

OPEC & OPEC+

Prelims: Current events of national and international importance | International Organisations

Why in News?

Recently, the United Arab Emirates announced it will exit the Organisation of the Petroleum Exporting Countries (OPEC) and the broader OPEC+ alliance effective May 1, 2026.

OPEC

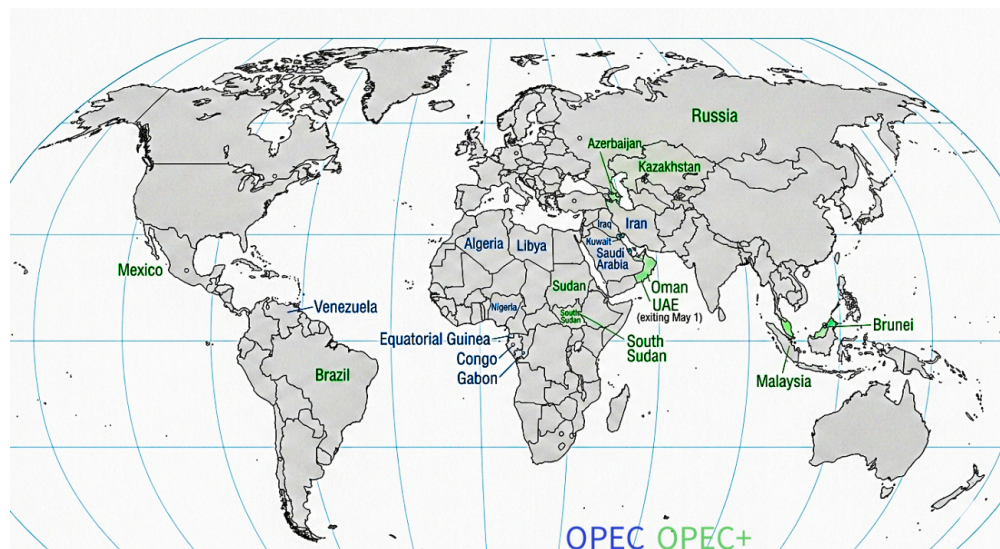
- **OPEC** - Organisation of the Petroleum Exporting Countries
- **Founded** in - 1960, the Baghdad Conference was established as a permanent intergovernmental organisation.
- **Objective** - It coordinates petroleum policies, stabilises oil markets secure fair returns for producers and investors.
- **Founding Members** - Iran, Iraq, Kuwait, Saudi Arabia, Venezuela.
- **Current Members (2026)** - Algeria, Congo, Gabon, Equatorial Guinea, Iraq, Iran, Kuwait, Libya, Nigeria, Saudi Arabia, UAE (exiting May 1), Venezuela.
- **Secretariat** - Vienna, Austria.
- **Structure** - It consists of
 - Secretariat (executive body)
 - Conference (main policy-making body, meets every 6 months).
 - Board of Governors (budget and oversight).
- **Decision Principle** - One member, one vote; unanimity required.
- **OPEC Fund for International Development, 1976** - A multilateral development finance institution created by OPEC member countries in 1976 to channel financial assistance from oil-exporting nations to non-member developing countries.
- **Significance** - It holds 80% of the world's proven crude oil reserves.
- **India's Dependence** - Sources 70% crude oil, 60% LPG, 30% LNG, and 45% petroleum products demand from OPEC.
- **Publication** - *World Oil Outlook*.

OPEC+

- **Established** - 2016, also called the Vienna Group.
- **Composition** - OPEC + 10 non-OPEC exporters include Russia, Mexico, Oman, Kazakhstan, Azerbaijan, Brazil, Malaysia, Bahrain, Brunei, South Sudan and Sudan.
- **Contribution** - Pumps 40% of global crude oil.
- **Mechanism** - Declaration of Cooperation for production adjustments to stabilise

markets.

- **Coordination** - It relies heavily on Saudi Arabia (the largest OPEC producer) & Russia (the largest non-OPEC producer).
- Decisions often reflect geopolitical tensions, e.g., Russia's war in Ukraine influenced the 2022 cut of 2 million barrels/day.



Quick Fact

UAE's Exit from OPEC & OPEC+

- **UAE Exit** - The UAE decided to exit OPEC and OPEC+, citing a desire to pursue its own national interests, such as boosting production capacity to 5 million barrels per day by 2027.
- **Joined in** - The UAE, which joined OPEC in 1967 through Abu Dhabi and remained a member after the federation was formed in 1971.
- It has become one of OPEC's most influential members, ranking as the *third-largest producer* after Saudi Arabia and Iraq.
- **Impact** - This move is expected to decrease the overall control of the cartel, potentially raising supply and loosening oil prices in the medium term.

Reference

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