أكاديمية أنور قرقاش الدبلوماسية
ANWAR GARGASH DIPLOMATIC ACADEMY

Economic Diplomacy

AGDA INSIGHT | JULY 2025

Agriculture, Energy and Infrastructure Partnerships: Opportunities and Challenges for Gulf-Latin America Ties

Joel Foyth

Joel Foyth

is University Lecturer of Economic Policy and Associate Lecturer of the Seminar titled 'Politics, Religion and Economy in the International Relations of the Middle East and North Africa', at the Faculty of Political Science and International Relations (FCPOLIT), National University of Rosario (UNR), Argentina. He is also International Business Consultant at Staffers and Researcher at the Rosario Institute for Studies of the Arab and Islamic World and the Middle East Studies Group of the South-South Relations and Cooperation Program at FCPOLIT, UNR.

Summary

- The traditionally positive relationship between the Gulf Cooperation Council (GCC) and Latin America (LatAm) was strengthened at the beginning of the 21st century with important political attempts like the South America-Arab Countries (ASPA) summit motivated by a more multipolar world and complementary needs between both regions.

- Conflict and fragmentation characterise the international system and emerging nations face important challenges. Considering this, many nations in the GCC and LatAm have chosen foreign policies marked by strategic autonomy to diversify their partners, reduce risks and seize new development opportunities.

- A small number of countries have dominated the GCC-LatAm relationship in recent years. These include the United Arab Emirates (UAE) and Saudi Arabia (KSA) on one side and mainly Brazil on the other side, – with Argentina and Mexico following behind.

- In the commercial area, though the economies' export baskets are complementary to one another, the volume of commerce is still low. The UAE has been the primary commercial partner, serving as a hub through which LatAm products enter the entire region. It has also had the most active trade policy, concluding comprehensive economic partnership agreements (CEPAs) with Chile, Colombia and Costa Rica, and opening negotiations with Mercosur, Ecuador and potentially Peru.

- Even in terms of investments, there is great complementarity. Though KSA has recently pushed a robust policy to increase its investment presence in the region, the UAE has been the largest investor so far, accounting for 77% of all the GCC investments during the 2016–2021[1] period. The primary areas of investment are infrastructure, agriculture and food security, and energy – conventional and renewable. However, initiatives are still sporadic, and there is a lot of room to strengthen them.

- The main recommendations for the GCC can be summed up as follows:

  - relaunching inter-regional negotiations for large-scale trade and investment agreements;

  - set up permanent working groups to develop a common agenda on trade, food security, energy, climate change, and technological cooperation must be established;

  - smaller states, such as Kuwait, Qatar, Bahrain, and Oman, can create 'niches' of influence by deepening strategic investments and tapping opportunities in tourism and services;

  - the GCC could explore bloc-wide collaboration with similar blocs in LatAm;

  - consider opening more diplomatic missions in LatAm (and vice versa), which is a recipe for improved trade.

The Issue

The GCC and LatAm countries have a friendly but distant relationship because of geographic distance, cultural differences and lack of political engagement. However, with the shift to a multipolar world at the start of the 21st century, this has started to change.

Due to economic complementarity, there has been a steady rapprochement between the two regions. Food exports from LatAm are abundant, but still require substantial investment in its infrastructure, while the GCC is a net importer of food and its sovereign wealth funds (SWFs) have invested all over the world. These state-backed and other investors could invest in bridging the infrastructure gaps in LatAm while working towards improving their own food security.

The global financial crisis, Covid-19, Russia-Ukraine War, and other regional conflicts have caused significant instability and fragmentation in the international trade and finance flows, making developing nations extremely vulnerable. In this backdrop, the purpose of this Insight is to examine the opportunities and challenges that the GCC-LatAm relationship faces. It argues that the interaction between the two regions is crucial for the building of autonomous foreign policies that avoid conflict with the global centres of power and can find solutions to the needs that each of the regions faces. Despite the complementarities, there has not been a strong political will in the past to build a deeper alliance, and the relationship is therefore far from optimum.

Strategic Autonomy in a Challenging World

The United States is the leading superpower today, but China is on the rise, creating 'emerging bipolarity'[2]. At the same time, entities like the BRICS are becoming more influential. However, this multipolar world is characterised by geopolitical and geoeconomic fragmentation, which is demonstrated by the crisis in Ukraine, the escalation of systemic competition between the US and China, tensions in East Asia, and a new wave of Middle Eastern crises following October 7, 2023.

In dealing with this international order, the developing nations need to protect their interests, broaden their networks and seize the emerging new opportunities . The European Union[3], Turkey[4], the GCC – especially Saudi Arabia and the UAE[5], and other emerging countries have adopted the idea of strategic autonomy in their foreign policies.

This political trend is deeply linked to LatAm, where scholars like Juan Carlos Puig were the forerunners of the school of autonomy in International Relations. During the Cold War, Puig argued that LatAm ought to withdraw from the West-East conflict and look for forums for independent decision-making to address its interests, which were connected to issues of development.

Strategic autonomy is defined by Lippert, Ondarza and Perthes (2019)[6] as:

> "(…) the ability to set one's own priorities and make one's own decisions in matters of foreign policy and security, together with the institutional, political and material wherewithal to carry these through – in cooperation with third parties, or if need be alone. Strong strategic autonomy means being able to set, modify and enforce international rules, as opposed to (unwillingly) obeying rules set by others. The opposite of strategic autonomy is being a rule-taker subject to strategic decisions made by others: the United States, China or Russia (…) An autonomous actor decides on its own, on the basis of its own priorities, with which other actors it wishes to seek partnerships and alliances. In an interdependent world, autarchy is neither possible nor desirable. Partners are essential for protecting and promoting values and interests."

To address a multipolar but fragmented world and meet their development needs, LatAm and the GCC can find partners in one another. The Middle East and North Africa (MENA) region is once again positioned 'in the middle' between the centres of world economic development. Asia has absorbed 70% of the GCC's oil and gas exports, with China alone accounting for 20%, given the West's declining energy demand.[7]

In this situation, the GCC nations have worked to enhance their strategic autonomy and have evolved into what Ikenberry (2024)[8] refers to as 'swing states', or nations that alternate between the West and the East based on specific interests and conditions, forging connections by utilising multilateral instances or issue areas to optimise their margins of action.

In August 2023, the BRICS Summit concluded in Johannesburg, inviting nations from the 'Global South' to join the bloc. Once again, countries from the GCC and LatAm took centre stage: Iran, Saudi Arabia, the UAE, and Argentina, along with Egypt and Ethiopia, were invited to join the grouping in January 2024.

