brief 2/2026

From oil to minerals: Gulf states as middle powers in the race for critical minerals

Moa Ringvall & Gunilla Reischl

PUBLISHED BY THE SWEDISH INSTITUTE OF INTERNATIONAL AFFAIRS | UI.SE

Summary

The Gulf states are increasingly investing in critical minerals (CMs) such as rare earth elements, copper and lithium, which are essential for renewable energy, emerging communication technologies and defence systems. In expanding into foreign CM markets, the Gulf states are joining China, the European Union and the United States in an intensifying race to secure such resources. By pursuing diversified investment strategies, Gulf states offer resource-rich states in Africa, Latin America and Asia an alternative to alignment with major powers. The Gulf states' emergence as "middle power" investors in critical minerals is driven by a domestic need to diversify beyond oil and by ambitions to shape future supply chains. Their growing role creates opportunities and challenges for policymakers working to secure critical mineral supplies in their own countries. Closer cooperation with the Gulf states could help reduce vulnerabilities but might also create new dependencies on authoritarian partners and raise sustainability concerns. Alternatively, adopting a more competitive stance could strengthen credibility with resource-rich states, which often prefer to have multiple partners to maximize their own leverage.

Moa Ringvall

Moa Ringvall was an Intern at the Global Politics and Security Programme at the Swedish Institute of International Affairs.

Gunilla Reischl

Gunilla Reischl is Head of Programme and Senior Research Fellow of the Global Politics and Security Programme at the Swedish Institute of International Affairs.

Language review: Andrew Mash
Cover photo: TT NYHETSBYRÅN

Introduction

The soaring demand for critical minerals (CMs)[1] is reshaping global supply chains and creating new arenas for geo-economic competition, which has traditionally been dominated by great powers. A new group of middle-power actors has begun to challenge great power dominance in CM supply chains. In the Gulf states, investment in foreign mines surged in early 2025, although many projects remain at the planning stage.[2] This brief uses the examples of two primary Gulf actors, Saudi Arabia and the United Arab Emirates (UAE), to explain the drivers of the Gulf states' emergence as investors in CM, and how they are leveraging their geo-economic position as middle powers.

The CM landscape is characterised by great power rivalry, albeit defined by China's lead in extraction, processing and supply. As the global energy transition accelerates, minerals and metals such as copper, cobalt and lithium have become indispensable inputs for clean technologies, notably electric vehicle batteries, and vital in defence industries. Their strategic importance has triggered intense competition among states to secure reliable supply chains in an increasingly protectionist geopolitical environment.

Saudi Arabia and the UAE are investing heavily in CM assets and infrastructure both domestically and internationally. In seeking to diversify beyond hydrocarbons and secure a role in a post-oil economy, Gulf states are positioning themselves to compete with China, the USA and Europe in CM markets. For resource-rich countries across Africa, Asia and Latin America, the emergence of middle powers, such as the Gulf states, in the critical minerals arena represents a welcome shift from decades of exploitative arrangements shaped by western colonial legacies or Chinese debt dependence.[3] Many of these countries see partnerships with Gulf states as a way to navigate escalating US-China rivalry over CMs that are essential to powering energy transitions and digitalization.

The CM landscape

China is the dominant actor in global CM supply chains. It controls a significant proportion of global mineral extraction and the International Energy Agency (IEA) estimates that it accounts for around 50% of processing by market value. It is also known for its foreign CM investments as part of the Belt and Road Initiative (BRI).[4] The most striking example of China's market power is in rare earth elements (REE), where it has near-monopoly control over processing.[5]

[1] Which minerals are deemed critical varies over time and according to actor, resulting in diverging lists of CMs between different states and entities. In this brief, the term is used broadly to denote minerals that are economically essential and exposed to significant supply-chain risks.
[2] Asna Wajid, *The Gulf States' Push for Critical Minerals* (2025), https://www.iiss.org/charting-middle-east/2025/07/the-gulf-states-push-for-critical-minerals/.
[3] Chloe Cornish and Harry Dempsey, 'How Gulf States Are Putting Their Money into Mining', The Big Read, *Financial Times*, 1 April 2024, https://www.ft.com/content/59298650-540a-43cd-86f8-a6c6db0aa906.
[4] International Energy Agency, *Global Critical Minerals Outlook 2025*, 2025.
[5] European Commission, 'RMIS - Raw Materials' Profiles', RMIS - Raw Materials Information System, n.d.,

China has leveraged this dominance as a geopolitical tool, most notably during recent trade tensions with the USA which began in 2018 during Trump's first term.[6] In April 2025, China introduced additional export controls on specific REEs. These require licences, partly to prevent foreign militaries from benefiting from Chinese-sourced minerals.[7] In October 2025, China announced a much broader set of controls, building on the previous package, but these have been suspended for one year.

