capacity to maintain oil production and storage for an additional two months, when contrasted with the US President's claim of a three-day capability, underscores the complexity and uncertainty surrounding the actual volume of Iranian oil supply. This ambiguity, in itself, can influence prices. Furthermore, the news of 52 vessels, including 31 oil tankers, passing through the US blockade signifies attempts to circumvent sanctions and maintain export flows, indicating pressure on global supply.

Conversely, Kpler's report noting only six vessels transiting the Strait of Hormuz — including two that are subject to US sanctions and one that is linked to Iran's "shadow fleet" — suggests that the Strait of Hormuz continues to face restrictions, potentially impacting global oil supply.

### Insecurity of maritime routes and transit disruptions

The Panama Canal Authority's reference to unprecedented traffic of oil tankers and commercial ships on that same canal due to insecurity along other maritime routes emphasizes the impact of logistical disruptions on the oil market. Insecurity and increased maritime transit costs directly affect the landed cost of oil and, consequently, its global price.

### Escalation of energy crisis and regional tensions

Russia's accusation that Kyiv is exacerbating global oil shortages through attacks on oil storage facilities further validates the role of military conflicts in destabilizing energy markets. The attack on oil storage in Tuapse, intended for export operations, demonstrates the direct impact of military engagements on critical energy infrastructure and global supply.

### Diplomatic reactions and economic threats

China's threat to seize US assets in Beijing following sanctions on a Chinese refinery for its ties to Iran signals escalating geopolitical tensions and the potential for trade wars and sanctions to expand into other domains. Such diplomatic reactions and economic threats can undermine investor confidence and the stability of global markets, indirectly influencing oil prices.

In summary, the rise in oil prices is the consequence of a confluence of complex factors: supply constraints stemming from sanctions and geopolitical tensions, logistical disruptions in vital maritime routes, escalating military conflicts targeting energy infrastructure, and diplomatic responses that fuel global market instability. These elements have collectively contributed to the increase in global oil prices.

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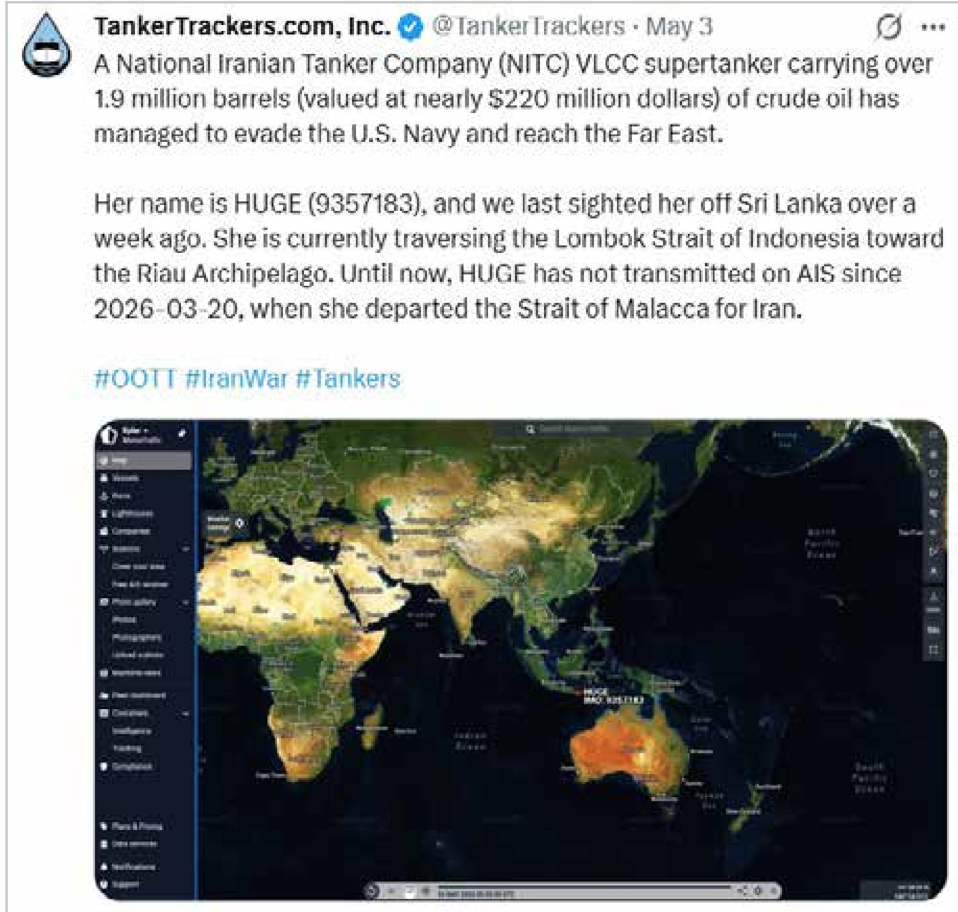


