and domestic constraints to leadership priorities, and assesses how the varying approaches have affected the bloc's alignment with both traditional and emerging partners.

## **HEDGING FOR MODUS VIVENDI: BETWEEN AUTONOMY AND INTEROPERABILITY**

For decades, the US has functioned as the principal security guarantor for GCC states, shaping both their external alignments and the structural limits of their strategic autonomy.<sup>1</sup> While close alignment with Washington has delivered critical security and military protection for the Gulf bloc, US-GCC ties have also imposed constraints on Gulf foreign policy maneuverability. Qatar's mediation diplomacy in Palestine and Afghanistan, for example, has largely reinforced US strategic preferences or, at a minimum, avoided overt divergence with US foreign policy. Similarly, Oman and Kuwait have functioned as sanctioned intermediaries in US-Iran engagement, while Saudi coordination with US priorities during the War on Terror leveraged religious authority and financial capacity in ways consistent with US security strategies. As Hamdi and Salman further explain, US-Gulf alignment produces asymmetric dependency, exposing GCC states to a dual vulnerability: abandonment risk as US regional priorities shift, and entrapment or provocation risk should their ally's actions trigger responses from rival powers, as demonstrated by the ongoing US-Israel-Iran war.<sup>2</sup>

Against this backdrop, growing elite dissatisfaction with the constraints of patronage has catalyzed a turn toward “omnibalancing”<sup>3</sup> — a strategy that engages both allies and adversaries to address and mitigate a challenging geoeconomic environment. Instead of simply bandwagoning with Washington or aligning with Russia and China, the omnibalancing behavior of the UAE, Saudi Arabia, and Qatar during the Arab Spring era reflected their respective governments’ calculus toward both domestic and regional threats,<sup>4</sup> considering the challenge of Iran’s influence alongside the rise of Islamist political forces. In practice, these three GCC states took assertive, if differing, actions, namely interventions in Bahrain, Yemen, and Libya, or offered support for rival factions abroad to counter perceived internal or regional antagonists. However, these states still relied on great power patronage to secure their stance and position.<sup>5</sup>

Hedging thus emerges not as strategic indecision, but as a structured response to the autonomy–interoperability dilemma. By diversifying external partnerships, GCC states seek to expand strategic maneuverability while preserving access to US security infrastructure. In fact, the decline of unipolarity and emergence of new poles, such as China, gave middle powers an opportunity to diversify partnerships.<sup>6</sup> Hedging allows GCC states to benefit from great power competitions without committing ideologically.<sup>7</sup>

## DIVERGENT HEDGING STRATEGIES

The UAE, Saudi Arabia, and Qatar have adopted different hedging strategies amid US–China competition.<sup>8</sup> Their scope differs based on their respective foreign policy circumstances,<sup>9</sup> varying across economic, political, and security contexts,<sup>10</sup> and differences in territorial size, resources, threat perceptions, and confidence in the US security umbrella.<sup>11</sup> The respective hedging strategies of the UAE, Saudi Arabia, and Qatar should be understood not as a singular posture, but as a differentiated set of practices calibrated to distinct national constraints and opportunity structures.

Qatar’s hedging strategy is shaped by the country’s geographic constraints and historical vulnerabilities and is characterized by restraint and alliance reassurance, privileging economic diversification and mediation diplomacy while maintaining explicit reliance on US security guarantees. Saudi Arabia, by contrast, has adopted a more assertive and expansive form of hedging, leveraging its economic weight and geopolitical influence to broaden defense, energy, and diplomatic ties, especially with China and other emerging partners including Pakistan. Riyadh deploys this strategy as leverage to enhance its autonomy and renegotiate the terms of its longstanding partnership with Washington. The UAE occupies an intermediate position, pursuing a diversified and agile hedging strategy that integrates economic statecraft, soft power, and selective military capacity, while retaining the flexibility to recalibrate when costs or risks escalate.

