



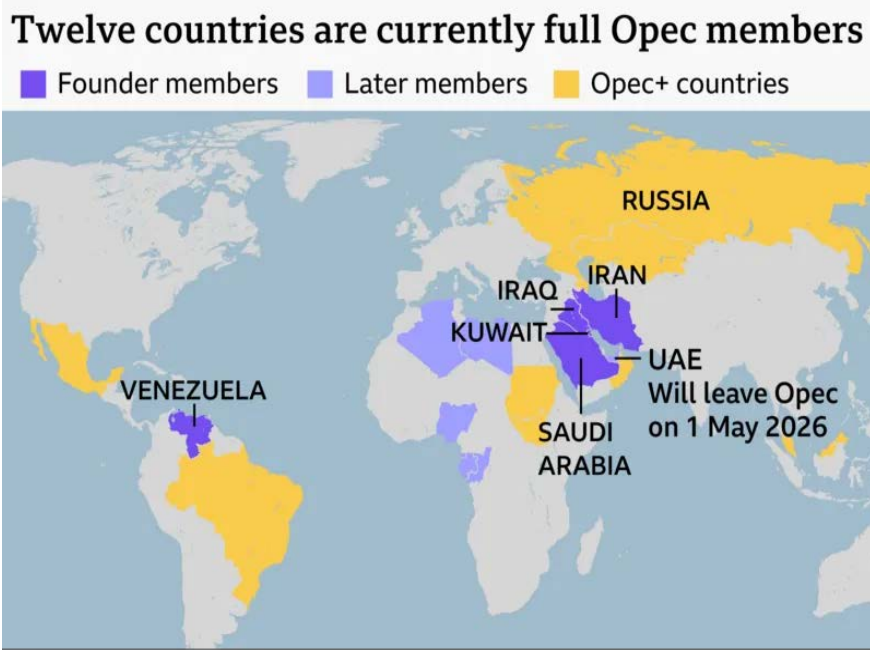
# UAE'S EXIT FROM OPEC: IMPACT ON INDIA & THE WORLD

## TABLE OF CONTENTS

Context: .....	2
1. What is Organization of the Petroleum Exporting Countries, and when did the United Arab Emirates become a member of the organization? .....	2
2. What does Opec do? .....	4
3. What is OPEC PLUS? .....	6
4. What is the status of crude oil globally? .....	6
5. Will the UAE's exit from OPEC mean more fossil fuel production? .....	7
6. Is Gulf oil funding Europe's green transition? .....	7
7. What is the significance of UAE in OPEC? .....	8
8. Why did the UAE leave OPEC and OPEC+? .....	8
9. How will UAE exit from OPEC impact global oil market? .....	9
10. Could the UAE's Shock Exit from OPEC Cause an Oil Price War affecting Global World? .....	11
11. What does UAE exit reveals about OPEC? .....	11
12. How the UAE's decision to leave Opec could recast the Middle East? .....	14
13. How UAE's OPEC Exit Will Affect Saudi Relations? .....	14
14. How does UAE exit from OPEC impact India? .....	18
15. Why UAE's OPEC exit could tilt the oil game in India's favour? .....	20
16. What is the relevance of the topic for UPSC CSE? .....	21

**Context:**

- The **United Arab Emirates** announced its exit from the **Organisation of Petroleum Exporting Countries (OPEC)** and the broader **OPEC+ alliance** on **Tuesday (April 28)**, set to come into **effect on May 1**.



1. **What is Organization of the Petroleum Exporting Countries, and when did the United Arab Emirates become a member of the organization?**

**WHAT IS OPEC?**

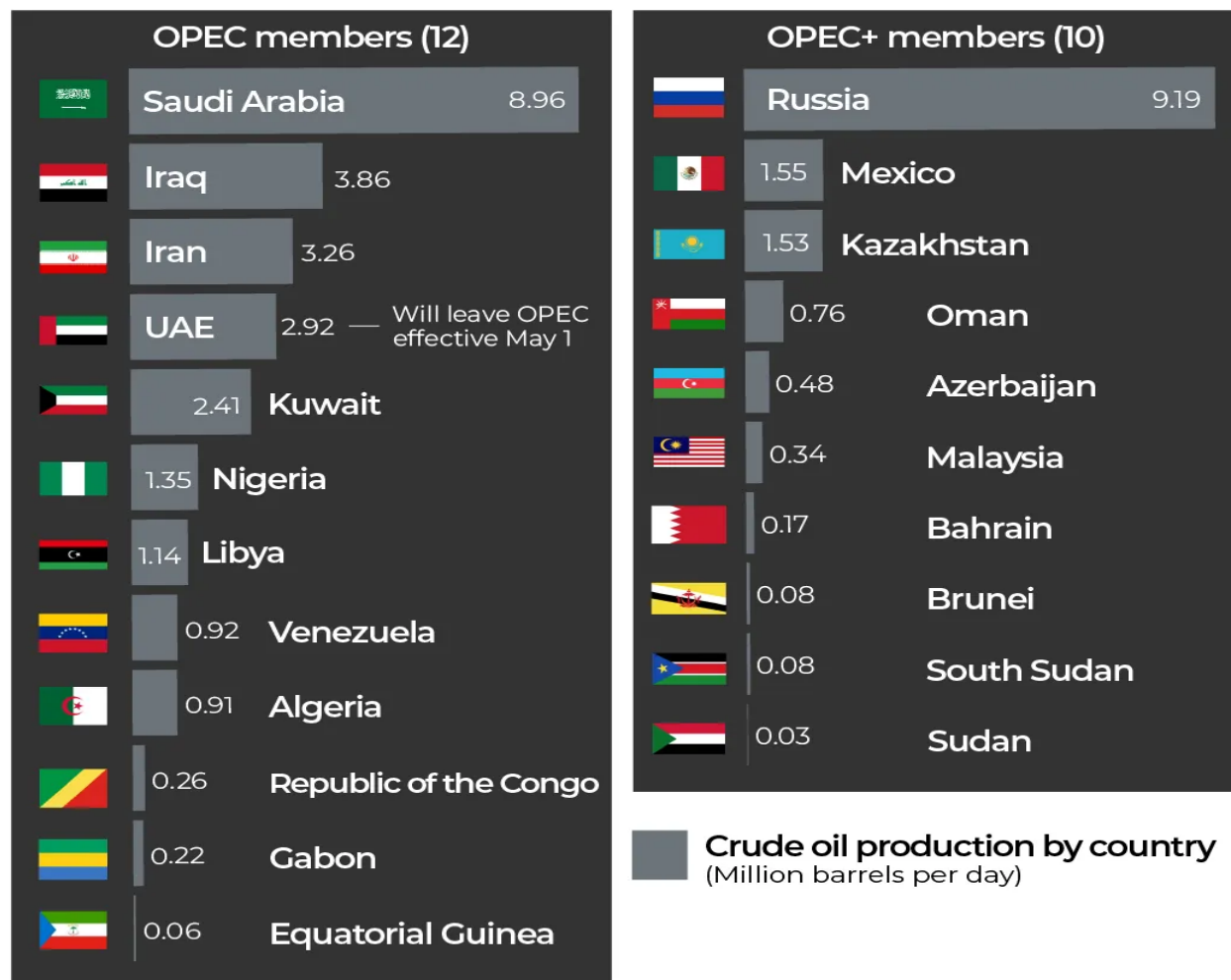
OPEC (the Organization of the Petroleum Exporting Countries) is a group of oil-producing nations that coordinates supply to influence prices and stabilise markets.

