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PRESS RELEASE

AI: The Gulf region faces new strategic dependencies

Singapore, 10th August 2026 – The Gulf states are stepping up their efforts in AI and data centres to prepare for the post-oil era. However, this new frontier in economic diversification exposes the region to unprecedented vulnerabilities: critical infrastructure, technological dependence, a shortage of talent and pressure on resources.

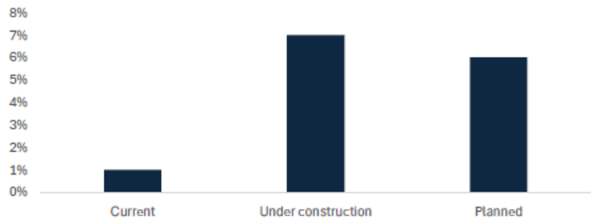
Key Figures :

- **Over 250 billion USD invested** over the past twenty years by the Gulf states in AI, advanced data centers, video games and digital ecosystems.
- **Just over 1 %** of current global data center capacity, but around 7 % of capacity under construction and nearly 6 % of planned capacity.
- **Between 1 and 5** million liters of water per day may be required to cool a standard hyperscale data center.

The Gulf is stepping up its efforts in AI

The countries of the Gulf Cooperation Council (GCC) are now emerging as one of the new growth areas for artificial intelligence and digital infrastructure. Driven by their sovereign wealth funds and diversification strategies, they are investing heavily in AI, cloud computing, data centers and digital ecosystems. The pace of development is rapid: whilst the region's share of existing global capacity remains limited, it is already playing a much greater role in projects currently under construction and those in the planning stage.

Chart 1: Share of top GCC hubds in global capacities (%)



Source: JLL, Q1 2026 data

Saudi Arabia and the UAE appear to be the two regional driving forces behind this race. Riyadh and Abu Dhabi are set to become the Gulf's leading hubs for AI and hyperscale data centers, driven by major digital infrastructure projects and partnerships with global technology players.

Diversification that shifts vulnerabilities

This digital race is underpinned by real strengths: cheap energy, financial resources, desalination infrastructure and a geographical location between Europe, Asia and Africa. But it does not eliminate vulnerabilities: it merely shifts them.

The region's ambitions in the field of AI remain dependent on foreign technologies, notably semiconductors, graphics chips, major cloud providers and export licenses.

The region does not yet have a mature domestic ecosystem for semiconductor manufacturing or software architecture. This dependence also extends to skills, as specialists in AI, cloud computing and semiconductors are already highly sought-after across the world's major technology hubs.

Digital infrastructure is becoming critical

As the Gulf economies become increasingly digital, data centers undersea cables, cloud platforms and digital networks are becoming critical infrastructure. They now underpin financial services, public platforms, smart cities and the digital supply chains used by businesses.

In a volatile regional environment, this centrality creates a new type of country risk. Large data centers are becoming physical targets, whilst undersea cables represent another potential point of vulnerability.

Pressure on resources adds a further layer of vulnerability. In a region where fresh water is scarce and largely dependent on desalination, the development of large-scale computing capabilities may intensify trade-offs between industrial, residential and digital uses.

For businesses, the Gulf's rise in AI therefore goes beyond mere technological innovation: it raises practical questions regarding operational resilience, supplier dependency, business continuity and exposure to critical digital infrastructure.

"*The Gulf's race for AI illustrates a profound shift: post-oil diversification does not eliminate vulnerabilities; it creates new ones. Data centers, semiconductors, talent and resources are now becoming assets that are just as strategic as energy infrastructure*." **Seltem Iyigun, Middle East economist at Coface.**

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