Divergent Hedging Strategies			
	Qatar	Saudi Arabia	UAE
<b>Hedging Approach</b>	Restrained and reassures allies	Assertive and leverage-maximizing	Diversified and agile
<b>Strategic Logic</b>	Maximize autonomy while avoiding security hedging that could strain ties with Washington	Use hedging as bargaining leverage to compel US responsiveness through pressure and options, not quiet reassurance	Pursue portfolio diversification and rapid recalibration while integrating economic and selective hard power tools to avoid overextension
<b>Scope across Domains</b>	Economy-centric; limited defense diversification; mediation focused	Broad and expansive; economic, technological, and selective defense and industrial hedging	High diversification; diplomacy and soft power as force multipliers
<b>Risk Posture</b>	Low risk; caution shaped by small state constraints and vulnerability to retaliation	Higher risk tolerance due to geographic scale, resources, and leadership ambitions; accepts controlled friction with Washington	Calibrated risk; avoids overt antagonism but uses flexible instruments; adapts in cases of overreach
<b>Primary Instruments</b>	LNG leverage, trade diversification, and mediation with positive neutrality	Vision 2030-driven economic statecraft; signaling via options	Strategic diversification and rational hedging; investments; logistics hub strategy
<b>China Engagement</b>	Strong economic ties (e.g., long-term LNG arrangements; early strategic partnership enabling RMB clearing), minimal arms imports and avoidance of defense ventures	Deep economic and technological cooperation; institutionalization via 2022 partnership; openness to exploring defense cooperation and production	Major trade and investment growth; BRI partnership through logistics and finance; tech infrastructure engagement; some defense procurement (e.g., drones)
<b>US Security Umbrella</b>	Highest confidence and most explicit reliance (Al-Udeid US base; long-term defense cooperation); hedging bounded by the longevity of US partnership	Confidence eroded by perceived US unreliability (2015 Iran deal; 2019 Houthi attacks); hedging used to extract better terms and status	US remains ultimate guarantor and source of top-tier hardware; hedging designed to avoid open rupture while broadening options
<b>Principal Objective</b>	Security assurance and autonomy through utility (LNG supplier, mediator, investor)	Strategic autonomy, regional leadership, and leverage over allies; broaden options to raise bargaining power	Sustained influence, economic competitiveness; maintain flexibility and avoid overextension

**Table 1:** Hedging strategies of Qatar, Saudi Arabia, UAE.<sup>12</sup>

Taken together, Saudi Arabia, the UAE, and Qatar demonstrate that hedging among the GCC states is best conceptualized as a continuum rather than a binary choice between alignment and realignment. The principal variation lies not in whether these states hedge, but in how they manage the autonomy–interoperability trade-off under conditions of growing multipolar uncertainty. Notwithstanding, their different hedging approaches do not exist in a foreign policy vacuum of the other three GCC states, Oman, Kuwait, and Bahrain.

Hedging in Oman, Kuwait, and Bahrain operates along a clear spectrum shaped by vulnerability, threat perception, and strategic latitude. Oman represents institutionalized hedging, framed by neutrality and multi-directional diplomacy to preserve its autonomy while minimizing exposure to retaliation. Kuwait occupies a cautious middle ground, where historical experience and state vulnerability incentivize restraint, mediation, and consensus-seeking behavior. Bahrain, by contrast, illustrates the boundary condition of hedging: structural vulnerability compels firm alignment with Saudi Arabia and the US. Unlike Qatar, the UAE, and Saudi Arabia, the approaches of Oman, Kuwait, and Bahrain show that hedging is not universally available to small states but contingent on relative strategic depth.