This was done in accordance with the GCC states' strategic autonomy principles:

> "The inclusion of Saudi Arabia, the UAE, Iran and Egypt indicates that Middle Eastern countries, in the middle ground in great power competition, are seeking to coordinate positions and deepen cooperation with countries in similar situations, hedging geopolitical uncertainties with geo-economic stability and thereby transforming geo-economic influence into geopolitical influence".9

However, Saudi Arabia and Argentina have not accepted the invitation so far. This further highlights the fact that, while diversifying their international connections, the GCC and LatAm have not made as much progress in their partnerships. Complementary needs and interests exist, and both regions can discover new opportunities for collaboration in their pursuit of strategic autonomy.

Great Potential, but Much to Do

Latin America is the region with the greatest concentration of Arabs outside of MENA[10], indicating the strong cultural ties. Yet, the link between the two regions was expanded only in the 21st century, when countries in LatAm adopted more autonomist foreign policies. During his 2003 visit to the Arab League, Brazilian president Luis Ignacio Lula da Silva suggested formalising the bi-regional connection.

The first South America-Arab Countries (ASPA) Summit was held in Brazil in 2005. Brazilian Foreign Minister Celso Amorim claimed that "to go from Brazil to Cairo it will not be necessary to go through Washington and Paris".[11] According to an autonomist perspective, a new multipolar world required a corresponding diversification of partners.

Because of their wealth and modernisation, the Gulf monarchies started to enjoy a privileged position. This has been highlighted since the second decade of the century, when they remained the lone area of stability while MENA region was embroiled in post-Arab Spring turmoil.

However, the GCC-LatAm connection has been centred around a small number of actors. Brazil has become a considerable provider of important agricultural goods and is the LatAm nation that has drawn the most GCC investments. Argentina and Mexico round out the top three of the GCC's main trading partners. However, Brazil has managed to make a significant difference, comfortably surpassing its neighbours.

In the Gulf, Saudi Arabia and Iran are major powers, but there are other intermediary actors like the UAE and Qatar that have gained influence in specific domains.[12] The link with LatAm demonstrates this. KSA is a significant player because of the size of its market. Nonetheless, the UAE has adopted a more assertive stance, securing a prominent position in the cross-regional investment and commerce.

Economic complementarity was the driving force behind the two regions' cooperation. Over 90% of the food consumed in the GCC is imported.[13] Latin America, on the other hand, has vast freshwater resources and is one of the major food exporting regions. However, it has not been easy to take advantage of their potential. Interest in strengthening ties with the Arab world was waning as new governments in LatAm were more willing to place their bets on traditional alliances. Thus, to work on complementing opportunities in the pursuit of strategic autonomy, it is imperative to take the political component into account.

Trade Cooperation

The objective of the ASPA Summit was to strengthen ties between the 22 Arab League members and 12 nations of the Union of South American Nations. Trade was a focal point of the summits, and in May 2005, it was announced that the GCC and the Common Market of the South (Mercosur) – Brazil, Argentina, Paraguay, and Uruguay – had signed the Framework Agreement for Economic Cooperation, and started negotiations for a free trade agreement that was scheduled to go into effect in 2007.[14] The GCC and Mercosur prioritised finding a separate accord between smaller blocs, and the GCC nations were viewed as important markets for Brazil's and Argentina's plentiful agri-food exports.[15]

However, this kind of negotiation is a difficult process. More than 195 petrochemical goods that were crucial to the GCC were excluded from the tax reduction list proposed by Mercosur nations – which had defensive interest in that industry. In response, the GCC "excluded 222 items from its offer, including meat, fish, dairy products, tobacco, ceramics for coatings, refrigerators, and iron and steel products"[16] that involved important industries for Mercosur.

Therefore, the project stalled and the rationale behind the agreement was weakened by leaving significant export goods from both blocs' lists, even though negotiations continued and certain agreement chapters were drawn up. Nonetheless, throughout the ensuing decade, commerce between the GCC and Mercosur nations kept increasing. It was concentrated to a few actors: in 2018, Brazil exported $5.8 billion worth of goods to the GCC countries. More than $4 billion of this was to Saudi Arabia and the UAE. Including Argentina's $1.4 billion exports to the GCC, the combined exports of these two major Mercosur members were $7.2 billion.

The trade balance between the Mercosur and GCC nations in 2023 is presented in Figure 1 using the International Trade Centre (ITC)[17] data, noting that macroeconomic data analysing bi-regional ties is scarce and challenging to get. Due to technical variations in data gathering or restricted access to the data, there can be some inconsistencies with other data sources. Nonetheless, this Insight's goal is to highlight the key patterns, rather than focusing on number details.

According to Figure 1, bi-regional commerce is still heavily focused between Brazil (and, far behind, Argentina) and the UAE and KSA. Notably, Brazil and Argentina report large surpluses with the GCC – their exports are nearly double their imports. Meanwhile, trade with Paraguay and Uruguay is very small, but favourable to the GCC.

Figure 1: Trade balance between Mercosur and GCC countries in $ million in 2023

	Imports from	Exports to	Imports from	Exports to
	Brazil		Argentina	
UAE	1202,418	3165,706	196,937	330,6
Saudi Arabia	3531,822	3203,557	273,655	734,704
Bahrain	215,032	1171,059	31,65	17,343
Oman	675,245	1191,451	15,375	110,695
Kuwait	400,458	268,028	12,678	46,269
Qatar	698,551	363,982	112,96	35,261
Total	6723,526	9363,783	643,255	1274,872
	Uruguay		Paraguay	
UAE	23,405	22,599	249,569	25,817
Saudi Arabia	150,493	21,378	2,505	13,829
Bahrain	9,107	5,287	11,062	0,878
Oman	2,443	4,452	2,811	0,12
Kuwait	19,078	3,8	5,062	25,928
Qatar	18,754	4,78	1,605	2,037
Total	223,28	62,296	272,614	68,609

Source: ITC data

Regarding the trade potential between LatAm and the GCC, the Inter-American Development Bank (IDB)[18] published a report in 2019, named New Horizons for Trade and Investment: Strategies for the Gulf Countries and Latin America and the Caribbean. It shows that LatAm occupied a secondary place in GCC trade. "In 2018, LatAm exports to UAE were just 0.43% of total exports. The corresponding number for LatAm imports from UAE was 0.14% of total imports (…) The percentages in the case of GCC (excluding UAE) are equally low, amounting to 0.86% of total LatAm exports and 0.34% of total LatAm imports in 2018".