Members include: Iran, Iraq, Kuwait, Saudi Arabia, Venezuela, Libya, Algeria, Nigeria, Gabon, Equatorial Guinea, Congo and formerly the United Arab Emirates.

- The Organisation of the Petroleum Exporting Countries (OPEC), was formed in 1960 by Iraq, Iran, Kuwait, Saudi Arabia, and Venezuela.
- The organisation has since expanded to 13 members.
- Prior to its formation, **Western multinational oil companies** (often referred to as the Seven Sisters) largely dictated the prices paid to oil-producing nations.
- **Created to counter this dominance, OPEC's agenda was to coordinate** the petroleum policies of its member states to ensure that they received stable returns for their products.
- The **UAE formally joined the alliance in 1967, six years before the OPEC oil embargo** was imposed on nations like the **United States and the Netherlands due to their support of Israel in the Arab-Israeli war.**
- With oil prices nearly quadrupling in this period as a result, **OPEC steadily gained geopolitical leverage** while extending membership to countries like Algeria and Nigeria.

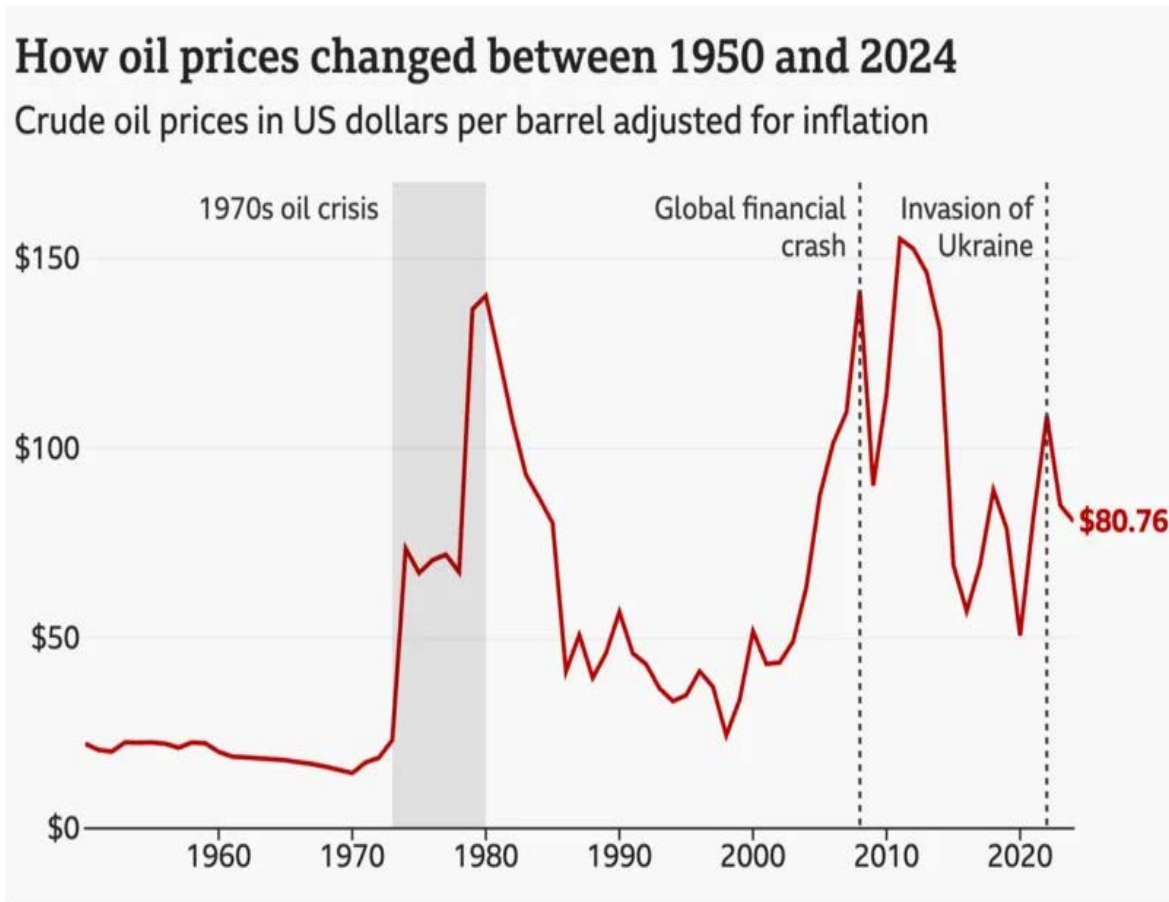
## OPEC member countries

The Organization of Petroleum Exporting Countries comprises 12 nations that control 40 percent of global crude oil production and 80 percent of the world's proven reserves. In 2016, OPEC formed an alliance with other oil-producing nations to create OPEC+.



- In 2016, OPEC+, a wider alliance that onboarded 10 major non-OPEC producers (led by Russia) was created.
- A response to the US's booming shale oil production, OPEC+ produced roughly 40% of the world's crude oil and accounts for 60% of internationally traded petroleum, according to the US Energy Information Administration (EIA).

## 2. What does Opec do?



- Opec aims to influence the global price of oil by agreeing how much its oil members sell.
- When they agree to sell more it is in an attempt to help lower prices by making sure supply is plentiful, and when they reduce supply, their aim is to keep prices high when demand is lower.
- A key example is in October 1973, Arab oil producers placed an embargo on a group of countries led by the US over their support for Israel during the Yom Kippur war.
- That policy came alongside a co-ordinated cut to oil production.
- Oil prices more than doubled, there was fuel rationing, and the significant knock-on effects were compounded by a second oil shock in 1979 with the Iranian Revolution.

## What are OPEC & OPEC+:

OPEC (Organization of the Petroleum Exporting Countries) is a group of major oil-producing nations that coordinate petroleum policies to help maintain stable oil markets.