*An Iranian supertanker carrying nearly $220 million worth of oil has evaded US blockade efforts, TankerTrackers wrote on social media platform X (formerly, Twitter).*
X

# Future of OPEC, OPEC+ post-UAE withdrawal

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OPINION EXCLUSIVE

The decision of the United Arab Emirates (UAE) to officially withdraw from OPEC and OPEC+ effective May 1, 2026, marks one of the most significant structural shifts in the global energy market in the past decade. The departure of a country producing an average of 3.46 million barrels per day (bpd) in 2025, with ambitions to increase its capacity to 5 million bpd by 2030, transcends a mere technical disagreement over production quotas. It signals a geopolitical move with direct consequences for OPEC's cohesion, oil prices, and the trajectory of the energy transition in the Persian Gulf region.

The UAE has also exited the Organization of Arab Petroleum Exporting Countries (OAPEC). Previously, Mohammed Sorour Al-Sabban, a former adviser to the Saudi Minister of Energy, emphasized that the UAE's decision to leave OPEC+ under current circumstances, particularly given its limited spare production capacity, raised numerous questions. He noted that this move would not impact the stability of OPEC+ or its role in global markets. Al-Sabban posed a key question: Could the UAE not have waited until its production capacity reached five million bpd? He also suggested that the US might be behind this decision as Trump aims to portray himself as the controller of global oil markets. According to Al-Sabban, the objective of this action is to destabilize OPEC+, but this will not happen.

Within this context, market analysis must simultaneously consider two levels: institutional cohesion and market resilience/compensatory mechanisms. Therefore, the UAE's withdrawal should be viewed not merely as a breakdown of cooperation but as a test for supply management frameworks and a redefinition of roles.

### Political-economic dimensions

An analysis of OPEC decisions from 2016 to 2024 reveals a significant trend: the average compliance rate of Persian Gulf Cooperation Council (GCC) countries with OPEC production cut agreements has fallen from 91% to 63%. This decline is largely attributed to disputes between the UAE and Saudi Arabia over the baseline production levels.

- UAE's share of OPEC production: 9.2%
- Share of OPEC+ spare capacity: Approximately 14%
- Share of Persian Gulf oil exports: 12%

The departure of such a player directly weakens OPEC's ability to manage the market and exert a coordination effect. The simultaneous exit from OAPEC further signifies a multi-layered institutional rift, implying that the repercussions of this decision extend beyond production

*US President Donald Trump (2nd-L) attends the US-UAE Business Council in Abu Dhabi, United Arab Emirates, on May 16, 2025.*
WALEED ZEIN/ANADOLU

Regional reports (including those from Al Jazeera) indicate that this withdrawal is not solely a result of quota disputes but also stems from:

- Intensifying competition between Riyadh and Abu Dhabi in energy policy,
- Divergent approaches towards Iran,
- And a widening gap in the economic and industrial development models of the two nations.

These factors have reached a point where they challenge the historical oil cohesion of the Persian Gulf. Considering the weighted data, the UAE's significance in the OPEC and OPEC+ equation cannot be overlooked: agreements to impact policy coordination networks.

### Potential oil market scenarios post-UAE withdrawal

To analyze the potential impacts, three primary scenarios have been developed, drawing upon models from the International Energy Agency (IEA), OPEC, and 2026 data from BloombergNEF.