Western countries have intensified their role in the global race for CMs to meet domestic demand and compete with China, expanding their investments and strategic engagement. For example, the European Union's Critical Raw Material Act (CRMA) of April 2024 aims to diversify imports, build resilient supply chains and strengthen domestic capabilities.[8] The USA is pursuing more comprehensive measures, such as strategic partnerships and investment deals with Australia and Japan.[9] [10] Greenland's substantial CM resources have previously been been a factor in the Trump administration's interest in Greenland, although territorial acquisition has more recently been framed primarily in strategic rather than economic terms.[11]

How are the Gulf states investing in mines?

The Gulf states are combining extensive domestic exploration of untapped geological sites with foreign investments in resource-rich countries' mining industries. This brief focuses on CMs that are acquired internationally to be processed domestically. The Gulf Cooperation Council (GCC) states have specific attributes compared to other actors when it comes to for foreign ventures in the mining sector.[12] GCC member governments have vast ambitions for CM-related industries, as well as the capital for making significant investments that can be mobilized fast as a side-effect of

https://rmis.jrc.ec.europa.eu/rmp/Rare%20Earth%20Elements.

6 Ana Swanson, 'Trump's Trade War With China Is Officially Underway', *New York Times*, 5 July 2018, https://www.nytimes.com/2018/07/05/business/china-us-trade-war-trump-tariffs.html.

7 Arendse Huld, 'China's Rare Earth Export Controls - Impact on Businesses and Industries', *China Briefing*, 30 October 2025, https://www.china-briefing.com/news/chinas-rare-earth-export-controls-impacts-on-businesses/.

8 'Critical Raw Materials Act - Internal Market, Industry, Entrepreneurship and SMEs', n.d., https://single-market-economy.ec.europa.eu/sectors/raw-materials/areas-specific-interest/critical-raw-materials/critical-raw-materials-act_en.

9 The White House, 'Fact Sheet: President Donald J. Trump Drives Forward Billions in Investments from Japan', *The White House*, 28 October 2025, https://www.whitehouse.gov/fact-sheets/2025/10/28195/; Gracelin Baskaran and Kessarin Horvath, *Unpacking the U.S.-Australia Critical Minerals Framework Agreement*, 20 October 2025, https://www.csis.org/analysis/unpacking-us-australia-critical-minerals-framework-agreement.

10 Gracelin Baskaran and Meredith Schwartz, *What to Know About the Signed U.S.-Ukraine Minerals Deal*, 5 January 2025, https://www.csis.org/analysis/what-know-about-signed-us-ukraine-minerals-deal.

11 Steve Holland, 'Trump says US needs Greenland for security, taps envoy to "lead the charge"', United States, *Reuters*, 23 December 2025, https://www.reuters.com/world/us/trump-announces-louisiana-governor-greenland-special-envoy-2025-12-22/.

12 SRMG think, 'Gulf Arab States, Led by Saudi Arabia, Poised to Become Global Mining Players', SRMG Think research & advisory, 2025, https://www.srmthink.com/featured-insights/433/gulf-arab-states-led-saudi-arabia-poised-become-global-mining-players.

authoritarian rule. They also possess "middle power" leverage shaped by strategic autonomy, which means that they are capable of pursuing independent foreign policies without breaking ties with either of the dominant power blocs.[13] Subsequently, from the perspective of those states in Africa, Latin America and Asia that are rich in mineral resources, the Gulf states represent an attractive alternative to competing interests from European and US neocolonialism or Chinese dominance through the BRI.[14] By partnering with the GCC countries, these states can minimize the risk of being perceived as favouring either of the existing trade blocs and thus maintain more neutral political alignment.

Many existing Gulf CM investments have targeted resource-rich countries in South America, Africa and Asia. Investments in mines are often accompanied by promises to improve local conditions and create job opportunities. Although bauxite was not considered a CM by most states at the time,[15] the UAE pioneered foreign GCC mining investment in 2013 when its state-owned investment fund, Mubadala, made a $5 billion agreement with Guinea.[16] The deal involved opening a bauxite mine and building port infrastructure and a processing plant in Guinea to create local job opportunities. The GCC states have significantly expanded investments in Africa, particularly in agriculture, property and renewable energy projects.[17] By embedding mining deals in broader development packages, the Gulf states are not only securing access to CMs, but also cultivating long-term political goodwill and strategic dependence, thereby transforming resource investments into instruments of geopolitical influence over resource-rich partner states.