The UAE also accounted for 27% of GCC exports, and 46% of imports from LatAm. On the LatAm side, Brazil, Argentina and Mexico accounted for 76% of bilateral trade. In the case of Brazil, meat exports are a key point, boosted by its huge processing companies such as JBS or BRF that have developed important production of Halal-certified meat.

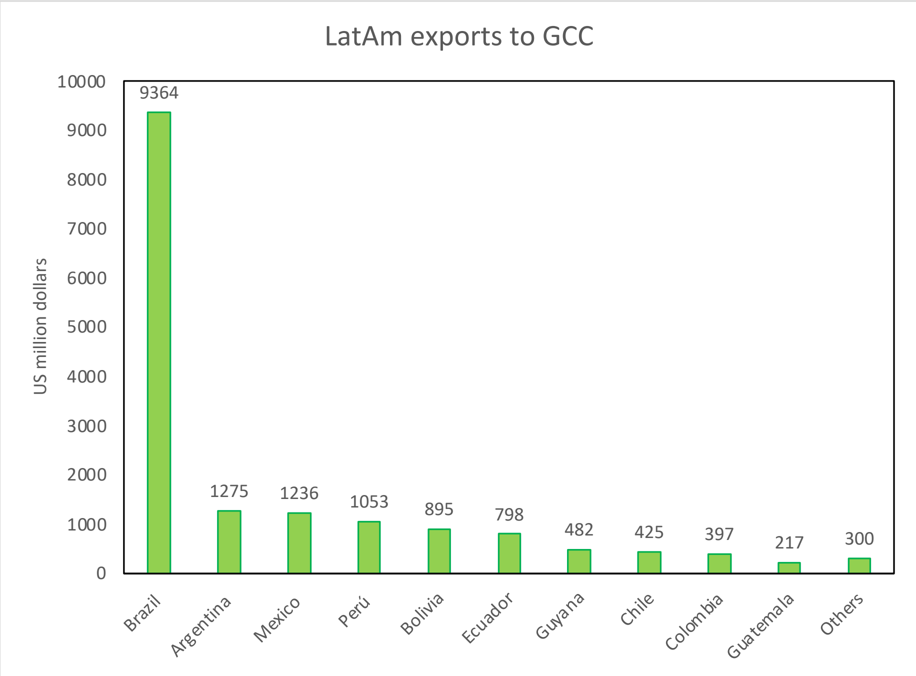
Even if some of the numbers might be dated, they nevertheless show significant trends in how mutual trade and investment are structured, which alluded to the UAE's significant influence in LatAm, where it has emerged as the primary actor in the relationship.

According to ITC data, the UAE imported goods worth more than $10 billion in 2023 and consolidated its position as the main importer of LatAm products. The UAE has established itself as a hub for the entry, re-export and distribution of goods around the region due to its stability, logistics and commercial policies. Second place goes to KSA, but it is still far behind, importing almost half of the UAE's value.

Regarding exports to LatAm, KSA has achieved a better performance, concentrating $4.92 million exports to LatAm, followed by the UAE with $1.94 million. Qatar, Kuwait, Bahrain, and Oman represent very modest percentages of the commerce between the two regions.

Conversely, the trade balance from LatAm's perspective is displayed in Figures 2 and 3. Brazil remains the primary player in commerce. It exported more than $9.3 billion to the GCC in 2023, which was 7.3 times more than Argentina, which came in second with $1.2 billion.

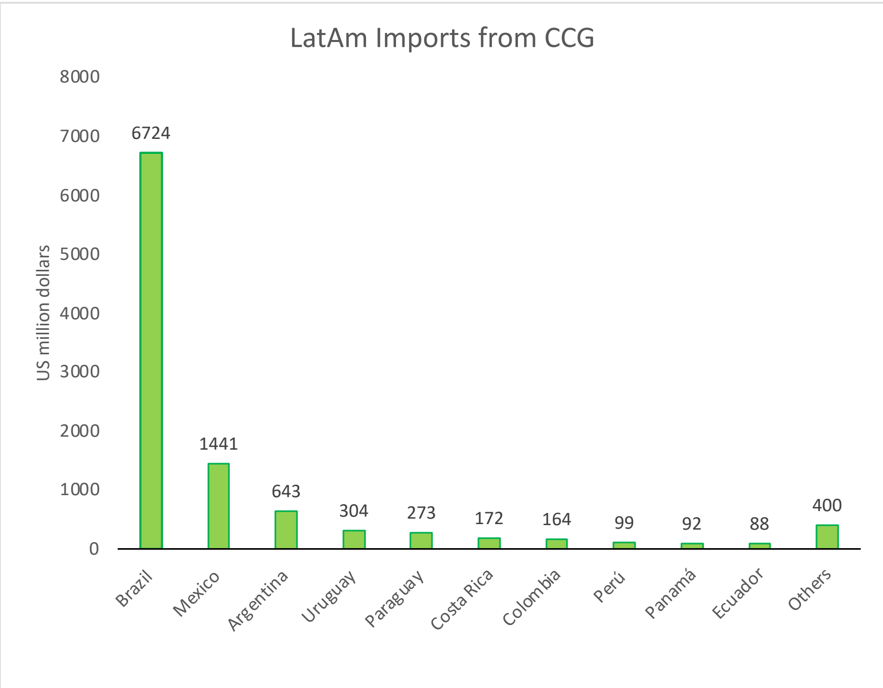
Figure 2: LatAm exports by country to GCC in $ million in 2023



Source: ITC data

Figure 3 illustrates a similar trend when examining imports from the GCC. With $6.72 billion, Brazil leads the group, Mexico comes in second with $1.44 billion, and Argentina third with $643 million.

Figure 3: LatAm imports by country to GCC countries in $ million in 2023



Source: ITC data

Despite some improvement, the GCC's commercial relationship with LatAm still falls short of its potential. LatAm exports to the Gulf accounted for just 1.3% of its overall exports in 2024, as Figure 4 illustrates. Precious stones, pearls, meat, minerals, sugar, grains, steel, food processing waste, coffee, tea, and other commodities were the primary exports.