### Founding members



Iran



Iraq



Kuwait



Saudi Arabia



Venezuela



Founded in 1960  
in Baghdad



Produces about 30%  
of the world's oil

### OPEC+



Formed  
in  
2016



OPEC + 10  
non-OPEC  
producers,  
including Russia



Accounts  
for 41% of  
global oil  
production

### Why OPEC+ Matters



Regulates  
global oil  
supply



Helps stabilise  
energy  
markets



Accounts for  
nearly 49% of  
global crude  
exports



OPEC members hold  
around 80% of the world's  
proven oil reserves



Decisions have a  
direct impact on  
global oil prices

### The Key Leaders



**Saudi Arabia**  
~9 million  
barrels per day



**Russia**  
~9.3 million  
barrels per day

#### OPEC Members

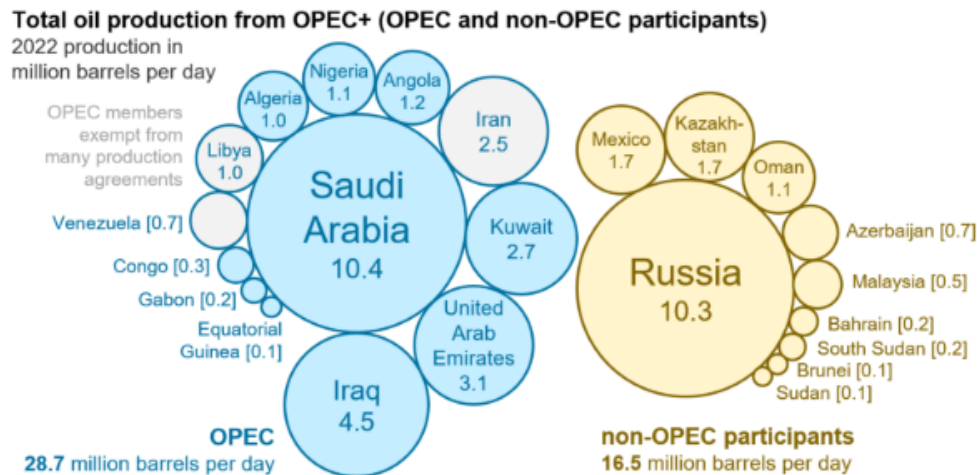
Saudi Arabia, United Arab Emirates, Kuwait, Iraq, Iran, Algeria, Libya, Nigeria, Congo, Equatorial Guinea, Gabon, Venezuela

#### Non-OPEC Members in OPEC+

Russia, Azerbaijan, Kazakhstan, Bahrain, Brunei, Malaysia, Mexico, Oman, South Sudan, Sudan

### 3. What is OPEC PLUS?

- In 2016, largely in response to dramatically falling oil prices driven by significant increases in U.S. shale oil output, OPEC signed an agreement with 10 other oil-producing countries to create what is now known as OPEC+.
- Among these 10 countries was the world's third-largest oil producer in 2022, Russia, which produced 13% of the world total (10.3 million barrels per day [b/d]).
- OPEC and OPEC+ countries combined produced about 59% of global oil production, 48 million b/d in 2022, and so influence global oil market balances and oil prices now more than ever. More recent production agreements have exempted Iran and Libya because of sanctions and other instability in crude oil output.



### 4. What is the status of crude oil globally?

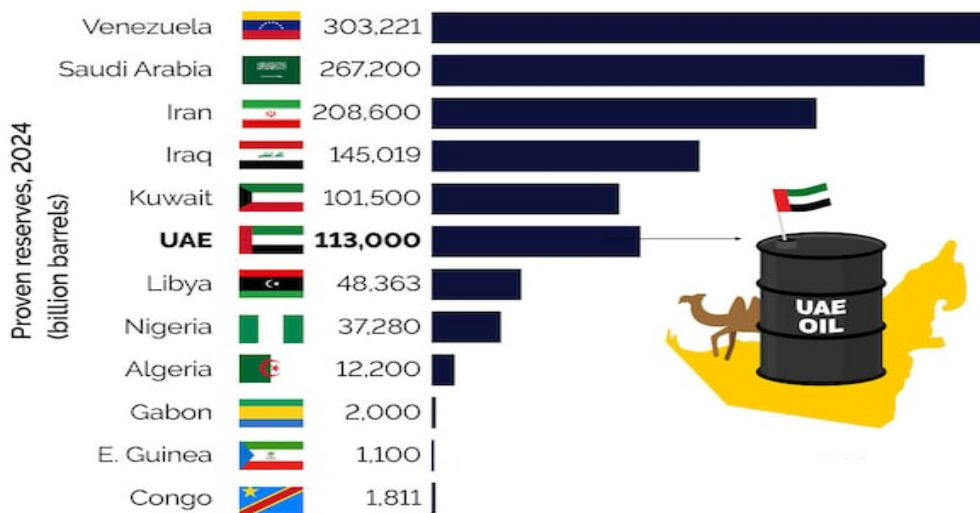
## WHERE THE OIL IS AND WHY IT MATTERS

**Global crude reserves**

1,566,869 billion barrels

**79.2%**

located in OPEC countries



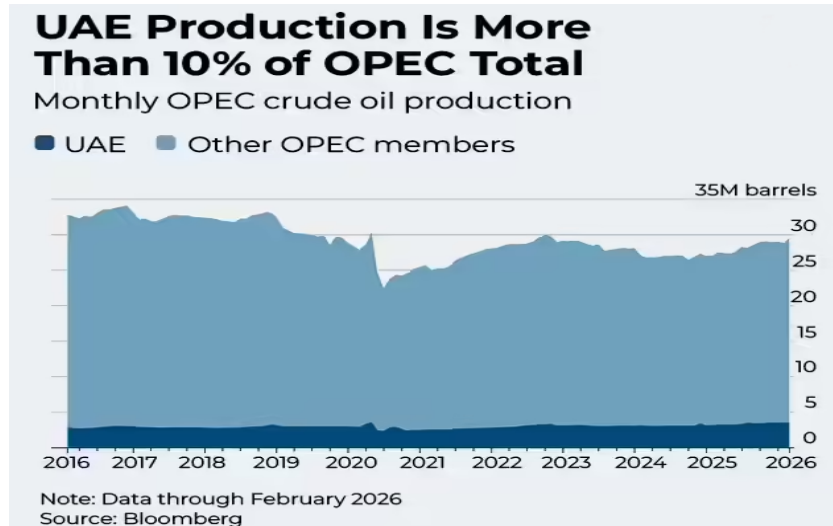
## 5. Will the UAE's exit from OPEC mean more fossil fuel production?

- The **UAE's exit from OPEC** is unlikely to have an immediate effect on **oil supplies and prices**, which remain at the mercy of Iran's effective closure of the **Strait of Hormuz shipping route**, which carries around a **fifth of the world's oil and gas exports**.
- The **UAE, the world's third-largest oil producer**, had been **pumping out around 3.4 million barrels of crude** a day just before the US-Israeli war on Iran began on **28 February**.
- This fell to **1.9 million barrels per day** in March, with the country facing missile and drone attacks by **Iran, a fellow OPEC member**.
- Analysts say it has capacity to produce roughly 5 million barrels a day, making it one of **OPEC's few members with the ability to quickly increase production**.
- Burning **one barrel of crude oil produces roughly 0.43 tonnes of CO2 emissions**.
- If the **UAE were to ramp up production by an additional 1.6 million barrels per day**, that's potentially **250 million additional tonnes of CO2 released annually** – greater than the annual emissions of Spain, or of the **UAE itself**.
- The **UAE's departure from OPEC** will weaken the group's ability to regulate supply and prices, but it could also trigger other **OPEC members to ramp up production**.
- The **UAE's exit from OPEC** also signals a deepening alignment with the **US Trump administration**, which has made **fossil fuel expansion central to its energy policy** and has **actively encouraged Gulf states to pump more oil to keep prices low**.

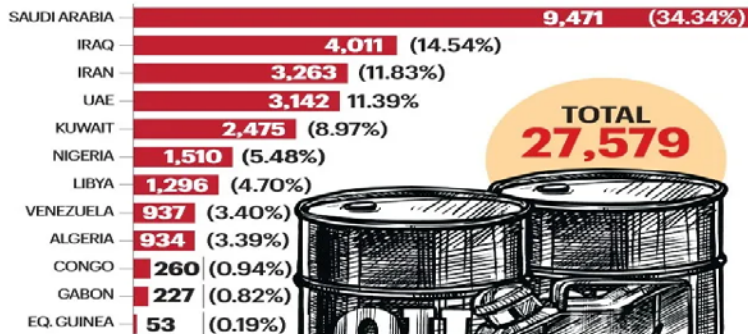
## 6. Is Gulf oil funding Europe's green transition?

