

EMBRACE Policy Brief 06

Gulf States and the Palestinian Cause: Geopolitical Shifts across the Two U.S. Presidencies

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1 Introduction to the EMBRACE project

The EMBRACE research project (2022-2025) collects evidence-based knowledge on the obstacles to democratisation and ways to overcome them in five regions of the European neighbourhood: Southern Caucasus, Eastern Europe, Western Balkans, Middle East and North Africa. Its aim is to strengthen the capacity of policy-makers and pro-democracy forces to develop effective strategies to promote democratic progress in the European neighbourhood. In addition to research reports and policy briefs, new policy tools for EUDP practitioners and pro-democracy activists are developed based on the project's findings.

The EMBRACE consortium consists of 14 partner organisations based in 13 countries, and places particular emphasis on locally-led research with deep contextual familiarity and stakeholder access within the regions under study. It brings together partners with unique and complementary strengths as well as shared areas of interest, in order to foster joint learning and development.

Empirical data was gathered in twelve case study countries through a variety of research



approaches, investigating episodes of political closure and opening to identify, analyse and explain behavioural, institutional and structural blockages, and the conditions under which they can be overcome. A new quantitative dataset was generated on the larger trends of EU Democracy Promotion and its effects on democratisation over the last two decades in all 23 neighbours.

The research is structured around four thematic clusters: the re-configurations for democratic policy shifts after popular uprisings; democratisation and economic modernisation in authoritarian and hybrid regimes; the nexus between democratisation and peace; and the geopolitics of EUDP and the competition that the EU encounters in its democracy promotion efforts.

2 Introduction to this Policy Brief

This policy brief analyses the Gulf states' growing engagement with the Palestinian cause amid the Gaza war and the broader geopolitical shifts it has triggered since October 7, 2023. The conflict has revived international attention on Palestine and repositioned the issue as both a humanitarian crisis and a strategic tool reshaping alliance across the Middle East and influencing Gulf–U.S. relations under the contrasting approaches of Trump and Biden presidencies.

Since October 7, 2023, the Gaza war has catalysed major geopolitical shifts, transforming Gulf involvement in the Palestinian cause from symbolic to strategic. Countries like Spain, Norway, and Ireland formally recognized Palestine, raising global diplomatic pressure. Saudi Arabia responded by forming an international coalition for a two-state solution and co-chairing UN efforts with France. This surge in Gulf advocacy coincides with a broader recalibration of U.S. relations under Biden and Trump. The war's humanitarian toll has amplified Arab public pressure, expanding Gulf influence in U.S.–Palestinian dynamics.

3 Biden Presidency: A Fragile Framework

Biden administration's approach to Gulf relations (2021–2024) was marked by ideological distance, strategic misalignment, and a significant erosion of trust. From the outset, President Biden carried a foreign policy posture rooted in traditional democratic values—emphasising democracy, human rights, and accountability. These principles, however, collided with the political culture of Gulf monarchies, particularly Saudi Arabia and the UAE, where governance structures are fundamentally authoritarian and where external moral posturing is often viewed as Western condescension. Biden's early rhetoric, including his 2019 campaign statement promising to make Saudi Arabia "pay the price" and treat it like the "pariah that they are," set an adversarial tone that carried into office.

Tensions escalated when Biden declassified and published the U.S. intelligence report accusing Crown Prince Mohammed bin Salman of approving the 2018 killing of Saudi journalist Jamal Khashoggi. This unprecedented public rebuke became a defining wedge in U.S.–Saudi relations. When Biden visited Saudi Arabia in July 2022, his attempt at a symbolic confrontation by raising Khashoggi's case was sharply rebutted by the Crown Prince, who cited American double standards—mentioning Abu Ghraib and the killing of Palestinian-American journalist Shireen Abu Akleh. The now-infamous fist bump between the two leaders was widely criticised in U.S. media, interpreted not as diplomatic pragmatism, but as a moment of strategic weakness and confused messaging.

Compounding the fracture was Washington's perceived blind spot toward the Muslim Brotherhood. Gulf states, especially the UAE and Saudi Arabia, have long considered them a fundamental threat to regime stability and regional security. Yet Biden administration maintained a relatively passive stance on Qatar's close ties with Hamas. Gulf capitals viewed this as a sign of Washington's unwillingness to align with their security priorities. It further complicated the region's ability to mediate effectively in the Palestinian crisis, as trust in the U.S. as a neutral broker weakened. During the current war on Gaza, this disconnects hindered unified diplomatic action.