Saudi Arabia and the UAE are leading on Gulf state foreign mineral ventures, while Qatar has recently become a player in the acquisition of mineral resources in Africa.[18] CM-related activity by the remaining GCC states (Bahrain, Kuwait and Oman) is still mostly focused on domestic exploration and extraction, which thus far has been small-scale compared to Saudi Arabia and the UAE. Oman is considered to have greater possibilities for the extraction of a range of CMs, whereas Bahrain and Kuwait have more

[13] Layla Ali, 'Middle Powers in a Multipolar World: The Evolving Role of Gulf States in Global and Regional Order', *Gulf Research Center*, 2025, https://www.grc.net/documents/68ef7f15cbc21MiddlePowersMultipolarWorldTheEvolvingRoleGulfStatesGlobalRegionalOrder2.pdf.

[14] Cornish and Dempsey, 'How Gulf States Are Putting Their Money into Mining'.

[15] While bauxite is considered a CM by many actors and states today, in 2013 the US Department of Defense was one of the few that deemed it "strategic", see: https://mineralsmakelife.org/assets/images/content/resources/Strategic%20and%20Critical%20Materials%202013%20Report%20on%20Stockpile%20Requirements.pdf

[16] Stanley Carvalho and Regan Doherty, 'UAE's Mubadala, Guinea Sign $5 Billion Bauxite, Alumina Deal', Business, *Reuters*, 25 November 2013, https://www.reuters.com/article/business/uaes-mubadala-guinea-sign-5-billion-bauxite-alumina-deal-idUSBRE9AO0BT/.

[17] Olamilekan Okebiorun, 'Top 10 African Countries Receiving the Most Middle East Investments', Business Insider Africa, 17 May 2025, https://africa.businessinsider.com/local/markets/top-10-african-countries-receiving-middle-east-investments/hjmptyg.

[18] Victor Oluwole, 'Qatar Seeks to Deepen Its Influence in Africa with $103bn Investment Pledge', Business Insider Africa, 1 September 2025, https://africa.businessinsider.com/local/markets/qatar-seeks-to-deepen-its-influence-in-africa-with-dollar103bn-investment-pledge/n71gwtw.

limited domestic prospects.[19] In 2024, Saudi Arabian and UAE GDP constituted around 78% of GCC GDP. They merit attention due to their prominent roles in driving Gulf state foreign CM investments.[20]

Saudi Arabian foreign CM investments are mostly pursued through a joint venture between the state-owned mining company, Maaden, and a Public Investment Fund (PIF), Manara Minerals.[21] Manara Minerals explicitly states on its website that it has a global investment mandate and seeks "opportunities in Africa and Asia connecting with value chains in the Middle East".[22] Thus, Saudi Arabia is seeking to capture greater value by importing raw materials for domestic mid- and downstream processing. For example, the country aspires to become a leading manufacturer of electric vehicles by consolidating control over most stages of the production chain. It has therefore focused on aquiring the lithium, copper and other CMs required for this.

Whereas Saudi Arabian foreign CM investments seek to purchase minority stakes in foreign mines, the UAE has committed to joint ventures through which they buy mining concessions direct. A notable example is the Mopani copper and cobalt mine in Zambia.[23] According to the *Financial Times*, the asset was unexpectedly sold to a UAE-based company, International Resource Holding (IRH), in December 2023.[24] The chairman of IRH, Sheikh Tahnoon bin Zayed al Nahyan, had been in detailed discussions with high-ranking Zambian officials for two years prior to the deal.

According to the Emirates News Agency (which is not independent of state influence), the IHR vendor strategy in the Mopani project is to award 90% of procurement to local Zambian business. It also claims to be investing in local education and healthcare.[25] To what extent the Gulf states will live up to their promises of holistic investment packages framed around community wellbeing and sustainability, however, remains open to question. The Mubadala investment in the Guinean bauxite mine originally involved $1 billion allocated to the extraction and export of bauxite and the remaining $4 billion for a port and an aluminium refinery to process the mineral locally.[26] However, the latter were never pursued. Following a long dispute over the terms, the Guinea Alumina Corporation revoked the licence of the state-owned