Figure 4: LatAm exports to GCC, 10 most important products in $ millions in 2024

Product	Latam's exports to GCC			Latam's exports to the world
	Value in 2022	Value in 2023	Value in 2024	Value in 2024
All products	16974,052	16506,318	20220,687	1515633,201
Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...	2940,654	3288,717	3724,675	46383,349
Meat and edible meat offal	3113,953	3026,367	3570,055	37537,015
Ores, slag and ash	2553,621	2216,774	2301,387	114786,64
Sugars and sugar confectionery	883,411	1314,414	2090,119	24511,303
Cereals	1423,385	863,06	1101,157	22349,005
Articles of iron or steel	228,031	395,041	863,241	13755,78
Residues and waste from the food industries; prepared animal fodder	627,46	568,748	803,971	24244,759
Commodities not elsewhere specified	1097,964	516,137	748,553	29065,931
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	406,88	299,14	697,501	166291,376
Coffee, tea, maté and spices	358,998	378,166	592,912	21802,354

Source: ITC data

On the other hand, as illustrated in Figure 5, LatAm's imports from the GCC in 2024 were just over 0.5 percent of its overall imports. Fuels and distillation products, fertilisers, polymers, aluminium, steel, ships, nuclear reactors, and other items were among the primary products.

Source: Based on WITS data

Figure 5: LatAm imports from GCC, 10 most important products in $ millions in 2024

Product	Latam's imports from GCC			Latam's imports from the world
	Value in 2022	Value in 2023	Value in 2024	Value in 2024
All products	16403,785	10438,506	8138,895	1396375,779
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	9485,938	5335,012	4522,705	161850,216
Fertilisers	3340,345	1874,407	1553,763	21595,726
Plastics and articles thereof	1049,054	588,189	699,251	65379,992
Ships, boats and floating structures	6,577	992,000	197,333	10238,602
Aluminium and articles thereof	1462,069	1120,302	166,162	14740,738
Iron and steel	75,199	83,608	156,588	34036,205
Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	65,586	189,545	132,973	199166,585
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	37,408	262,800	130,221	187135,617
Essential oils and resinoids; perfumery, cosmetic or toilet preparations	9,506	39,667	112,139	13436,305
Salt; sulphur; earths and stone; plastering materials, lime and cement	234,284	167,919	109,15	3308,963

Source: ITC data

With some exceptions, most of the goods traded between the two regions were low-value products, or goods derived from natural resources. Some inter-regional value chains have been formed around these products: the GCC imports iron ore to make aluminium, which is subsequently exported to LatAm and LatAm imports fertilisers from GCC for its agricultural production that is exported to the Gulf.

The IDB research quoted previously, on the other hand, indicates that trade in goods with higher added value has room to increase. Comparing the lists of the export and import baskets of the two regions, the report shows that the import basket of Latin America included almost 4,360 items of the UAE's typically exported goods. Yet, rather than importing these goods from the UAE, LatAm did so from other markets. Just 2,141 products (49%) out of 4,360 possible options were traded. On the other hand, the UAE imports 4,552 of the goods in LatAm's export basket. Nevertheless, the UAE imported primarily from other markets, with only 2,399 articles (53%) being traded with LatAm.

Figure 6, taken from the IDB report, shows the main products with potential for trade creation between the GCC and LatAm. The figure also shows the most important complementary imports from GCC with the LatAm export offer and vice versa. Figure 7 reveals the same complementarity, but focused specifically on UAELatAm trade. The IDB analysis is from 2016, but it is still a good illustration of the trade potential.

Figure 6: Top 5 complementary trade chapters between GCC (excl. UAE) and LatAm

LAC Imports from GCC (excl.. UAE)			
Code (2 digit HS)	Description	Total LAC Imports	Total GCC (excl. UAE) Exports
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers; television image and sound recorders and reproducers, parts and accessories of such articles	137,909	1,822
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	127,761	2,752
87	Vehicles; other than railway or tramway rolling stock, and parts and accessories thereof	82,484	2,081
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	76,914	273,515
39	Plastics and articles thereof	44,143	15,712
GCC (excl.. UAE) Imports from LAC			
Code (2 digit HS)	Description	Total GCC (excl. UAE) Imports	Total LAC Exports
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	32,045	76,486
87	Vehicles; other than railway or tramway rolling stock, and parts and accessories thereof	26,588	105,783
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers; television image and sound recorders and reproducers, parts and accessories of such articles	23,694	85,209
73	Iron or steel articles	9,127	8,069
30	Pharmaceutical products	7,172	6,982

Source: Inter-American Development Bank

Figure 7: Top 5 complementary trade chapters between UAE and LatAm

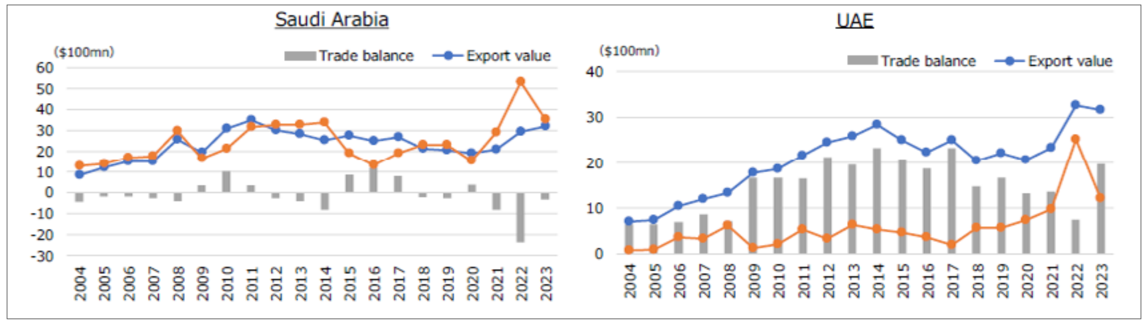
LAC Imports from UAE			
Code (2 digit HS)	Description	Total LAC Imports	Total UAE Exports
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers; television image and sound recorders and reproducers, parts and accessories of such articles	137,909	6,608
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	127,761	8,010
87	Vehicles; other than railway or tramway rolling stock, and parts and accessories thereof	82,484	7,835
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	76,914	45,616
39	Plastics and articles thereof	44,143	5,423
UAE Imports from LAC			
Code (2 digit HS)	Description	Total UAE Imports	Total LAC Exports
71	Natural, cultured pearls; precious, semi-precious stones; precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	52,897	27,775
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	20,674	76,486
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers; television image and sound recorders and reproducers, parts and accessories of such articles	18,741	85,209
87	Vehicles; other than railway or tramway rolling stock, and parts and accessories thereof	16,257	105,783
88	Aircraft, spacecraft and parts thereof	12,426	5,931

Source: Inter-American Development Bank

Figure 8 explores some of the time trends in the trade between the regions. In 2020, bilateral commerce decreased due to Covid-19. When the economy recovered, trade recovered too and the start of the Russia-Ukraine war in 2022 provided a fresh push. The LatAm nations account for about 30% of the world's wheat supply and are the main providers of these goods to the Middle East.[19]

As a result, trade flows between Brazil and the Arab world increased by 38% in that year, surpassing previous records. Products like beef and cereals accounted for almost 70% of Brazil's exports to the Arab world.[20]

Figure 8: Balance of Trade Brazil – Saudi Arabia and UAE, from 2004 to 2023



Source: Uno (2024)[21]

Increasing added value and expanding commerce are closely related to strengthening political ties, which is aligned with the GCC's new foreign policy characterised by strategic autonomy.

