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

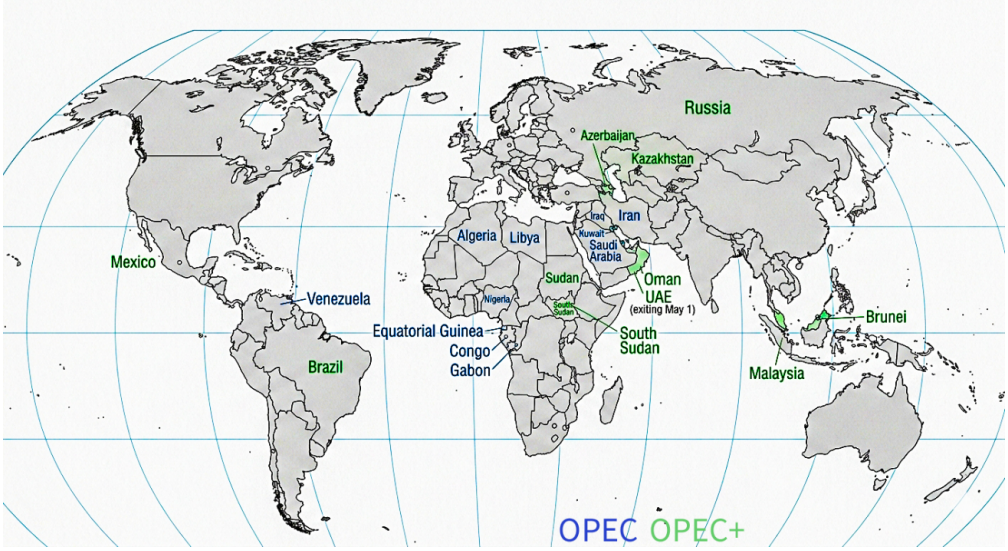
- **OPEC –** Organisation of the Petroleum Exporting Countries
- **Founded** in **–** 1960, the Baghdad Conference was established as a permanent intergovernmental organisation.
- **Objective** – It coordinates petroleum policies, stabilises oil markets secure fair returns for producers and investors.
- **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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