- The **UAE hosted the United Nations COP28** climate talks in **2023, a conference** that ended with a historic pledge by nearly **200 countries** to move away from planet-warming fossil fuels.
- **Climate activists** viewed the talks with scepticism, not least because **national oil company CEO Sultan Al Jaber** served as **COP28 president** while simultaneously overseeing plans to expand production.
- **UAE's state-owned renewable energy company Masdar** is aggressively investing in clean energy both at home and abroad.
- It has the **Abu Dhabi National Energy Company (TAQA)**, **sovereign investor Mubadala**, and the **Abu Dhabi National Oil Company (ADNOC)** – **headed by Al Jaber**– as joint shareholders.

**7. What is the significance of UAE in OPEC?**



**• OPEC's 2025 crude production** (thousand barrels/day)



SOURCE: OPEC  
 NOTE: DATA COMPILED  
 BY OPEC BASED ON  
 SECONDARY SOURCES

**8. Why did the UAE leave OPEC and OPEC+?**

- Alongside **Saudi Arabia**, the **UAE** is one of the few OPEC members with **meaningful spare capacity**, which allows the organisation to respond to supply shocks.
- However, **nations with spare capacity** may decide to **cash out their reserves** rather than use them to **adjust the market**.
- The **UAE's assertive foreign policy approach** has progressively isolated it from fellow OPEC members, especially **Saudi Arabia**, which **disagrees with its positions on Yemen and elsewhere**.
- Abu Dhabi, meanwhile, has been **carving out its own sphere of influence across the Middle East and Africa**, and has doubled down on relations with the United States and Israel, with which it **opened ties in the 2020 Abraham Accords**.

- It views **relations with Israel as a critical lever for regional influence** and a unique channel to Washington, especially after coming under attack during the Iran war.

**9. How will UAE exit from OPEC impact global oil market?**

The news triggered instant volatility in international bourses:

Impact	Description
<b>Brent Crude Reaction</b>	<ul style="list-style-type: none"> <li>• Oil prices saw a <b>sharp dip of 3.5% in early trading</b> as traders anticipate a "<b>price war</b>" where countries produce more oil to capture market share.</li> <li>• With <b>Brent still above \$110 per barrel</b>, the market is reacting more to supply disruptions than <b>structural changes within OPEC</b>.</li> </ul>
<b>Stock Market Volatility</b>	<ul style="list-style-type: none"> <li>• <b>Global energy stocks in London and New York saw a mixed reaction</b>, while <b>Asian markets remained cautious</b> about the long-term stability of the Gulf region.</li> </ul>
<b>OPEC's Future</b>	<ul style="list-style-type: none"> <li>• Without the <b>UAE (OPEC's third-largest producer)</b>, the cartel's ability to control <b>global oil prices</b> has been significantly weakened.</li> </ul>

**UAE EXITS OPEC AND OPEC+  
WHAT'S THE IMPACT?**

Impact on the UAE

- 01** Gains full autonomy in oil production decisions (Source: CNBC)
- 02** Accelerates oil monetization to fund economic transformation (Source: BBC)
- 03** Achieves diplomatic and strategic independence (Source: The Guardian)
- 04** Possesses stronger economic resilience to market shocks (Source: CNN)

# UAE EXITS OPEC AND OPEC+ WHAT'S THE IMPACT?

Impact on OPEC and Saudi Arabia

**01** OPEC's market regulation capacity suffers a structural collapse (Source: CNBC)

**02** OPEC faces a fundamental existential challenge (Source: CFR)

**03** OPEC will remain intact in the short term (Source: Reuters)

**04** Saudi Arabia's leadership and regional prestige are severely damaged (Source: The Guardian)

# UAE EXITS OPEC AND OPEC+ WHAT'S THE IMPACT?

Impact on the Global Oil Market

**01** Limited short-term market shock with no significant oil price fluctuations (Source: CNBC)

**02** Full-scale production increase by the UAE will exert significant downward pressure on oil prices in the long term (Source: CNN)

**03** The volatility of global oil market prices will increase significantly (Source: The New York Times)

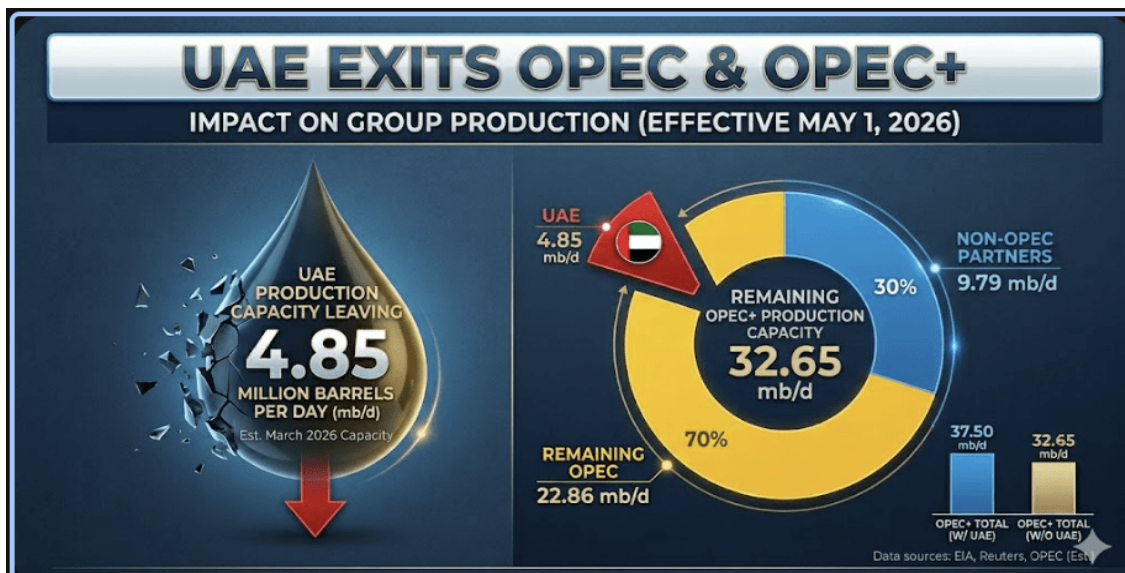
**04** The market will lose the joint ability of Saudi Arabia and the UAE to put a floor under oil prices during future supply gluts (Source: CNBC)



# UAE EXITS OPEC AND OPEC+ WHAT'S THE IMPACT?

Impact on the Geopolitical Landscape

- 01** The Gulf regional united front is completely broken (Source: Atlantic Council)
- 02** U.S. influence in the Middle East is enhanced (Source: Reuters)
- 03** The spillover effect of the Iran war is highlighted (Source: The Guardian)
- 04** Global energy geopolitics is reshaped (Source: The Guardian)



**10. Could the UAE’s Shock Exit from OPEC Cause an Oil Price War affecting Global World?**

Aspects	Description
<b>UAE’s Exit Raises Fears of Market Instability</b>	<ul style="list-style-type: none"> <li>The <b>United Arab Emirates’</b> decision to leave OPEC after nearly six decades has created fears of a possible oil price war in global energy markets.</li> </ul>