The IDB states that "governments that establish a diplomatic mission in a partnering country can increase bilateral trade by 20%. If all countries in both regions did so, this could generate $3.3 billion in additional trade between LatAm and GCC. Also, (…) Preferential Trade Agreements can increase bilateral trade by 60%".

As of early 2025, only Brazil had permanent diplomatic missions in all 6 GCC countries, while Argentina and Mexico lack representations in Brazil and are not fully represented in Oman. Similarly, KSA, UAE, Kuwait and Qatar have permanent missions in Argentina, Brazil and Mexico, but Bahrain and Oman are represented through the Saudi embassy.[22]

The UAE has taken the lead in the area of preferential trade agreements, with a strategic trade policy to establish itself as a 'Nexus State' and a benchmark nation in the world economy.[23] For LatAm, the UAE is regarded as the central location for the secure entry and distribution of goods throughout MENA. Numerous public and commercial organisations have established offices in Dubai and participated in events like Expo Dubai or GulFood.

In recent years, the UAE has opened trade negotiations with nine LatAm economies, promoting negotiations of six CEPAs with Colombia, Costa Rica, Chile, Ecuador, Peru, and the four Mercosur countries as a bloc.[24]

The CEPA negotiations with Chile started following the signing of a memorandum in 2021. The final agreement was approved in April 2024. The 21 chapters of the agreement cover traditional rules on trade in products, government procurement, trade in services, intellectual property, technical trade barriers, and sanitary and phytosanitary measures. Additionally, it includes more comprehensive, next-generation laws, including chapters on digital trade, women's economic empowerment, small and medium-sized businesses, and global value chains. A chapter on economic cooperation that covers labour issues, environmental concerns, and trade association relationships is also included.[25]

Also in 2024, a CEPA was reached with Colombia following two years of discussions. The 19 chapters of the agreement are like those of the Chilean agreement. It has a dedicated section on ethical tourism as an innovative feature. The agreement's institutional elements, such as the dispute resolution process and exclusions, are also included.[26]

The agreement with Costa Rica was likewise concluded in April 2024.[27] It is the only one with a LatAm country that has been ratified by both sides and has entered into force by June 2025. Similar elements to the CEPAs outlined above are included in its 18 chapters. In addition to a part on digital trade, it contains a special chapter on investment and another on trade in services. But in this instance, no innovative chapters are presented, like those on gender in Chile or sustainable tourism in Colombia.

The UAE initiative revitalised the relationship with Mercosur. The initial talks with the bloc started in 2022. The third round of talks, which covered market access, rules of origin, sanitary and phytosanitary requirements, and technological trade barriers, began in October 2024. In Mercosur, there are expectations regarding food product accessibility. If tariffs are lowered, South American goods can enter the market more competitively and use the UAE as a platform to re-export to the rest of the region.[28]

Lastly, the most recent discussions started with Ecuador in February 2024 on the sidelines of the 13th WTO Ministerial Conference held in Abu Dhabi, with Peru also expressing interest in negotiating one. It was publicly stated that parties wanted to close the deals that same year, but they were yet to be concluded by mid-2025.

As seen in Figure 9, the UAE trade with some Latin-American nations has been growing progressively, demonstrating their increasingly important role in the trade arena. Unlike its GCC neighbours, which focus on exports of oil products, these new UAE agreements go hand in hand with its agenda that emphasises economic diversification and the intelligent opening of new markets. Unsurprisingly, they are among the LatAm economies that the UAE started negotiating CEPAs with in 2021, and now that some of those CEPAs are entering into force, the prospects for future trade growth are sizable.

Figure 9: Variation in foreign trade of countries with free trade agreements concluded and under negotiation with the UAE (2019-2022)

Country	Total change in exports from 2019 to 2022	Total change in imports from 2019 to 2022
Argentina	51.85%	31.95%
Brazil	35.12%	389.86%
Chile	10.86%	69.70%
Colombia	159.81%	-37.22%
Costa Rica	111.95%	21.09%
Ecuador	259.49%	210.69%
Paraguay	3.13%	133.78%
Perú	-29.72%	44.57%
Uruguay	38.02%	-63.36%

Source: Fabani and Zelicovich (2024)[29]

Investments

The GCC nations have emerged as major participants in the global financial system.[30] The Abu Dhabi Investment Authority, Kuwait Investment Authority, Saudi Arabia's Public Investment Fund (PIF), and the Qatar Investment Authority (QIA), are among the top SWFs in the world.

The GCC nations invested about $4 billion between 2016 and 2021 in LatAm. The UAE made up 77% of this total, with KSA coming in second with 22% and Qatar third with 1%. By comparison, LatAm foreign direct investment in the GCC was far lower, amounting to only $500 million between 2017 and 2021, with Brazil accounting for 85% and Argentina for 13%.

The GCC nations have shown a renewed interest in expanding LatAm investments after Covid-19. Driven by DP World, which manages several ports in LatAm, more than half of GCC investment is concentrated on logistics and transportation. The Emirati Mubadala SWF has invested over $5 billion since 2010, and in 2023, PIF and the Latin American company Patria Investments started a project in Brazil that involved 473 km of new highways and $1.2 billion expenditure.[31]

Mutual investments have a huge potential for growth. According to the IDB report, in 2017, LatAm multinational corporations operated in almost 800 economic sectors and had 37,366 subsidiaries worldwide. However, just five of them were present in the GCC countries. On the other hand, the GCC multinational corporations operated 5,826 subsidiaries throughout 481 economic sectors globally. However, only 56 subsidiaries had been set up in Latin America.