While Qatar attempted to mediate with Hamas, Saudi Arabia and Egypt were cautious, doubting U.S. sincerity and coherence in resolving the conflict. Qatar played a leading role as a mediator between Hamas and Israel, hosting indirect negotiations, facilitating humanitarian pauses, and helping broker short-term ceasefires. Its channels with Hamas leaders—many of whom reside in Doha—positioned Qatar as one of the few states capable of direct influence over the group's actions. However, despite Qatar's efforts, U.S. officials grew increasingly frustrated with what they perceived as Doha's reluctance to apply sufficient pressure on Hamas to secure a permanent ceasefire or hostage releases. The strain reached a peak in late 2024 when American officials leaked that Qatar had agreed to expel senior Hamas leaders from its territory if negotiations failed—a claim that Qatari authorities swiftly denied, creating confusion and exposing diplomatic misalignment. This episode highlighted the fragile nature of multilateral efforts during the Gaza crisis and revealed the widening rift not only between the U.S. and its Gulf allies, but also within the Gulf bloc itself, especially on how best to manage the Palestinian file.

In parallel, Biden's administration also invested significant diplomatic energy in attempting to broker a historic normalisation agreement between Saudi Arabia and Israel. This effort was part of a broader strategy to expand the Abraham Accords and stabilise U.S. influence in the region. Negotiations reportedly involved U.S. security guarantees for Riyadh, potential Saudi access to civil nuclear technology, and commitments from Israel regarding the Palestinian issue. However, these talks faced internal resistance in both countries and were ultimately derailed by the outbreak of the Gaza war in October 2023. The conflict shifted regional sentiment, intensified public pressure across Arab capitals, and rendered further normalisation with Israel politically untenable in the short term. The collapse of these efforts underscored the fragile nature of U.S.-led diplomacy in the region and the growing disconnect between American strategic visions and local realities.

Biden's era also witnessed a dramatic assertion of Gulf autonomy. In a historic shift, Saudi Arabia signed a peace deal with Iran in March 2023—mediated not by Washington, but by Beijing—signalling a growing strategic pivot toward China. At the same time, Riyadh's refusal to comply with Biden's requests to delay oil production cuts until after the U.S. midterms highlighted a new era of oil diplomacy, where Gulf states no longer shaped energy policy to accommodate U.S. electoral cycles. The Biden administration's accusation that Saudi Arabia was helping Russia by cutting production backfired; despite threats of consequences, no meaningful action followed. This revealed the practical limits of U.S. leverage and underscored the Gulf's ability to operate independently, both economically and diplomatically.

Perhaps most importantly, Biden administration's disjointed approach during the Gaza war weakened Gulf confidence in Washington's leadership on the Palestinian file. As the conflict escalated into a humanitarian crisis, Gulf countries were under pressure from their populations to act. Yet with U.S. positions seen as inconsistent, pro-Israel, or tied down by domestic constraints, Gulf states lacked a reliable partner to coordinate effective mediation. In the absence of a strong U.S. hand, Saudi Arabia launched its own initiatives at the UN, including co-chairing a new international group with France to push for a two-state solution. This period highlighted a fundamental shift: Gulf states are no longer waiting for Washington's permission to shape the regional order, especially when it comes to the Palestinian issue.

4 Trump Presidency: Deal over Democracy

Donald Trump's relationship with Gulf monarchies, spanning both his first term (2017–2021) and his 2025 return, reshaped Middle East diplomacy—particularly the Palestinian file—by prioritising security, business, and power over ideology. In contrast to the Biden administration's focus on democracy, human rights, and cautious engagement, Trump offered the Gulf powers what it craved: unconditional strategic partnership.

From Day One, Trump abandoned moral lectures. He never mentioned the 2018 assassination of journalist Jamal Khashoggi. He showed no interest in political reform or internal repression in Saudi Arabia or the UAE. His message to Gulf leaders was clear: no interference, no judgment, only deals. This stood in stark contrast to Biden, who promised to make Saudi Arabia a "pariah" state, withheld weapons over Yemen concerns, and pressured Israel over settlements—only to later provide military support during the 2023 Gaza war, alienating both Palestinians and parts of the Arab world.

One of the defining moments of Trump's first term came in 2017, when he officially recognised Jerusalem as the capital of Israel and moved the U.S. embassy there. The move broke with decades of bipartisan U.S. policy and international consensus, signalling a clear bias toward Israeli demands. This decision was met with Palestinian outrage and global condemnation, including strong pushback from Arab allies who saw it as undermining future negotiations on East Jerusalem's status. It effectively removed the U.S. from the role of a neutral mediator in the eyes of many Palestinians and their supporters.

Trump followed up with his January 2020 "Deal of the Century"—a peace plan that promised economic development but offered Palestinians limited sovereignty in a non-contiguous state, while granting Israel control over 30% of the West Bank including Jerusalem and large settlement blocs. While the plan was welcomed by Israel, Palestinian leadership rejected it outright, describing it as "the slap of the century." The Palestinian Authority severed all diplomatic ties with the Trump administration, viewing the proposal as a unilateral move that legalized occupation rather than resolved it.

