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The Gulf's March Toward Innovation Sovereignty

Preface

For decades, the Gulf region, anchored by the United Arab Emirates and Saudi Arabia, has laid the groundwork to transform its economic identity. Vision 2030 in Saudi Arabia and Dubai's early push to become a financial and logistics hub in the early 2000s were both diversification plans and declarations of strategic intent to transcend hydrocarbons.^{1,2} From the construction of the world's busiest air corridors, free trade zones, sovereign wealth funds (SWFs), and cutting-edge telecom infrastructure, the Gulf has long understood that oil alone would not determine its economic relevance in the 21st century.³ However, what we are witnessing in 2025 feels like an inflection point, a culmination of decades of groundwork.

The Gulf's Emerging Technology Investment Mandate

The pace, scale, and geopolitical importance of the Gulf's technology investments have garnered global attention in the first half of 2025. In February, the UAE and France announced a joint initiative to construct a 1-GW AI data center,⁴ enhancing bilateral technological collaboration. By May, the UAE launched Stargate, which will run in the newly established 5-GW sovereign AI compute campus supported by OpenAI, Nvidia, Microsoft, SoftBank, and Oracle.⁵ Shortly thereafter, Saudi Arabia introduced Humain, a multibillion-dollar national AI program backed by its Public Investment Fund (PIF).⁶ Additionally, Saudi Arabia's SDAIA revealed \$14.9 billion in AI investments at LEAP 2025⁷, including a \$1.5 billion commitment to expand its advanced LPU-based AI Inference Center with infrastructure leader, Groq (a Morgan Creek portfolio company), in Dammam.⁸ Meanwhile, U.S. chip export restrictions were loosened, allowing the UAE to import up to 500,000 Nvidia chips each year.⁹ These developments are not isolated; they are part of a broader initiative to establish compute, code, and capital as the region's next major exports. The Gulf's sovereign wealth funds collectively manage over \$4 trillion, and these capital allocators also play an important role as architects of national tech infrastructure.¹⁰ More specifically, development funds, unlike the traditional SWFs that were created to recycle petrodollar surpluses, diversify foreign currency risk, and prioritize financial returns, are mission-oriented to stimulate

domestic economic transformation and catalyze strategic industries. They are increasingly focusing on AI, blockchain technologies, and computing infrastructure as foundational assets, not just to meet regional demand, but also to supply demand, govern, and monetize on a global scale.

It is also worth noting that the region's infrastructure advantages include abundant land, sovereign capital, friendly regulation, and political alignment. The UAE, for instance, can move from strategy to regulation to deployment in months, a velocity unmatched in the West. Meanwhile, its physical geography can enable sustainable hyperscale development: solar-rich deserts are being converted into AI campuses cooled by immersion technology and powered by renewables.¹¹

Blockchain, too, is becoming central to this transformation. The Gulf's relationship with decentralized infrastructure is, however, more pragmatic than ideological. In May 2025, Dubai's VARA released new rules enabling tokenized real estate, stablecoins, and institutional-grade digital asset markets.¹² A \$3 billion tokenized real estate partnership between MultiBank, MAG, and Mavryk followed almost immediately.¹³ The UAE's central bank is also piloting a dirham-backed stablecoin, aiming to increase monetary resilience while improving remittance efficiency.¹⁴ Saudi Arabia is reportedly exploring its own riyal-based stablecoin to manage its massive remittance flows. These initiatives are best described as state-grade financial infrastructure, designed to reduce reliance on the dollar and build programmable monetary sovereignty.

This transformation may reflect a growing realization that economic power in the digital age lies in controlling the foundational rails of AI, blockchain technologies, and computing infrastructure. A trend that we, at Morgan Creek Digital, will continue to observe and seek alignment.

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- ⁸ https://groq.com/news_press/saudi-arabia-announces-1-5-billion-expansion-to-fuel-ai-powered-economy-with-ai-tech-leader-groq/
- ⁹ <https://economictimes.indiatimes.com/tech/artificial-intelligence/us-close-to-letting-uae-import-millions-of-nvidias-ai-chips-sources-say/articleshow/121175856.cms?from=mdr>
- ¹⁰ <https://www.bloomberg.com/news/articles/2024-11-14/abu-dhabi-saudi-qatar-kuwait-funds-and-power-brokers-that-run-them?embedded-checkout=true>
- ¹¹ <https://www.csis.org/analysis/united-arab-emirates-ai-ambitions>
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- ¹³ Ibid.
- ¹⁴ <https://economictimes.indiatimes.com/markets/cryptocurrency/crypto-news/ae-coin-set-to-transform-uaes-financial-landscape-with-dirham-backed-stablecoin/articleshow/120732628.cms?from=mdr>

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