	<ul style="list-style-type: none"> <li>● The move weakens the <b>Saudi-led cartel that has traditionally managed oil production</b> and helped stabilize global prices.</li> <li>● Analysts believe the exit could trigger intense competition between <b>Saudi Arabia and the UAE, leading to greater volatility in oil markets</b> for years to come.</li> </ul>
<p><b>Freedom to Increase Oil Production</b></p>	<ul style="list-style-type: none"> <li>● By leaving OPEC, the UAE is <b>no longer required to follow the cartel's production quotas</b>.</li> <li>● This gives <b>Abu Dhabi the freedom to increase crude oil output</b> according to its national interests and market opportunities.</li> <li>● Before the conflict in the <b>Gulf, the UAE had maintained production below 3 million barrels per day under OPEC agreements</b>.</li> <li>● However, it now has the capacity to raise production significantly once oil flows through the <b>Strait of Hormuz normalize</b>.</li> <li>● <b>The UAE aims to maximize revenues</b> and strengthen its position in global energy markets.</li> </ul>
<p><b>Saudi Arabia Likely to Respond Aggressively</b></p>	<ul style="list-style-type: none"> <li>● <b>Saudi Arabia may view the UAE's withdrawal as a direct challenge to its leadership within OPEC and the Gulf region</b>.</li> <li>● Experts believe Riyadh could retaliate by <b>increasing its own oil production and offering discounted crude</b> to major buyers, particularly in <b>Asia and Europe</b>.</li> <li>● Such aggressive competition between the two <b>Gulf oil giants could lead to a race for market share</b>.</li> <li>● If both countries begin pumping large volumes of <b>oil simultaneously, global supplies may increase sharply</b>, pushing oil prices downward.</li> </ul>
<p><b>Lessons from Previous Oil Price Wars</b></p>	<ul style="list-style-type: none"> <li>● History shows that <b>Saudi Arabia has previously used oil production as a strategic weapon</b>.</li> <li>● In 2014, <b>Riyadh increased output</b> to counter the rise of US shale oil and discipline OPEC members that violated production agreements.</li> <li>● This caused a <b>major collapse in oil prices and severe economic stress</b> for many oil-dependent countries.</li> <li>● Similarly, in <b>2020 Saudi Arabia launched a price war against Russia</b> after disagreements over production cuts during the Covid-19 pandemic.</li> <li>● The conflict caused oil prices to crash to <b>historic lows and created instability in global energy markets</b>.</li> </ul>

	<ul style="list-style-type: none"> <li>• These past examples <b>suggest that another price war cannot be ruled out.</b></li> </ul>
<b>Weakening of OPEC's Ability to Stabilize Markets</b>	<ul style="list-style-type: none"> <li>• <b>OPEC's strength has traditionally depended on collective discipline and coordinated action</b> among its members.</li> <li>• The cartel has managed <b>prices by increasing production during shortages and cutting supply during</b> periods of oversupply.</li> <li>• The UAE's exit weakens this system of coordination and raises doubts about OPEC's future effectiveness.</li> <li>• If more countries begin prioritizing national interests over collective agreements, the <b>cartel's influence</b> over global oil prices may decline significantly.</li> </ul>
<b>Rise of New Global Oil Competitors</b>	<ul style="list-style-type: none"> <li>• The uncertainty created by <b>Gulf tensions and OPEC divisions</b> could benefit emerging oil producers such as the <b>United States, Brazil, and Guyana.</b></li> <li>• If <b>Middle Eastern exports remain disrupted</b>, these countries may capture a larger share of global oil markets.</li> <li>• At the same time, prolonged volatility and high prices may encourage countries to <b>accelerate investments in renewable energy, electric vehicles, and alternative fuels.</b></li> <li>• This could gradually reduce long-term global dependence on <b>Gulf oil.</b></li> </ul>
<b>Economic Pressures Driving Competition</b>	<ul style="list-style-type: none"> <li>• Both <b>Saudi Arabia and the UAE</b> rely heavily on oil revenues to fund economic diversification programs and prepare <b>for a low-carbon future.</b></li> <li>• As a result, both countries have strong incentives to <b>maximize exports and secure market share.</b></li> <li>• This <b>economic pressure may intensify competition between the two countries</b> in the postwar period, <b>increasing the likelihood of prolonged oversupply and lower oil prices over time.</b></li> </ul>

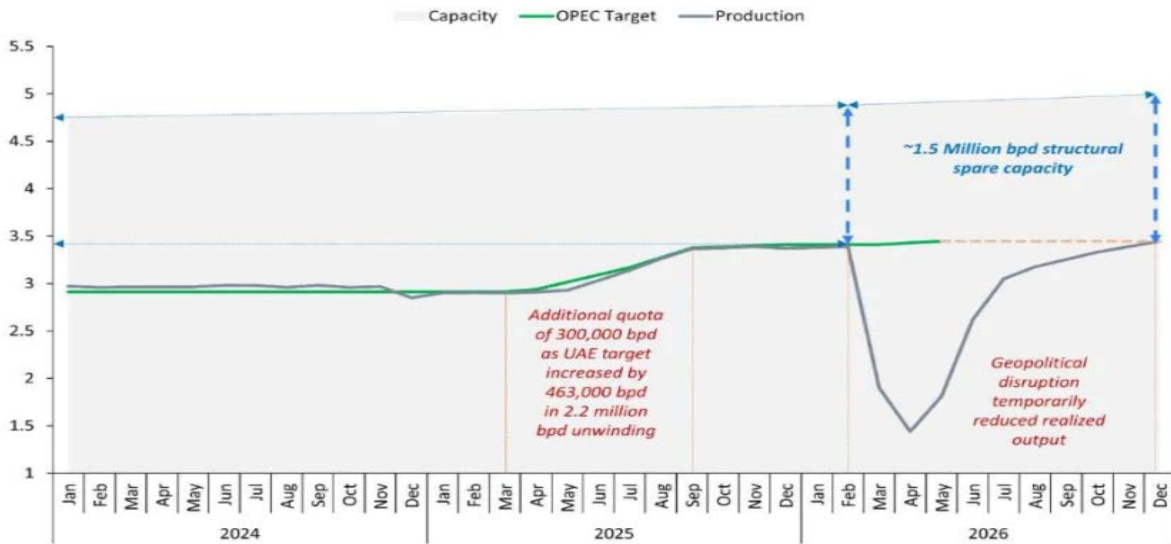
**11. What does UAE exit reveals about OPEC?**

- The **organisation is facing an internal legitimacy crisis** that this departure makes **brutally visible.**
- Since the **invasion of Ukraine**, **OPEC+** has been **perceived in Washington** as an instrument serving a price discipline that **objectively converges with Russian interests**, maintaining oil revenues to finance the war.

- The Trump administration said so explicitly, linking American military support in the Gulf to oil prices.
- By choosing production freedom, Abu Dhabi sends a signal of distancing from that architecture, one whose geopolitical value in Washington is immediately legible.
- In doing so, the UAE makes a choice that goes well beyond energy policy.
- It is purchasing American strategic goodwill with barrels, at the precise moment when its regional alliance framework is collapsing and when it needs a substitute security guarantee.
- With Iran having conducted direct attacks on Emirati territory and shipping, and with Saudi Arabia having shifted into open confrontation mode, Abu Dhabi’s strategic calculus has fundamentally changed.

