# Iran conflict muddies Gulf view on Pax Silica and Imec

By Valentina Pasquali | March 31, 2026 1:13 PM


US Secretary of State Marco Rubio speaks at a critical minerals meeting in Washington, in February. Fifty countries attended to discuss tech supply chain partnerships




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Arabian Gulf participation in two US-supported initiatives to redraw global supply chains is hanging in the balance. The Iran conflict has added urgency to the efforts while also complicating relationships among the main players.

Pax Silica and the India-Middle East-Europe Corridor (Imec) have different origins and goals, but broadly aim to shift supply chains for artificial intelligence and other vital industries away from China and its Belt and Road Initiative.

They also rely heavily on collaboration between the UAE, Qatar, Saudi Arabia and other GCC members, and Israel.

The US-Israeli war against Iran, which has made GCC states targets of Iranian retaliation, will entrench Gulf caution in picking partners, said Rachel Ziemba, an adviser on macrostrategy in New York.

“The commitment to AI and supply chains suggests some continued focus on the US,” Ziemba said.

“New alternate trade routes will be as or even more important, including rail and road networks in Imec, though the Israeli involvement may bear some thinking.

“Ultimately I think this will be assessed on pragmatic grounds.”

Héla Miniaoui, an associate professor at Lusail University in Qatar, said the Gulf was likely to embrace “a quieter, more selective and more transactional mode of participation,” across Pax Silica and Imec, choosing “public distance where politically necessary and private continuity where strategically essential”.


Crown Prince Mohammed bin Salman, Narendra Modi and Joe Biden at a 2023 meeting about Imec. Progress on the trade corridor has faltered

The Pax Silica initiative, led by the US Department of State, is focused on securing AI supply chains among 12 signatories, which include Qatar, the UAE, Israel, India and the UK.

US and Emirati officials met virtually and in Washington last Thursday, the State Department told AGBI through a spokesperson. It was the first gathering of a bilateral working group established under the May 2025 US-UAE AI Acceleration Partnership agreement.

Jacob Helberg, an undersecretary of state for economic affairs, told The National newspaper ahead of the meetings that US-UAE collaboration on AI was “even more meaningful” as the Iran conflict grinds on.

In the third week of the war, the Emirati ambassador to Washington, Yousef Al Otaiba, reiterated his country’s commitment to $1.4 trillion in co-investments with the US in “AI, clean energy, advanced manufacturing and critical infrastructure” in a March 17 letter to the US-UAE Business Council.

The UAE embassy in Washington did not respond to requests for comment.

## Gulf states see AI as the ‘new oil’

Gulf capitals are signalling interest in deepening cooperation with Washington, especially on defence, said Anna Jacobs, non-resident fellow at the Arab Gulf States Institute.

But “this messaging hides very real frustration and tensions over how the US and Israeli attacks on Iran put them directly in the line of fire,” she added, predicting “more caution and distrust in the overall relationship”.

Analysts agreed the challenge will be more acute for Imec than Pax Silica.

Gulf states view AI as the “new oil” and will continue to focus on its development during and after the war, said Bader Al Saif, a Kuwait University assistant professor and non-resident researcher with Chatham House in London and the Arab Gulf States Institute.

“I would put Imec at a lower priority just because it was facing issues from the beginning,” he said. “That said, we’re not going to let go of our partnerships with the US, Europe or Asian countries. This will continue.”

Cargo ships in the Gulf. The Hormuz crisis underlines the need for alternative routes

Imec is a Biden-era push to build capacity in transport, energy and digital connectivity from Asia to Europe, which counts the UAE and Saudi Arabia as participants. It has been struggling since the October 2023 attack by Hamas on Israel and the ensuing Israeli war in Gaza, although President Donald Trump sought to revive the plan last year.

Imec's land-based component – a road and rail network connecting GCC ports to Israel's Haifa through Saudi Arabia and Jordan – may be its most appealing element after the Iran conflict according to Miniaoui.

It underlines the global economy's exposure to a single point of failure in the Strait of Hormuz, she said.

It is also the least developed part of the initiative, where a $5 billion financing gap and most unbuilt infrastructure are concentrated, according to an Atlantic Council study from August 2025.

"The war has added political paralysis on top of an already difficult financing problem, and I see no realistic prospect of progress on that segment while hostilities continue," Miniaoui said.

"But the conflict may also be increasing the future economic rationale for precisely that segment, because the more unstable conventional sea routes become, the stronger the case for diversified land-sea connectivity across the region."