The UAE has undoubtedly played a leading role, but Saudi Arabia wants to increase its influence after the Covid-19 pandemic. In August 2023, Saudi Investment Minister Khalid Al-Falih embarked on a significant tour of Brazil, Paraguay, Argentina, Costa Rica, Panama, and Chile with the goal of "exploring opportunities to strengthen and deepen investment partnerships". ACWA Power, Al Rajhi International for Investments, SALIC, PIF, Bahri, Amo Halal, Dar Alrarcan, Saudi Exim Bank, and the Saudi Ministry of Sports were among the principal businesses and organisations accompanying him. In response, Brazil's president Lula da Silva stated: "We are not only interested in knowing how much Saudi funds can invest in Brazil, but in how much Brazilian entrepreneurs can invest in Saudi Arabia".[32]

It became evident that Saudi interest extends much beyond the customary import of food: "We would like to invite Argentine businessmen to come to our country, to see the market and the conditions, as well as to seek financing. We have direct investors (...) and many are here today".[33]

The CARICOM summit of Caribbean heads of state was held in Riyadh in 2023. KSA pledged to invest $2.5 billion for development. "This is the time for Guyana and CARICOM to find non-traditional partners in the pursuit of their development goals," the President of Guyana commented.[34] This statement reflects how the GCC and LatAm nations have developed their quest for strategic autonomy in the financial arena.

The UAE and Saudi Arabia have become the primary investors in LatAm on at least three key investment axes.[35] Energy is the first of these. New downstream oil investment opportunities are being offered by LatAm. Esmax Distribution, the distributor of the Chilean oil business Esmax, was purchased by Aramco in 2023.[36] The Nestor Kirchner gas pipeline in Argentina will be financed by the Saudi Development Fund.[37]

However, what is most attractive is the renewable energy potential of LatAm. By funding mining projects in lithium, cobalt, and rare earths, the UAE and KSA have demonstrated an interest in investing in the emerging mineral industries that are essential to the shift away from fossil fuels and toward renewable energy. Riyadh and Abu Dhabi want to be major hubs for the processing and sale of these minerals.

For instance, Brazil possesses nickel and rare earths, Chile has substantial copper deposits, and along with Argentina, Bolivia owns more than half of the world's lithium reserves. Recently, PIF and the Saudi Arabian Mining Company (Ma'aden) paid $2.5 billion to acquire a 10% share in the Brazilian mining giant Vale. Since 2021, the Dubai Investment Fund and JFR Investments have made copper, nickel, tantalum, and niobium investments in Brazil and Peru. The GCC countries are aware that controlling part of the value chain of these resources will give them significant influence in the future global economy.

Traditional Western investors have been deterred from making investments due to the decline in global prices for certain mining goods. With the help of their extensive resources, GCC investments have grown in response to this, enabling them to withstand these brief periods of market decline.

Agriculture and food security make up the second axis. This has encouraged investments from LatAm in the Gulf as well as from the GCC in Latin America. With offices in the UAE and Saudi Arabia, the Brazilian corporation BRF formed a joint venture with Halal Products Development corporation, a PIF affiliate, to grow the halal meat market in the Gulf. In addition, with investments totalling $60 million, the Saudi veterinary services business MAS and the Argentine biotechnology company Biogenesis Bago have inked a deal to build the nation's first animal vaccine manufacturing facility, whose products will be supplied across the MENA.[38]

Lastly, infrastructure makes up the third axis. To secure the import of vital resources, the UAE has taken the lead in this kind of investment, building commercial and logistical hubs throughout LatAm. Under long-term concession programmes, DP World runs significant ports like Posorja in Ecuador and Callao in Peru, where it has made investments to increase container handling and capacity. Additionally, it is constructing a new grain and fertiliser facility at the port it oversees in Santos, Brazil.

Additionally, Qatar and Kuwait have also undertaken modest investments in LatAm. The QIA has been looking more and more for areas to engage in, including infrastructure, mining, tourism, and agriculture. It contributes to energy and infrastructure development in Argentina as part of a bilateral investment treaty.

The Kuwaiti Fund for Arab Economic Development has improved significantly its relationships with subnational governments. Argentina's Santa Fe province secured loans in 1994 to fund the construction of highways. This fund has since financed a water treatment plant in Buenos Aires, an aqueduct in Santa Fe, and an aqueduct in the province of San Juan.[39]

Thus, the GCC has shown a renewed interest in increasing its investments in LatAm in recent times, with the UAE and KSA taking the lead. Kuwait and Qatar, on the other hand, have funded smaller initiatives. This indicates the GCC-funded projects are dispersed and do not yet form a cohesive regional strategy.

Conclusion and Recommendations

There are complementary demands and strong cultural linkages between the GCC and LatAm countries. A push for fortifying connections was observed at the turn of the century, when the global landscape started to become multipolar.

This new world is unstable and fragmented. International conflicts have emerged, and geopolitics has influenced international forums, trade and investment. Considering this, the GCC and LatAm have chosen an autonomist foreign policy. They have sought flexibility to broaden their relationships, reduce risks and capitalise on the advantages of multipolarity without contesting leadership with the world's superpowers.

In this regard, there are chances for LatAm and the GCC to satisfy their own demands, particularly regarding economic growth, diversification, and the opening of new markets. Given these factors, the following suggestions are made for the UAE specifically and the GCC as a whole:

- Establish more diplomatic missions between countries in the two regions, which has the potential to increase significantly bilateral trade and investment volumes.
- Negotiate and conclude preferential trade agreements on bilateral basis like the UAE's CEPAs, and on plurilateral basis between blocs with a revival of the GCC-Mercosur negotiations.
- There is room for the GCC to explore block-wide collaboration with similar blocks in LatAm like the Mercosur. While the Mercosur-GCC trade deal never took off, and the ASPA summits were called off, the UAE and KSA adopted proactive but independent engagement strategies. This is not problematic but could limit the impact. Bi-regional summits, like the one between the EU and the GCC in 2024, can be more successful and more flexible. In addition to high-level political action, permanent working groups must be established to develop a common agenda in trade, food security, energy, climate change, and technological cooperation.
- The GCC's smaller nations have the ability to establish 'niches of influence'. Some of the biggest SWFs in the world are found in Kuwait and Qatar, and they can deepen their operations in LatAm. Oman and Bahrain have the potential to grow in their tourist and service sectors, as well as encouraging the installation of offices for LatAm corporate subsidiaries.
- Promote commerce of goods with greater added value. Given the similar levels of development in the two regions, partial agreements on trade, investment, and technology transfer regulations in important industries including food, biotechnology, mining, artificial intelligence, software development, etc., as well as incentives for certain sectors can be made. Both regions' technology SMEs may benefit greatly from this.
- Promote cooperation in various areas beyond trade and investment. LatAm has large training and professional centres. Strengthening cooperation between universities and research institutes can further strengthen the links between the two regions.
- Triangular cooperation projects in other nations can be developed together by the GCC and LatAm. LatAm has a great deal of experience in agricultural development and has implemented programmes to spread technology. To reduce food insecurity within the GCC, both regions might contribute funds and expertise to create agricultural initiatives in nations that border the GCC as well as in areas like Sub-Saharan Africa or Central Asia.
- The UAE can use the political capital it gained to advocate for further rapprochement with LatAm. The trade and investment relationship has historically been dominated by the UAE, but Saudi Arabia has recently pushed an aggressive approach to make up for the lost time. There is a window of opportunity right now: Saudi Arabia's interest can lead to rivalry if tactics are not matched, but it can also create synergies if properly coordinated. The UAE could engage in smart and distinctive diplomacy in LatAm because of its historical expertise and reputation.