Hedging Strategies on a Spectrum			
	Oman	Kuwait	Bahrain
<b>Hedging Approach</b>	Institutionalized neutrality and high hedging through multi-directional diplomacy	Cautious, consensus-based, and risk-averse hedging	Low hedging and alignment with Saudi Arabia, particularly on Iran
<b>Strategic Logic</b>	Preserve autonomy by balancing ties across rivals and maintaining credibility as a neutral intermediary; reduce exposure to retaliation	Protect national security through avoidance of side-taking and preference for Gulf consensus; lessons from the 1990 invasion by Iraq	Security through outsourcing; dependency is accepted as the price of protection
<b>Primary Drivers</b>	Geopolitical position and desire not to become a target; management of Gulf–Iran rivalry without entrapment	Vulnerability to regional coercion and preference for institutional stability	Domestic sectarian sensitivities and limited maneuverability
<b>Primary Instruments</b>	Neutrality doctrine and selective security cooperation across camps; mediation capital	De-escalatory diplomacy in intra-GCC bridge-building; dialogue channels with Iran and coalition moderation	Hard alignment via alliance politics; integration into US security architecture with limited diversification
<b>Alignment Profile</b>	Defense agreements with US and UK while sustaining security cooperation with Iran (e.g., joint exercises and intelligence sharing)	Maintaining dialogue with Iran and avoiding escalatory postures; simultaneously embedded in US-GCC security environment	Closely aligned with Saudi Arabia and US against Iran; dependence on external guarantors is explicit
<b>Illustrative Examples</b>	Mediated US–Iran backchannel talks leading to 2015 nuclear deal; avoids joining anti-Iran actions; stayed out of the Yemen war	Neutral posture during the 2017 Qatar crisis with mediation attempts	Represents the anti-hedging case: durable alignment with Saudi Arabia and US as the core of its national security strategy
<b>Principal Objective</b>	Autonomy through de-confliction and maintaining mediator value	Stability through restraint; preserve sovereignty by minimizing entrapment risks and maintaining regional legitimacy	Security through alignment; autonomy traded for guarantees

<b>Key Vulnerabilities &amp; Limits</b>	Propensity to face coercive pressure for non-alignment; hedging requires sustained credibility across rivals	Vulnerable to pressure from larger GCC actors; balancing consensus and autonomy is structurally constrained	Limited flexibility; binary alignment reduces diplomatic maneuvering space and heightens exposure to rivalries
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**Table 2:** Hedging strategies of Oman, Kuwait, and Bahrain.<sup>13</sup>

## INSTITUTIONALIZING GCC HEDGING UNDER MULTIPOLAR STRAIN

For decades, the US has functioned as the principal security guarantor for GCC states. As the preceding analysis indicated, GCC hedging is likely to persist; however, the approach will become harder to sustain as the US–China rivalry sharpens and the long-term impact of the Iran War becomes apparent. Washington increasingly treats selected technology, AI, and security linkages with China as incompatible with US-anchored interoperability.<sup>14</sup> Qatar’s, Saudi’s, and the UAE’s strategic challenge is therefore not whether to hedge, but how to discipline hedging to consolidate autonomy gains without triggering abandonment risks, punitive technology restrictions, or a forced binary alignment choice.<sup>15</sup>

### *Policy Recommendations*

#### **1. Adopt sectoral guardrails to keep hedging below escalatory thresholds**

GCC states should individually codify internal red lines that differentiate low-risk economic engagement from high-risk security and technology entanglements. This requires treating hedging as a portfolio strategy with explicit thresholds, particularly in sensitive domains including AI infrastructure, telecommunications, dual-use systems, and nuclear cooperation, where US concerns are most acute.<sup>16</sup> Such guardrails preserve policy coherence and reduce inadvertent signaling that diversification equals strategic defection.<sup>17</sup>

#### **2. Prioritize interoperability as the non-negotiable security core**

US security guarantees remain functionally irreplaceable in the near term, even as economic gravity shifts toward China.<sup>18</sup> GCC states should therefore treat military interoperability with the US, especially in training, command integration, and intelligence coordination as the hard anchor of their hedging portfolio. This course of action does not preclude diversified procurement, but it requires that diversification does not degrade readiness, intelligence integrity, or alliance-enabled deterrence.<sup>19</sup>