**12. How the UAE’s decision to leave Opec could recast the Middle East?**

**Figure 1: UAE has consistently operated below capacity due to OPEC+ constraints**  
 Million barrels per day



Source: Rystad Energy research and analysis; Rystad Energy Oil Trading Solution

Aspects	Description
<b>Weakening Saudi Arabia’s Regional Leadership</b>	<ul style="list-style-type: none"> <li>● The UAE’s exit from OPEC is a major challenge to Saudi Arabia’s dominance in Gulf politics and global oil diplomacy.</li> <li>● OPEC has long been shaped by Saudi leadership, especially in controlling oil production and prices.</li> <li>● By leaving the cartel, the UAE reduces Riyadh’s ability to influence global energy markets and exposes growing cracks within the Gulf alliance.</li> <li>● The unilateral nature of the decision also signals declining trust and coordination between the two Gulf powers, despite their previous cooperation against Iran.</li> </ul>

<p><b>Rise of UAE as an Independent Regional Power</b></p>	<ul style="list-style-type: none"> <li>● The <b>UAE is increasingly positioning itself as an autonomous geopolitical actor</b> rather than merely a partner within Gulf groupings.</li> <li>● By leaving <b>OPEC</b>, it gains the freedom to independently <b>increase oil production, maximize profits</b>, and directly influence global energy markets.</li> <li>● The move reflects the <b>UAE’s ambition to transform itself from a cartel member</b> into a <b>“balancing producer”</b> capable of shaping oil supply according to its own national interests.</li> </ul>
<p><b>Growing Divisions Within the Gulf Cooperation Council (GCC)</b></p>	<ul style="list-style-type: none"> <li>● The decision highlights the weakening cohesion of the <b>GCC, which includes Saudi Arabia, the UAE, Qatar, Kuwait, Bahrain, and Oman.</b></li> <li>● The UAE was reportedly frustrated by the inability of <b>Gulf states to form a united response against Iran</b> during the recent conflict.</li> <li>● UAE leaders criticized the lack of Gulf solidarity and argued that <b>regional security threats require stronger collective action.</b></li> <li>● The exit from OPEC therefore symbolizes not only economic separation but also <b>political dissatisfaction within the Gulf bloc.</b></li> </ul>
<p><b>Escalation of UAE–Saudi Rivalry</b></p>	<p><b><i>Longstanding Disputes Over Oil Production</i></b></p> <ul style="list-style-type: none"> <li>● The <b>UAE and Saudi Arabia have repeatedly differed over OPEC production quotas.</b></li> <li>● The UAE has argued that its expanding production capacity <b>deserves higher output limits, while Saudi Arabia</b> has traditionally prioritized <b>collective market management through production controls.</b></li> <li>● By exiting <b>OPEC, the UAE gains the freedom to independently increase production</b> and maximize profits without being constrained by cartel agreements.</li> </ul> <p><b><i>Blow to Saudi Arabia’s Prestige</i></b></p> <ul style="list-style-type: none"> <li>● The <b>UAE’s withdrawal weakens Saudi Arabia’s influence within OPEC</b> and reduces <b>Riyadh’s ability to manage global oil prices effectively.</b></li> <li>● It also symbolically positions the <b>UAE as the Gulf country closest to the United States and particularly to Donald Trump</b>, who has long criticized OPEC for manipulating oil prices.</li> <li>● The decision, announced <b>without prior consultation</b>, exposed cracks within Gulf unity and challenged Saudi leadership in the region.</li> </ul>

<p><b>Stronger UAE–US Strategic Partnership</b></p>	<ul style="list-style-type: none"> <li>● The <b>UAE’s decision could deepen its relationship with the United States, especially with leaders such as Donald Trump, who has historically criticized OPEC.</b></li> <li>● By distancing itself from the <b>cartel, the UAE projects itself as a reliable US-aligned</b> partner that supports market flexibility and energy stability.</li> </ul>
<p><b>Hardening Regional Alignment Against Iran</b></p>	<ul style="list-style-type: none"> <li>● The <b>Iran conflict played a major role in shaping the UAE’s decision.</b></li> <li>● The <b>UAE faced direct attacks and reportedly pushed Gulf countries to take a stronger military stance against Iran.</b></li> <li>● However, the <b>absence of a unified GCC response created frustration in Abu Dhabi.</b></li> <li>● As a result, the <b>UAE may increasingly pursue independent security and foreign policies,</b> potentially creating new regional alignments centered around:             <ul style="list-style-type: none"> <li>▪ <b>Closer ties with the US</b></li> <li>▪ <b>Strategic coordination with Israel</b></li> <li>▪ <b>More assertive anti-Iran policies</b></li> </ul> </li> <li>● This could further polarize Middle Eastern geopolitics.</li> </ul>
<p><b>Greater Economic Nationalism in the Gulf</b></p>	<ul style="list-style-type: none"> <li>● The <b>UAE’s withdrawal reflects</b> a broader shift toward economic nationalism in the <b>Gulf region.</b></li> <li>● Countries are <b>increasingly prioritizing national interests over collective organizations.</b></li> <li>● The UAE now seeks full control over:             <ul style="list-style-type: none"> <li>▪ <b>Oil production decisions</b></li> <li>▪ <b>Energy investments</b></li> <li>▪ <b>Market strategy</b></li> <li>▪ <b>Global partnerships</b></li> </ul> </li> <li>● This trend could weaken traditional <b>Gulf institutions like OPEC and the GCC over time.</b></li> </ul>
<p><b>Impact on Global Energy Politics</b></p>	<ul style="list-style-type: none"> <li>● The <b>UAE’s exit</b> may encourage other <b>oil-producing countries</b> to reconsider the benefits of remaining within <b>OPEC.</b></li> <li>● If more states prioritize independent production strategies, <b>OPEC’s collective power to regulate oil prices could decline significantly.</b></li> </ul>

	<ul style="list-style-type: none"> <li>● This would reshape:             <ul style="list-style-type: none"> <li>▪ <b>Global oil pricing mechanisms</b></li> <li>▪ <b>Energy diplomacy</b></li> <li>▪ <b>Gulf geopolitical influence</b></li> <li>▪ <b>Relations between oil producers and major powers</b></li> </ul> </li> </ul>
--	---