Endnotes

1. Noronha, Melanie. 2022. 'Cultivating Ties: Deepening trade and investment between Latin America and the GCC'. The Economist Impact. 17 March. https://impact.econ-asia.com/perspectives/economic-development/cultivating-ties-deepening-trade-and-investment-between-latin-america-and-gcc
2. Actis, Esteban and Creus, Nicolas. 2018. 'América Latina en la nueva bipolaridad emergente'. Nueva Sociedad. https://nuso.org/articulo/america-latina-en-la-nueva-bipolaridad-emergente/
3. Simon, Rio. 2024. 'European Strategic Autonomy: How Realism Best Explains Why It Remains a Failure'. E-International Relations. 4 December. https://www.e-ir.info/03/12/2024/european-strategic-autonomy-how-realism-best-explains-why-it-remains-a-failure/
4. Kutlay, Mustafa and Öniş, Ziya. 2021. 'Turkish foreign policy in a post-western order: strategic autonomy or new forms of dependence?'. International Affairs 1104–1085 .4 :97; DOI: 10.1093/ia/iiab094
5. Ornela, Fabani and Paredes Rodriguez, Ruben. 2024. 'La nueva geopolítica: las implicancias del ingreso de los países árabes a los BRICS | The new geopolitic: the implications of the entry of Arab countries into the BRICS'. Mural Internacional, Rio de Janeiro, Vol.15 (Jan-Dec). https://doi.org/10.12957/rmi.2024.83267
6. Lippert, Barbara; Von Ondarza, Nicolai; and Volker Perthes. 2019. 'European Strategic Autonomy'. German Institute for International and Security Affairs, Berlin, SWP Research Paper 21 .4 March. https://www.swp-berlin.org/publikation/european-strategic-autonomy
7. Kateb, Alexandre. 2024. 'The GCC's Multipolar Pivot: From Shifting Trade Patterns to New Financial and Diplomatic Alliances'. Carnegie Middle East Center. 28 May. https://carnegieendowment.org/research/05/2024/the-gccs-multipolar-pivot-from-shifting-trade-patterns-to-new-financial-and-diplomatic-alliances?l%E%80%2A6=&lang=en
8. Ikenberry, John. 2024. 'Three Worlds: the West, East and South and the competition to shape global order'. International Affairs. 138–121 ;1 :100; DOI: 10.1093/ia/iiad284
9. Italian Institute for International Political Studies. 2023. 'India's G20 Is a First Test for the New BRICS'. 8 September 2023. Consulted in December 2024. https://www.ispionline.it/en/publication/indias-g-20is-a-first-test-for-the-new-brics142872-
10. Pelayo, José. 2020. 'Unir al Consejo de Cooperación para los Estados del Golfo y a Latinoamérica'. Foreing Affaires Latinoamérica. 17 April, 2020. Consulted in December 2024. https://revistafal.com/unir-al-consejo-de-cooperacion-para-los-estados-del-golfo-y-a-latinoamerica/
11. Funk, Kevin. 2024. 'A (Neoliberal) "New World Economic Geography": Latin American-Middle Eastern Relations in an Emerging Age of Multipolarity'. The Global South In An Era Of Great Power Competition, Security Context. Consulted in December 2024. https://www.securityincontext.org/posts/neoliberal-new-world-economic-geography-latin-american-middle-eastern-relations-in-emerging-age-of-multipolarity
12. Dogan-Akkas, Betul. 2020. 'The UAE's foreign policymaking in Yemen: from bandwagoning to buck-passing'. Third World Quarterly Vol. 42, No. 735–717 ,4. https://doi.org/01436597.2020.1842730/10.1080
13. Elmi, Abdirasbid. 2017. 'Food Security in the Arab Gulf Cooperation Council States'. In: Lichtfouse, E. (eds) Sustainable Agriculture Reviews. Vol 114-89 :25. https://doi.org/3_3-58679-319-3-978/10.1007
14. Mercociudades. 2007. El Mercosur y el TLC con los Estados Árabes del Golfo. 9 February. Consulted in December 2024. https://mercociudades.org/el-mercosur-y-el-tlc-con-los-estados-arabes-del-golfo/
15. Ferabolli, Silvia. 2021. 'Space Making in the Global South: Lessons from the GCC-Mercosur Agreement'. Contexto Internacional, vol. 1)43) Jan/Apr. http://doi.org/10.1590/S8529.2019430100001-0102
16. Inter-American Development Bank. 2009. MERCOSUR Report Nº 13, May. https://doi.org/0008637/10.18235
17. International Trade Center, 2025, https://www.intracen.org/