### **3. Hedge for bargaining power, not for escalatory signaling**

Hedging can expand autonomy when the strategy functions as risk insurance and option creation, but it becomes counterproductive when used as coercive signaling. Saudi Arabia's more assertive diversification may yield leverage, yet the policy payoff diminishes if its approach accelerates a 'with us or against us' posture from the US.<sup>20</sup> GCC states should strategize hedging as a stabilizing mechanism: keeping the US sufficiently invested in Gulf security while ensuring China remains economically engaged without turning the Gulf bloc into a theater of overt alignment competition.<sup>21</sup>

### **4. Exploit structural economic shifts while containing strategic exposure**

The macro-trend is unmistakable: by 2020 China surpassed the US and EU as the GCC states' top trading partner. In 2021, China–GCC trade was reportedly \$225 billion compared to roughly \$75 billion in US–GCC trade.<sup>22</sup> By 2023, China had consolidated its position as the GCC's leading trading partner with a total GCC–China merchandise trade reaching \$297.9 billion,<sup>23</sup> a volume that substantially exceeded reported US–GCC trade of about \$80.1 billion in 2023.<sup>24</sup> China's deepening reliance on Gulf hydrocarbons, namely Saudi and Emirati oil, and Qatari liquid natural gas (LNG), creates sustained interdependence and bargaining leverage.<sup>25</sup> GCC states should capitalize on this leverage to secure investment, technology, and market access, while avoiding security-sector commitments that invite retaliatory restrictions from Washington or strategic retaliation from competitors.<sup>26</sup>

### **5. Reduce vulnerability to abandonment and entrapment**

GCC states should mitigate the risks of dependency by pairing interoperability with measured diversification, and by investing in capabilities that reduce reliance on foreign personnel and external expertise without imagining near-term self-reliance as feasible.<sup>27</sup> Hedging is a strategy for managed autonomy, not a substitute for credible security architecture.

### **6. Institutionalize collective infrastructure mechanisms**

To keep hedging viable following the February 28 retaliatory spillover, GCC states should adopt and institutionalize a collective mechanism designed to address critical civilian infrastructure challenges, and to mitigate escalatory risks associated with hosting external military assets. Whether formalized within existing Gulf security frameworks or developed through commercial arrangements, the mechanism would enhance early-warning sharing,<sup>28</sup> harmonize strategic messaging, and coordinate defensive posture adjustments during crises.<sup>29</sup> By aligning responses to retaliatory risks, GCC states can reduce asymmetric exposure and strengthen bargaining leverage with external partners by signaling Gulf cohesion without constraining national autonomy.

## CONCLUSION: HEDGING AS DISCIPLINED STATECRAFT

In an escalating regional environment, hedging occupies the strategic space between alliance and defection, enabling GCC states to expand maneuverability under conditions of uncertainty.<sup>30</sup> Yet as the US-Iran confrontation widens, and as great power rivalry between the US, China, and Russia increasingly penetrates technology and defense ecosystems,<sup>31</sup> undisciplined hedging will invite backlash and shrink policy space. The policy imperative is therefore to institutionalize hedging through guardrails, reassurance, and interoperability by converting diversification from episodic tactics into a coherent strategy that preserves autonomy without sacrificing deterrence or provoking coercive escalation.

The current US-Israeli war on Iran is increasingly shaping a new regional dynamic where divergent positions among GCC states are becoming more visible. The UAE, Saudi Arabia, Kuwait, and Bahrain appear to align more closely with US strategic objectives, while Oman and Qatar continue to emphasize de-escalation and mediation. This differentiation reflects varying threat perceptions and risk tolerances, complicating the formation of a unified regional stance. The absence of consensus reduces the likelihood of collective diplomatic leverage and instead reinforces a fragmented security environment in which individual GCC states pursue parallel strategies.

## About the Author



Dr Khalid Al-Jufairi is a scholar of international politics whose academic inquiry ranges from foreign policy and national strategy to the rising global multipolarity and public policy. His latest book, *The Centrality of Middle Class: Sociopolitical Resilience and Economic Stability*, offers critical insights into the nexus of society's challenges and statehood. Dr Al-Jufairi teaches across leading universities in Qatar and abroad, including Georgetown University.

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