[19] Said Bakr, 'Diverging Paths: Gulf Critical Mineral Strategies', *Arab Gulf States Institute*, 2025, https://agsi.org/analysis/diverging-paths-gulf-critical-mineral-strategies/.
[20] World Bank Group, 'GDP (Current US$) - Oman, Saudi Arabia, Qatar, United Arab Emirates, Kuwait', World Bank Open Data, 2024, https://data.worldbank.org.
[21] Meike Schulze and Mark Schrolle, 'Saudi Arabia Strives to Become Major Player in Mineral Supply Chains', *German Institute for International and Security Affairs*, 2024, https://www.swp-berlin.org/publications/products/comments/2024C52_SaudiArabia_MineralSupplyChains.pdf.
[22] Manara Minerals, 'Investments', n.d., https://www.manaraminerals.com/Investments.html.
[23] Cecilia Jamasmie, 'Arab Gulf States Double down Mining Efforts', *MINING.COM*, 20 August 2024, https://www.mining.com/arab-gulf-states-double-down-mining-efforts/.
[24] Cornish and Dempsey, 'How Gulf States Are Putting Their Money into Mining'.
[25] Emirates News Agency-WAM, 'UAE-Backed Investment Drives Revival of Zambia's Mopani Copper Mines', 21 July 2025, https://www.wam.ae/en/article/bksmsfh-uae-backed-investment-drives-revival-zambia's.
[26] Carvalho and Doherty, 'UAE's Mubadala, Guinea Sign $5 Billion Bauxite, Alumina Deal'.

Emirati Global Aluminium on 4 August 2025[27] because of its failure to follow through on a code of conduct or establish local processing of Bauxite, which was meant to add value in Guinea. Emirates Global Aluminium, which had processed the Guinean bauxite, is now a major global player in the aluminium market.[28]

Gulf state engagement in global CM markets is still at an early stage and uncertainties remain about future developments. Nonetheless, the trend is not just changing the outlook for the Gulf states, but represents a global shift, with the emergence of a new type of middle power in the global race for CMs. To understand the significance of this shift, it is necessary to examine the motivations for growing interest in mining investments.

Why are the Gulf states investing in mines?

The Gulf states have long relied on hydrocarbons for domestic energy consumption and export revenues. While the demand for oil is still expected to peak and reach a plateau by 2030, the future of crude oil and natural gas has become more uncertain as political attention on climate change increases.[29] In response, and understanding the limitations of an over-reliance on hydrocarbons, the Gulf states are actively seeking to diversify their economies as a long-term strategic interest. Analysts argue that they view the transition to renewable energy through a dual lens, as disrupting the current economic model on which they depend, but also creating new opportunities to reduce oil dependency and strengthen economic resilience.[30]

For the Gulf states that operate within rentier structures, where government revenues stem primarily from exports rather than taxation, economic diversification is not optional but an existential necessity. These countries are not self-sufficient in food-production. The region's arid climate makes food and water security contingent on income and export revenues from other sectors. The petroleum industry has been and continues to be crucial in ensuring a stable supply of food and investments in desalination technologies.[31] Climate change has exacerbated domestic shortages of food and water, reinforcing the need for resilient economies.

The UAE and Saudi Arabia, in particular, have identified CMs and renewable energy as strategic prospects. For example, Saudi Arabia's long-term national transformation strategy, or Vision 2030 agenda, makes mining the third pillar of its national economy

[27] Fatoumata Diallo, 'Guinea Ousts UAE Bauxite Giant – What's next for the Industry?', The Africa Report.Com, 2025, https://www.theafricareport.com/389508/guinea-ousts-uae-bauxite-giant-whats-next-for-the-industry/.

[28] Goran Djukanovic, 'Aluminium Smelters in the Gulf Region', Text, International Aluminium Journal, 7 October 2025, https://www.aluminium-journal.com/aluminium-smelters-in-the-gulf-region.

[29] International Energy Agency, *Oil 2025 – Analysis and Forecast to 2030* (2025), https://www.iea.org/reports/oil-2025.

[30] Aisha Al-Sarihi, 'Energy Transition in the Gulf: Best Practices and Limitations', Carnegie Endowment for International Peace, 2025, https://carnegieendowment.org/research/2025/04/energy-transition-in-the-gulf-best-practices-and-limitations?lang=en.