### 13. How UAE's OPEC Exit Will Affect Saudi Relations?

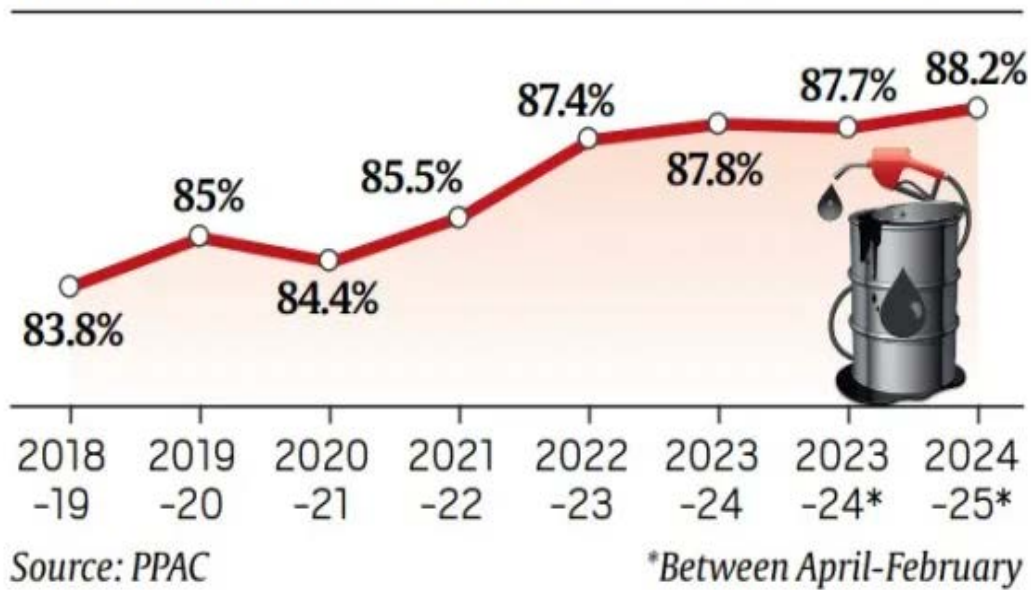
- **Saudi Arabia and the UAE** are so deeply enmeshed in **trade, investment and logistics** that analysts say a full-blown economic rift is unlikely and would serve **neither's self-interest**.
- The region is already reeling from the fallout of the **Iran conflict and its impact on investor and business sentiment**.

Aspects	Description
<b>Increase in Saudi-UAE Rivalry</b>	<ul style="list-style-type: none"> <li>● The <b>UAE's exit</b> reflects growing competition with <b>Saudi Arabia for regional influence and economic leadership in the Gulf</b>.</li> <li>● Both countries are now pursuing more <b>independent energy and foreign policies</b>.</li> </ul>
<b>Weakening Saudi Leadership in OPEC</b>	<ul style="list-style-type: none"> <li>● <b>Saudi Arabia</b> has traditionally dominated OPEC decisions, but the <b>UAE's</b> departure challenges this influence.</li> <li>● It may reduce unity within the <b>organization and encourage</b> other countries to act independently.</li> </ul>
<b>Competition in Global Oil Markets</b>	<ul style="list-style-type: none"> <li>● Without <b>OPEC production limits</b>, the <b>UAE</b> can increase oil output and compete more aggressively in <b>Asian markets like India and China</b>.</li> <li>● This may put pressure on <b>Saudi oil exports and pricing strategies</b>.</li> </ul>
<b>Greater Strategic Autonomy for UAE</b>	<ul style="list-style-type: none"> <li>● The move shows that the UAE wants more control over its <b>economic and energy decisions</b>.</li> <li>● It signals a shift from <b>close alignment with Saudi Arabia</b> toward a more autonomous regional role.</li> </ul>
<b>Impact on Gulf Cooperation</b>	<ul style="list-style-type: none"> <li>● Differences over oil policy could create tensions within <b>Gulf partnerships</b>.</li> <li>● Both countries are still likely to <b>cooperate on regional security and economic stability</b>.</li> </ul>

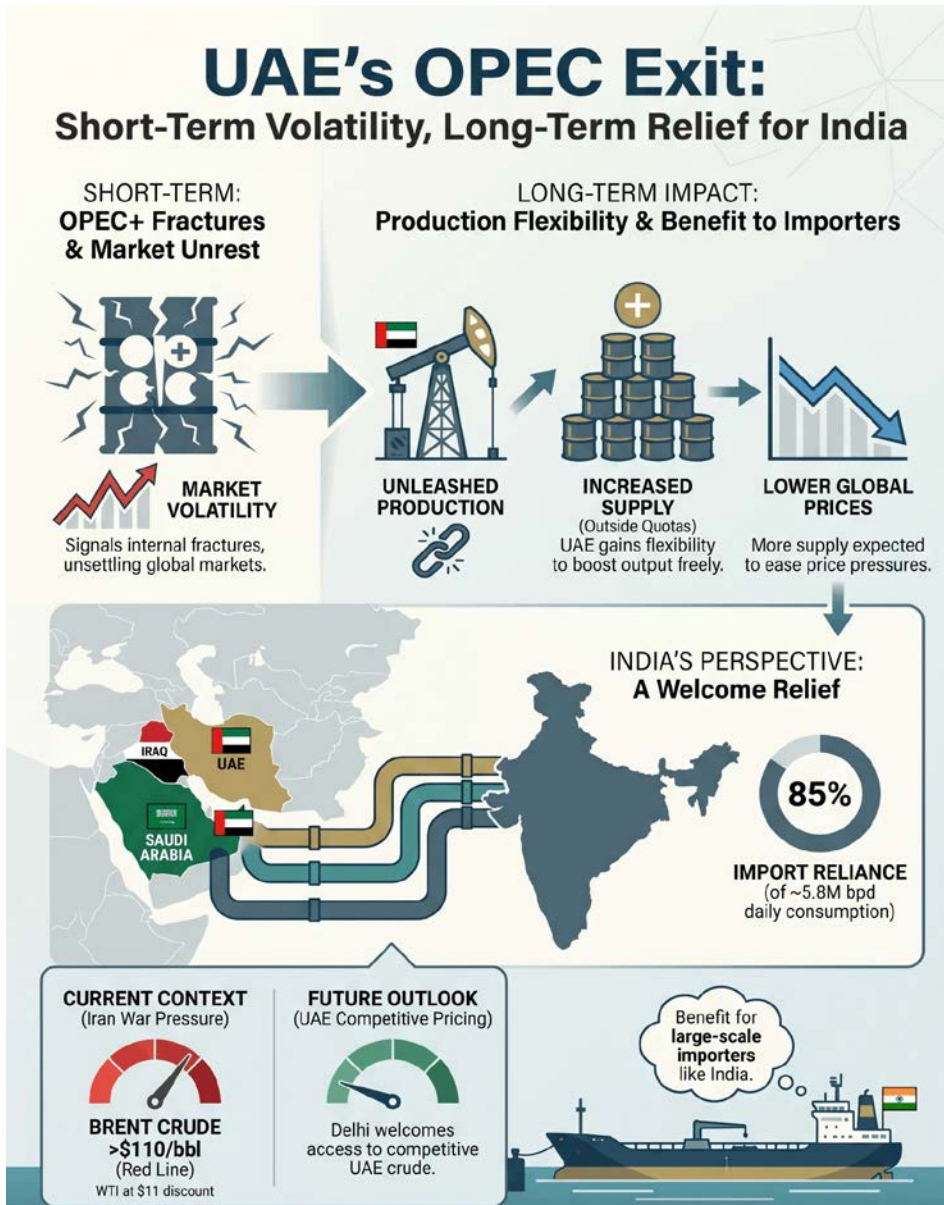
<p><b>Changing Gulf Power Balance</b></p>	<ul style="list-style-type: none"> <li>• The exit indicates the emergence of a more multipolar <b>Gulf region</b> rather than <b>Saudi-dominated leadership</b>.</li> <li>• The <b>UAE is increasingly positioning</b> itself as an independent global energy and diplomatic actor.</li> </ul>
---	--

**14. How does UAE exit from OPEC impact India?**

**INDIA'S RISING OIL IMPORT DEPENDENCY**



- For **India**, which imports a large share of its oil, the development carries both risks and opportunities.
- In the near term, **high oil prices** remain a concern due to ongoing geopolitical tensions. This could keep pressure on inflation and the country's import bill.
- In the longer term, however, if the **UAE** increases production and global supply improves, it could help ease prices and reduce cost pressures.
- The **UAE's** decision reflects a broader shift in global energy markets.
- **Large producers** are increasingly looking to maximise output and revenues rather than remain bound by group decisions. With significant investments planned including a **\$150 billion programme through 2030**, the **UAE** appears focused on expanding its role in global supply.
- While the immediate impact may be limited, the move signals a potential turning point for **OPEC** and global oil markets.



