

# OPEC+

July 6, 2021

**In news-** Saudi Arabia and the United Arab Emirates are in a spat over oil prices.

## **Key updates-**

- Saudi Arabia has led a push in OPEC to raise output by some 2 million barrels per day from August to December 2021 but extend remaining cuts to the end of 2022.
- But the UAE has said that a cut in output beyond the initial deadline of April 2022 would be “unfair to the UAE”.
- Though OPEC’s sharp output cuts have kept prices from collapsing even further, pumping too much too soon could undermine the rebound in energy prices.
- Under a proposed **OPEC Plus deal**, the UAE would proportionally cut its oil production by 18 percent, while Saudi Arabia would cut its output by 5 percent.
- Meetings between the 13 members of OPEC proper and between the 23 members of OPEC Plus, have failed to reach a deal on oil output.

## **OPEC-**

- The Organization of the Petroleum Exporting Countries (OPEC) is a permanent, intergovernmental Organization, created at the Baghdad Conference held in Iraq in 1960.
- The founding members are **Iran, Iraq, Kuwait, Saudi Arabia and Venezuela**.
- It initially had its **headquarters** in Geneva, Switzerland which was then moved to **Vienna, Austria** in 1965.
- The **objective is to** coordinate and unify petroleum policies among Member Countries in order to secure fair and stable prices for petroleum producers , the efficient, economic and regular supply of petroleum to consuming nations and a fair return on capital to those

investing in the industry.

- Currently, the Organization has a total of **13 Member Countries**– Algeria, Angola, Congo, Equatorial Guinea, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Saudi Arabia, United Arab Emirates, and Venezuela.
- The year 2020 marked the 60th anniversary of the founding of OPEC.

### **Functions of OPEC-**

- Review the status of the international oil market and the forecasts for the future in order to agree upon appropriate actions which will promote price stability in the oil market.
- Decisions about matching oil production to expected demand are taken at the meeting of the OPEC conference.
- Provides research and administrative support to the secretariat body that disseminates news and information to the world at large.

### **OPEC+**

- In September 2016, Saudi Arabia and Russia agreed to cooperate in managing the price of oil, creating an informal alliance of OPEC and non-OPEC producers that was dubbed “OPEC+.”

**Non-OPEC countries** which are major oil producers are: Russia, Azerbaijan, Bahrain, Brunei, Equatorial Guinea, Kazakhstan, Malaysia, Mexico, Oman, Russia, Sudan, South Sudan, Brazil and Bolivia.