Trump's first term laid the groundwork for Gulf involvement in Palestine by facilitating the Abraham Accords in 2020. The UAE and Bahrain normalized relations with Israel, generating \$791 million in Israeli defence exports to Abraham Accords countries. However, Saudi Arabia held back, maintaining its consistent reasoning that normalisation required Palestinian statehood. While the deals were seen as side lining Palestinians, Gulf capitals portrayed them as a way to build leverage and influence.

Despite the ceremonial success and arms deals, Trump's first term also included significant disappointments for Gulf states. The most notable came in September 2019, when Iranianbacked forces launched sophisticated drone and missile attacks on Saudi Arabia's Abqaiq oilprocessing facility and the Khurais oil field, briefly disrupting more than half of Saudi oil production and 5% of global oil output. Despite Saudi expectations that Trump would invoke the Carter Doctrine calling for military retaliation, Trump chose symbolic gestures rather than decisive action. "The easiest thing I can do," Trump told the press, would be to authorise military action, but he declined to do so, disappointing Gulf leaders who had expected more decisive American support despite the warm rhetoric and massive arms sales.

By 2025, Trump's return to the region was met with symbolic and strategic celebration. He was welcomed with Royal Saudi Air Force F-15s providing honorary escort for Air Force One, with Crown Prince Mohammed bin Salman breaking royal protocol by personally greeting the president on the tarmac. He was welcomed with Tesla motorcades, state medals, and massive investment deals: \$1.2 trillion with Qatar, \$600 billion from Saudi Arabia, and \$1.4 trillion over 10 years from the UAE. The centrepiece was a \$142 billion arms package with Saudi Arabia— the largest "defence cooperation agreement" Washington has ever done. Beyond traditional arms sales, the partnerships now included cutting-edge technology cooperation, with the UAE securing a preliminary agreement to import 500,000 of Nvidia's H100 chips per year and Saudi Arabia committing \$20 billion in artificial intelligence investments in the United States. Crucially, Trump publicly promised to end the Gaza war "within 24 hours"—a promise rooted not in peace making, but in transactional pressure on Israel and alignment with Gulf demands.

The transformation from Trump's first term Palestinian marginalisation to his second term Palestinian centrality became evident during his 2025 Gulf tour. During his 2025 Gulf tour, Trump signalled openness to recognising a Palestinian state—if it unlocked broader regional normalisation. When addressing Saudi Crown Prince Mohammed bin Salman regarding potential normalisation with Israel, Trump explicitly stated: "You'll do it in your own time," acknowledging Saudi leverage on Palestinian issues. The Gulf states seized this shift to reassert the Palestinian cause as central to regional diplomacy. Saudi Arabia made its conditions unmistakably clear: no peace with Israel without ending the occupation of Gaza and the West Bank, with full Palestinian sovereignty over Gaza, the West Bank, and East Jerusalem as the baseline for any regional integration. This positioned Palestinian statehood not as a concession to be negotiated, but as a prerequisite for broader normalisation.

Speculation emerged from Gulf diplomatic sources about potential U.S. recognition of a Palestinian state, demonstrating how the Palestinian cause had become central to regional diplomatic calculations. Even Trump's decision to lift U.S. sanctions on Syria—against Israeli objections—was framed as part of a broader Gulf-led realignment, where Arab capitals, not Washington or Tel Aviv, are setting the terms. "Oh, what I do for the crown prince," Trump said, drawing laughs from the audience while announcing the decision that offered Saudi Arabia a gateway to major influence in Syria and the broader Levant.

The regional impact of this Palestinian-centric approach was evident in the broader transformation of Middle Eastern power dynamics. Israeli officials acknowledged being "blindsided by Trump's decision-making," with traditionally close U.S.-Israel relations becoming strained as Washington accommodated Gulf demands on Palestinian issues.

Meanwhile, intra-Gulf dynamics have shifted. Qatar, the main backchannel to Hamas, has faced scepticism from UAE and Saudi Arabia, especially after October 7. The wider Gulf bloc seeks to contain the Muslim Brotherhood—which Trump's administration had distanced itself from—while Biden's reluctance to isolate such actors created further friction. The broader Gulf states recognised that sustainable regional integration required addressing Palestinian grievances rather than bypassing them, fundamentally altering their approach to both Israeli relations and internal regional coordination.