- **For India, the development carries significant importance because the country imports close to 85 to 90 per cent of its crude oil requirement from overseas markets.**
  - **This makes India highly vulnerable to every movement in global crude benchmarks.**
  - **If the UAE begins supplying more oil independently and global crude prices soften over time, India could benefit through lower import bills, reduced inflationary pressure, better fuel cost stability and improved current account management.**
- **Since the UAE is already one of India's major crude suppliers, the exit may also create room for more direct bilateral energy agreements and supply flexibility in the coming years.**
  - **Lower crude prices also provide indirect relief to sectors such as aviation, paints, Logistics, chemicals, tyres and oil marketing companies that are heavily dependent on petroleum-linked input costs.**

**15. Why UAE’s OPEC exit could tilt the oil game in India’s favour?**



- The United Arab Emirates’ decision to exit Organization of the Petroleum Exporting Countries (OPEC) and OPEC+ signals a shift in how global oil markets may function and, over time, could work in India’s favour.
- Former diplomat Ashok Sajjanhar called the move a “game changer” for oil trade, pricing and production, with wider geopolitical implications.

<p><b>Why UAE oil supply increase could support India energy security</b></p>	<ul style="list-style-type: none"> <li>• Analysts say the <b>benefit for India will depend on how quickly markets stabilise.</b></li> <li>• <b>Anindya Banerjee, Head of Research for Currency and Commodities at Kotak Securities, said the move could be “bearish for oil prices” once supply flows normalise.</b></li> <li>• Any <b>increase in output from a reliable partner like the UAE strengthens India’s long-term energy security.</b></li> </ul>
<p><b>How India could benefit from direct oil deals with UAE after OPEC exit</b></p>	<ul style="list-style-type: none"> <li>• The <b>UAE’s exit may open new room for bilateral engagement.</b></li> <li>• Former <b>ambassador Navdeep Singh Suri said India could benefit in two ways.</b> <ul style="list-style-type: none"> <li>▪ First, <b>higher UAE production could help ease prices.</b></li> <li>▪ Second, the move allows <b>more flexibility for bilateral deals that were earlier constrained by OPEC’s production framework.</b></li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>● Officials also indicated that <b>India could explore long-term supply agreements with the UAE</b> without being bound by <b>cartel restrictions</b>.</li> </ul>
<b>UAE proximity advantage: How shorter distance helps cut India's oil import costs</b>	<ul style="list-style-type: none"> <li>● Compared to suppliers like the <b>US, Russia or Africa, the UAE is closer to India</b>.</li> <li>● Higher imports from the region could also mean <b>lower shipping costs</b>, which in turn <b>helps bring down India's overall import bill</b>.</li> </ul>
<b>Greater bargaining power for India</b>	<ul style="list-style-type: none"> <li>● A <b>fragmented OPEC</b> and <b>rising competition between Gulf</b> producers could improve India's negotiating <b>position while purchasing crude oil</b>.</li> <li>● Countries like the UAE and Saudi Arabia may offer:             <ul style="list-style-type: none"> <li>▪ <b>Discounted crude oil</b></li> <li>▪ <b>Flexible payment terms</b></li> <li>▪ <b>Long-term supply agreements</b></li> <li>▪ <b>Investment partnerships</b></li> </ul> </li> </ul>

**16. What is the relevance of the topic for UPSC CSE?**

- **For Prelims:** Joint Comprehensive Plan of Action, Strait of Hormuz, India-Middle East-Europe Economic Corridor (IMEC), Red Sea, Two-state Solution, European Union, United Nations, Gulf Cooperation Council (GCC).
- **For Mains:** Historical background for reasons of conflict between Iran and Israel, Impact of Iran-Israel conflict on India and suggested measures to de-escalate tensions.

**Some previous years prelims questions.**

Q1. Which of the following is not a member of 'Gulf Cooperation Council'? (2016)

- (a) Iran
- (b) Saudi Arabia
- (c) Oman
- (d) Kuwait

**Ans: (a)**

Q2. Consider the following statements: (2008)

1. Ajman is one of the seven Emirates of the UAE.
2. Ras al-Khaimah was the last Sheikdom to join the UAE.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

**Ans: (c)**

## Some previous years mains questions.

Q1. The question of India's Energy Security constitutes the most important part of India's economic progress. Analyse India's energy policy cooperation with West Asian countries. (2017)

## Some questions from this year and previous years interview transcripts.

### Board Sheel Vardhan sir (2025):

- What are various reasons for conflict between Saudi Arabia and UAE?

### Board Suman Sharma mam (2025):

- What is the land dispute between Iran and UAE?

### Board Sujata Chaturvedi mam (2025):

- Why is the visit of the UAE president significant?

### Board Sheel Vardhan Sir (2025):

- Why UAE leader visited india recently?

## Some questions for QUIZ.

Q1. Consider the following Countries:

1. Iraq
2. Libya
3. Armenia
4. Ajerbaijan
5. Turkmenistan
6. Iran

How many of the above countries are part of OPEC grouping?

- (a) Only three
- (b) Only four
- (c) Only five
- (d) All six

Ans: (a)

## Some questions for POLL.

Q1. Will United Arab Emirates's exit from Organization of the Petroleum Exporting Countries affect global oil prices?

- (a) YES
- (b) NO
- (c) Can't say.

- Q2. Can India benefit from the United Arab Emirates leaving Organization of the Petroleum Exporting Countries?
- (a) YES
  - (b) NO
  - (c) Can't say.
- Q3. Will Saudi Arabia–United Arab Emirates relations be impacted if the UAE exits OPEC?
- (a) YES
  - (b) NO
  - (c) Can't say.
- Q4. Could the UAE's exit weaken the influence of Organization of the Petroleum Exporting Countries in the global energy market?
- (a) YES
  - (b) NO
  - (c) Can't say.
- Q5. Will India's energy security improve if the UAE increases independent oil production after leaving OPEC?
- (a) YES
  - (b) NO
  - (c) Can't say.
- Q6. Will non-OPEC countries gain more influence in global oil politics after a UAE exit?
- (a) YES
  - (b) NO
  - (c) Can't say.
- Q7. Can the UAE's exit create instability in the global oil supply chain?
- (a) YES
  - (b) NO
  - (c) Can't say.
- Q8. Will global crude oil competition increase if the UAE leaves OPEC?
- (a) YES
  - (b) NO
  - (c) Can't say.
- Q9. Do you think the UAE's possible exit from OPEC will have long-term geopolitical consequences for the world?
- (a) YES
  - (b) NO
  - (c) Can't say.