

# OPEC+

October 6, 2022

**In news**— OPEC+ has decided to cut oil production by 2 million barrels per day (bpd).

## Key updates-

- This is the **largest cut since the beginning of the Covid-19 pandemic.**
- **Brent crude, the international benchmark,** was up 28 cents or 0.3%, at \$92.08 a barrel after the cut was announced.
- A benchmark crude or marker crude is a crude oil that serves as a reference price for buyers and sellers of crude oil.
- **There are three primary benchmarks, West Texas Intermediate (WTI), Brent Blend, and Dubai Crude.**

## What is OPEC & OPEC plus?

- The Organisation of the Petroleum Exporting Countries (OPEC) and its allies, together known as OPEC+.
- It is the grouping of the **world's largest oil-producing countries.**
- **Established in 1960 by founding members** Iran, Iraq, Kuwait, Saudi Arabia and Venezuela, OPEC has since expanded and now has **13 member states.**
- 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+."
- With the **addition of another 11 allied major oil-producing countries that include Russia, the grouping is known as OPEC+.**
- Initially, OPEC had its headquarters in Geneva, Switzerland which was then moved to Vienna, Austria in 1965.

- **The objective of the organisation is to** coordinate and unify the petroleum policies of its Member Countries and ensure the stabilisation of oil markets in order to secure an efficient, economic and regular supply of petroleum to consumers, a steady income to producers and a fair return on capital for those investing in the petroleum industry.
- Previously controlled by western-dominated multinational oil companies known as the **“Seven Sisters,”** OPEC sought to give the oil-producing nations greater influence over the global petroleum market.
- **They account for roughly 40 per cent of the world’s crude oil and 80 per cent of the globe’s oil reserves,** according to estimates from 2018.
- They usually meet every month to determine how much oil the member states will produce.

### **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.