This Palestinian centrality also intersected with broader discussions about institutional reform within Palestinian governance structures. Gulf states, particularly Saudi Arabia, began exploring frameworks for supporting Palestinian institutional development that could facilitate statehood readiness, including potential reforms to the Palestinian Authority's governance mechanisms. These discussions reflected the Gulf's recognition that Palestinian statehood required not only international recognition but also robust institutional foundations capable of effective governance.

The geopolitical implications extended beyond bilateral relationships to reshape the entire regional order. The Palestinian cause became the lens through which Gulf states evaluated all regional partnerships, from economic integration projects to security arrangements. This represented a fundamental shift where Palestinian justice became synonymous with regional stability, forcing all actors—including Israel and the United States—to recalibrate their strategies around Palestinian statehood as the central organising principle of Middle Eastern diplomacy.

5 **Renaissance of the Palestinian Cause**

The war on Gaza did more than devastate lives—it exposed the failure of Middle Eastern diplomacy that for years treated Palestine as peripheral. For decades, normalisation agreements and economic incentives were seen as substitutes for addressing the core political

crisis. But the October 2023 escalation revealed that Palestine remains central to the region's unresolved conflicts.

Israel's war, leaving over 46,000 Palestinians dead and Gaza in ruins, triggered an international diplomatic shift. In May 2024, Norway, Ireland, and Spain jointly recognised the State of Palestine, with Norway's Prime Minister declaring: "There cannot be peace in the Middle East without recognising the rights of Palestinians." Slovenia followed suit in June, and France's President Macron signalled readiness to do the same "at the right moment." Meanwhile, the European Parliament passed supportive resolutions, and countries like Chile and Colombia deepened ties with Palestine. At the UN, 143 nations backed an upgrade in Palestine's membership privileges. The International Court of Justice also moved forward with war crimes investigations, reinforcing legal arguments for statehood and self-determination.

This diplomatic momentum was matched by a powerful economic backlash. Major global brands seen as sympathetic to Israel—Starbucks, McDonald's, and KFC—faced widespread boycotts and revenue losses in Muslim-majority markets. Turkey suspended \$7 billion in trade with Israel, and Malaysia and Indonesia enacted broad boycotts. European trade unions and corporations were pressed to cut ties. The ICJ genocide case brought by South Africa provided legal grounding for sanctions and arms bans already implemented by some countries.

The Abraham Accords—once marketed as a breakthrough—now appear fundamentally flawed. Saudi Arabia, led by Crown Prince Mohammed bin Salman, made clear that normalisation with Israel will not happen without full Palestinian sovereignty over Gaza, the West Bank, and East Jerusalem. This stance redefined Gulf foreign policy. Riyadh launched a global alliance for a two-state solution and began co-chairing UN efforts with France. Gulf states moved from peripheral players to central brokers of Palestinian justice. Even the UAE has faced public demands to condition any future ties with Israel on concrete progress toward Palestinian rights.

The Gaza war also reshaped regional economic strategies. Long-term plans like Saudi Arabia's Vision 2030 and the UAE's diversification agenda now explicitly factor in the instability caused by the unresolved Palestinian question. Houthi attacks on Red Sea trade routes, in solidarity with Gaza, disrupted over \$200 billion in trade—underscoring that ignoring Palestine comes at a global economic cost.

Today, Palestinian statehood is being driven not just by political activism, but by economic pressure. Corporations are revaluating their exposure to Israel versus the far larger Arab and Muslim markets. In boardrooms worldwide, Palestine has become a geopolitical variable too big to ignore.

For the first time since the Palestine Liberation Organisation (PLO)'s recognition in 1974, the Palestinian cause is propelled by legal legitimacy, economic leverage, and regional diplomacy—not war. And at the heart of this shift stands the Gulf, not as a bystander, but as a principal architect of a new strategic order. What began as devastation has become a turning point. Palestine is no longer marginal—it is mainstream.

6 Policy Recommendations

🧚 1. Recognise Palestinian Statehood as Regional Stabilisation Strategy

The United States should formally recognise the State of Palestine to align with Gulf partners and unlock regional cooperation frameworks.

2. Establish Gulf-Palestinian Development Partnership Framework

Gulf states should create a dedicated Palestinian Development Fund to support infrastructure and governance institutions, demonstrating concrete commitment beyond rhetoric.

3. Leverage Economic Pressure for Comprehensive Peace

The international community should coordinate economic measures that incentivise Palestinian-Israeli conflict resolution while maintaining global stability.

7 Conclusion

Gaza war proved that peace is impossible without addressing Palestinian statehood. Biden's approach strained Gulf ties, while Trump's transactional style gave Gulf states room to lead. Today, Saudi Arabia and the UAE are no longer bystanders—they are shaping the Palestinian file through diplomacy, investment, and pressure. With Trump's return, a new opening may emerge for Gulf-led negotiations.

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