18. Estrazulas, Francisco and Bebczuk, Ricardo. 2019. 'New Horizons for Trade and Investment: Strategies for the Gulf Countries and Latin America and the Caribbean'. Inter-American Development Bank. https://doi.org/0001985/10.18235
19. Kammer Alfred, Azour Jihad, Selassie Abebe Aemro, Goldfajn Ilan and Rhee Chang Yong. 2022. 'La guerra en Ucrania repercute en todas las regiones del mundo'. International Monetary Fund. https://www.imf.org/es/Blogs/Articles/15/03/2022/blog-how-war-in-ukraine-is-reverberating-across-worlds-regions031522-
20. Uno, Mario. 2024. 'Expansion of trade and investment between Brazil and the GCC — the potential of Brazil as a partner in the food and clean energy sectors'. Mitsui & Co. Global Strategic Studies Institute Monthly Report. chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/ https://www.mitsui.com/mgssi/en/report/detail/__icsFiles/afieldfile/2408/17/09/2024_k_uno_e.pdf
21. Uno, Mario (2024), Expansion of trade and investment between Brazil and the GCC – the potential of Brazil as a partner in the food and clean energy sectors. Mitsui & Co.
22. Botta, Paulo. 2025. Opportunities and Challenges in Latin America-GCC Relations. Trends Research and Advisory. https://trendsresearch.org/insight/opportunities-and-challenges-in-latin-america-gcc-relations/
23. Shahrour, Karam. 2020. 'The Evolution of Emirati Foreign Policy (2020-1971): The Unexpected Rise of a Small State with Boundless Ambitions'. Kuwait Program Sciences Po. https://www.sciencespo.fr/kuwait-program/wp-content/uploads/02/2021/Shahrour-Karam-The-evolution-of-Emirati-foreign-policy2020-1971-.pdf
24. Fabani, Ornela and Zelicovich, Julieta. 2024. 'Nuevos socios: el acercamiento entre Emiratos Árabes Unidos y América Latina'. Fundación ICBC. https://www.fundacionicbc.com.ar/foros_publicaciones.php?page=pub&idp=582&pub=2024
25. Ministry of Foreign Affairs of Chile. 2024. 'Chile y Emiratos Árabes Unidos firman Acuerdo de Asociación Económica Integral'. MOFA Chile website. 29 July. Consulted in January 2025. https://www.minrel.gob.cl/noticias-anteriores/chile-y-emiratos-arabes-unidos-firman-acuerdo-de-asociacion-economica
26. Colombian Foreign Ministry. 2024. Colombia y Emiratos Árabes Unidos firman Acuerdo Integral de Asociación Económica. Colombian Foreign Ministry website. 18 April. Consulted in January 2025. https://www.cancilleria.gov.co/newsroom/news/colombia-emiratos-arabes-unidos-firman-acuerdo-integral-asociacion-economica#:~:text=Colombia20%y20%Emiratos%20%C81%3rabes20%Unidos20%firman20%Acuerdo20%Integral20%de20%Asociaci%C%3B3n20%Econ%C%3B3mica,2%2024-D2%04D18&text=Luego20%de20%que20%se20%cumplan,mercado2%C20%lo20%har%C%3A1n20%sin20%arancel
27. Ministry of Foreign Trade of Costa Rica. 2024. 'Comunicado de prensa: Costa Rica y los Emiratos Árabes Unidos firman Acuerdo Integral de Asociación Económica sobre Comercio e Inversión'. Ministry of Foreign Trade of Costa Rica website. 17 April. Consulted January 2025. https://www.comex.go.cr/sala-de-prensa/comunicados/2024/abril/cp-2950-costa-rica-y-los-emiratos-%C%3A1rabes-unidos-firman-acuerdo-integral-de-asociaci%C%3B3n-econ%C%3B3mica-sobre-comercio-e-inversi%C%3B3n/
28. Infobae. 2024. 'Mercosur y Emiratos Árabes Unidos avanzan negociaciones hacia un posible acuerdo de libre comercio'. 13 November. Consulted in January 2025. https://www.infobae.com/movant/13/11/2024/mercosur-y-emiratos-arabes-unidos-avanzan-negociaciones-hacia-un-posible-acuerdo-de-libre-comercio/
29. Fabani and Zelicovich (2024), Nuevos socios: el acercamiento entre Emiratos Árabes Unidos y América Latina.
30. Tanus Mafud Abas. 2021. 'Abas Tanus Mafud: "Los países del Golfo intentan diversificar sus economías"'. El Economista. 22 February. Consulted in January 2025. https://eleconomista.com.ar/internacional/abas-tanus-mafud-los-paises-golfo-intentan-diversificar-sus-economias-n41479
31. Alghamdi, Hannan. 2024. 'GCC-Latin America Trade and Investment Relations'. Gulf Research Center. 5 May. https://www.grc.net/single-commentary/162
32. Infobae. 2024. 'Arabia Saudita busca afianzar su presencia en América Latina y el Caribe con nuevos lazos comerciales'. 8 June. Consulted in January 2025. https://www.infobae.com/america/mundo/08/06/2024/arabia-saudita-busca-afianzar-su-presencia-en-america-latina-y-el-caribe-con-nuevos-lazos-comerciales/
33. Ministry of Foreign Affairs, International Trade and Worship, Republic of Argentina. 2023. 'Cafiero junto al Ministro de Inversiones de Arabia Saudita: Eje en crecimiento de exportaciones de alimentos y energía'. Press release, Ministry website. 5 August. Consulted in January 2025. https://www.cancilleria.gob.ar/es/actualidad/noticias/cafiero-junto-al-ministro-de-inversiones-de-arabia-saudita-eje-en-crecimiento-de
34. El Observador. 2024. Arabia Saudita busca afianzar su presencia comercial en América Latina y el Caribe más allá del petróleo. 11 junio. Consulted in January 2025. https://www.elobservador.com.uy/estados-unidos/arabia-saudita/arabia-saudita-busca-afianzar-su-presencia-america-latina-y-el-caribe-nuevos-lazos-comerciales-n5945306
35. Lyall Nicholas. 2024. 'GCC Economic Objectives in Latin America in the Shadow of the Rio G20 Summit: Complementary Investment Environment and the Role of Gulf Sovereign Wealth Funds'. Trends Research & Advisory. https://trendsresearch.org/insight/gcc-economic-objectives-in-latin-america-in-the-shadow-of-the-rio-g-20summit-complimentary-investment-environment-and-the-role-of-gulf-sovereign-wealth-funds/?srsltid=AfmBOootYfF6lP7i4IA1lRxKIxwEcrSJZ-E7_vmm-znSNWdKRZ3Za9Ud
36. Aramco. 2024. 'Aramco completes acquisition of Esmax'. 1 March. Consulted in January 2025. https://www.aramco.com/en/news-media/news/2024/aramco-completes-acquisition-of-esmax
37. Buenos Aires Herald. 2023. 'Saudi Fund for Development to invest 500$ million in Argentina'. 15 April. Consulted in January 2025. https://buenosairesherald.com/business/saudi-fund-for-development-to-invest-us-500million-in-argentina
38. Al-Shair, Huda. 2021. 'Saudi Arabia to build its first foot-and-mouth disease vaccine manufacturing plant in Riyadh'. Arab News. 19 June. Consulted in January 2025. https://www.arabnews.com/node/1885541/saudi-arabia
39. Fabani, O. 2018. 'El acercamiento de la provincia de Santa Fe a Kuwait y Emiratos Árabes Unidos. Un ejemplo de la activa paradiplomacia santafecina (2017-2007)'. Estudos internacionais, 86-65 (1) ,6. http://periodicos.pucminas.br/index.php/estudosinternacionais/article/view/13477/15223