[31] Al-Sarihi, 'Energy Transition in the Gulf'.

after oil and petrochemicals.[32] This extends beyond meeting domestic demand and reflects geopolitical ambitions. Investing in foreign mines offers the Gulf states a means to reassert global influence following their loss of geopolitical leverage due to the declining demand for oil. The GCC countries are strengthening ties with the USA, China and, to a lesser extent, the EU. At the same time, their ambition to become significant players in CM supply chains places them in geo-economic competition with these powers. This dual dynamic of partnership and rivalry underscores an approach whereby cooperation serves as a platform for enhanced competitiveness and where the Gulf states serve as a new type of middle-power seeking strategic autonomy. Increased economic ties also expand opportunities to weaponize this interdependence as a strategic political bargaining tool.

In sum, in the context of increasingly uncertain hydrocarbon revenues, Gulf states are reorienting toward CMs to meet domestic needs and to secure their place in a shifting world order. Their dual strategy of consolidating bilateral partnerships with great powers while positioning themselves as emergent competitors in global CM markets underscores the growing centrality of mining investments in their broader diplomatic agendas. They are also seeking to leverage their position as middle powers with resource rich states in Africa, Latin America and Asia to gain greater regional influence.

Insights for Europe

As the geo-economic climate becomes increasingly complex, the emergence of Gulf states in CM markets has posed a number of challenges and opportunities for policymakers aiming to secure a future supply of CMs. While the Gulf states' pursuit of CMs is still at the development stage, strategic considerations already arise. Although not mutually exclusive, two main approaches are emerging: engage with Gulf states through mineral partnerships or deepen bilateral investments in resource-rich countries to secure European domestic needs.

Compared to many western countries, the Gulf states often exhibit greater risk tolerance when investing in the CM sectors. Instead of viewing the GCC states as competitors, leaders could choose to strategically partner with them in the CM sectors, building on existing initiatives and aligning interests where it is mutually beneficial. The EU provides an example of such efforts. A 2022 joint declaration on a strategic EU-GCC partnership followed by summit discussions in 2024 marked initial steps towards deeper cooperation.[33]

While this would reduce reliance on China as the dominant producer, and consequently decrease CM supply chain risk, there are problems with this strategy. First, there would be increased dependence on the Gulf states as middle actors in securing CMs such as bauxite for aluminium and copper. Second, the sustainability of Gulf investments, with regard to both environmental impacts and social conditions, might not meet the standards set in areas such as the Environmental, Social and Governance (ESG) framework.

[32] Government of Saudi Arabia, 'Strategy for the Mining Sector', Saudi Vision 2030, n.d., https://www.vision2030.gov.sa/explore/strategies/strategy-for-the-mining-sector.

[33] Schulze and Schrolle, 'Saudi Arabia Strives to Become Major Player in Mineral Supply Chains'.

Another pathway would be to deepen bilateral strategic relationships with mineral-rich countries in Latin America, Africa and Asia by offering sustainable investment packages in direct competition with the GCC states.[34] Mineral rich developing economies are often among the most vulnerable to climate change, which makes it essential that CM engagement goes beyond resource extraction. By presenting holistic and attractive offers that include reinvestment in climate mitigation and adaptation, as well as broader economic opportunities, actors can position themselves as more credible and viable partners than Chinese or Gulf state investors. A key challenge for bilateral investment in mining is the reluctance of many corporations to commit capital in politically unstable environments. This underscores the need for strong political leadership to champion holistic investment strategies that balance risk management with long-term strategic gains in mineral-rich countries.

As the Gulf states redirect oil revenues to the CM sectors, states that seek to acquire these minerals will need to reconsider their diplomatic ties with these countries. The complexities involved in such choices involve potential trade-offs between securing supply chains, reducing dependence on China and meeting sustainability standards.

[34] Olivia Lazard, 'How the EU Can Use Mineral Supply Chains to Redesign Collective Security', Carnegie Endowment for International Peace, 2023, https://carnegieendowment.org/europe/strategic-europe/2023/06/how-the-eu-can-use-mineral-supply-chains-to-redesign-collective-security?lang=en.

About UI

Established in 1938, the Swedish Institute of International Affairs (UI) is an independent research institute on foreign affairs and international relations. Any views expressed in this publication are those of the author. They should not be interpreted as reflecting the views of the Swedish Institute of International Affairs. All manuscripts are reviewed by at least two other experts in the field.

The Swedish Institute of International Affairs
Visiting Address: Amiralitetsbacken 1, 111 49 Stockholm
Postal Address: Box 3163, 103 63 Stockholm
Phone: +46 8 511 768 00
www.ui.se info@ui.se X: @UISweden