**• Scenario 1: increased competition and intra-OPEC fragmentation**

In this scenario, following the UAE's withdrawal, the country increases its production by approximately 300,000 to 500,000 bpd between 2026 and 2027. Potential reactions from other producers could include increased supply to maintain market share. The quantitative outcomes are projected as follows:

- Brent crude price decline between $8 and $12 per barrel,
- A 12% to 15% reduction in oil revenues for lower-income OPEC members,
- And an approximate 25% increase in price volatility (Volatility Index).

This scenario suggests a market dynamic shifting towards redefining points of influence. As institutional coordination weakens, the market becomes more receptive to dispersed signals, leading to wider price fluctuations.

**• Scenario 2: formation of new alliances outside OPEC**

Under this scenario, the UAE moves towards cooperation with non-OPEC producers (e.g., Norway, the US, Brazil). Potential consequences include:

- A reduction in OPEC's influence on global prices from approximately 35% to 25%,
- The formation of new blocs based on low-cost extraction technologies (Offshore/Deepwater),
- And increased influence of emerging economies like India and China in setting purchasing patterns.

From an analytical standpoint, this scenario carries a structural implication: a diminished institutional coordination that shifts bargaining power towards purchasing and technological investment spheres, leaving OPEC with greater limitations in directing price trends.

**• Scenario 3: accelerated transition to sustainable energy**

Geopolitical pressures and climate change constraints may push Persian Gulf countries towards diversifying their energy portfolios away from fossil fuels. Projections indicate:

- A rise in the UAE's solar energy capacity from the current 6.2 GW to 23 GW by 2030,
- An increase in the share of renewable energy in the overall Persian Gulf energy mix from 7% in 2025 to 22% by 2035,
- And an average annual investment of $40 billion in green energy across the region.

Considering Al-Sabban's view that the withdrawal will not affect OPEC+'s stability, the energy transition could act as a political adjustment factor. Even if short-term volatility occurs, a long-term shift towards alternative energy investments alters the political and economic costs of maintaining disputes.

### Environmental challenges and climate commitments

In 2025, total $CO_2$ emissions from OPEC member countries were estimated at approximately 7.8 gigaton. To maintain access to European and Asian markets, these nations must align themselves with new carbon standards, including the Carbon Border Adjustment Mechanism (CBAM), EU 2030 standards, and Asian ESG requirements.

Key Challenges:

- Carbon intensity of oil extraction in some member states reaches up to 13 kg $CO_2$ per barrel (global average: 9.7 kg $CO_2$/bbl).
- Carbon Capture and Storage (CCS) technologies account for less than 1% of OPEC's global capacity.
- Methane leak rates in certain fields are as high as 3.5% (below the IEA standard of <0.2%).

Potential OPEC Responses:

- Collective investment increase in CCS projects, potentially reaching $10 billion annually.
- Transformation of certain members into hydrogen hubs (with projected production of 25 million tons by 2035).
- Collaboration on methane emission reduction initiatives, aiming for up to 75% reduction by 2030.

In this context, the linkage between institutional fragmentation and carbon pressure is critical. While political withdrawals may impact production coordination, carbon standards and destination market requirements exert consistent, aligned pressure. Addressing these necessitates project-level and investment-level coordination. Thus, the climate response can serve as both a risk management tool and a means to preserve access to key markets.

### OPEC at a crossroads of redefinition

The UAE's withdrawal is not a transient event but a breaking point in the architecture of the oil market. Based on the analyses, the implications are as follows:

- Diminished OPEC cohesion, making supply management more challenging.
- Increased bargaining power for independent producers.
- Heightened pressure on OPEC to adapt to climate standards.
- A necessity to redesign OPEC's structure, focusing on flexibility, technology, and decarbonization.

In this evolving landscape, the future of OPEC and OPEC+ will depend not only on production agreements but also on members' adaptability to a low-carbon economy, clean technologies, and the structural competition within the Persian Gulf. Nations that swiftly transition towards cleaner energy sources and resilient economic structures will emerge as the frontrunners in this era of transformation.