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The UAE Didn't Just Leave OPEC. It Exposed Its Weakness.



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Background —Sixty Years in The Making

On May 1, 2026, when the United Arab Emirates¹ officially left the Organization of Petroleum Exporting Countries (OPEC), it did not simply end an era; rather, it ripped out large sections of the book that has defined how the international energy market operates for nearly sixty years. As one of the original twelve founding members² of OPEC (Organization of the Petroleum Exporting Countries) since 1967, only a year into its existence as a federated nation, the UAE has served as a foundation stone for the most influential petroleum cartel globally through boom times and busts, through periods of high-priced crude oil and low, during periods of major geopolitical turmoil, and at least twice through pandemic-induced disruptions. Through all these crises and fluctuations, Abu Dhabi has continued to be a faithful member of the cartel, though increasingly restive.

In essence, OPEC was established on one fundamental yet powerful principle: By establishing common production levels among the world's largest exporter countries of oil, OPEC's membership could establish and maintain collective influence over global supply and ultimately over global prices. In doing so, this concept worked

successfully for decades. The 1973 oil embargo completely changed the global economic landscape. And, with the post-2014 OPEC+, which included the participation of Russia and other non-OPEC producers, the cartel's reach expanded significantly. However, the UAE's withdrawal announced on April 28, 2026,³ and described as a moment that "weakened the oil cartel" signifies something fundamentally structural: OPEC no longer reigns supreme unchallenged.

Why the UAE Left — And Why Saudi Arabia Couldn't Stop It

Although the official reasons for the UAE's withdrawal were diplomatic and expressed as a "strategic and economic vision" and an "evolving energy profile," there are many underlying causes.⁴ The most basic cause is the financial loss resulting from the lack of oil exports. This is primarily due to Abu Dhabi National Oil Company (ADNOC) having spent an estimated \$150 billion to increase domestic production capacity. ADNOC increased production to reach 4.85 million barrels/day (b/d)⁵ in 2024 and plans to continue increasing production up to 5 million b/d⁶ in 2027. However, according to OPEC+ agreements, which are agreed upon based on Saudi Arabia's priorities, the maximum amount of crude⁷ that the UAE could produce remained approximately 3.2-3.6 million b/d.⁸ The difference between domestic production capacity and allowed production levels equates to approximately \$50 billion/year of lost revenues, clearly a political and economic burden that cannot be sustained indefinitely.

These issues are the result of years of frustrations. Issues began to emerge in July of 2021 when OPEC+ failed to reach agreement on a new production plan that was being promoted by Saudi Arabia, due in part to the fact that the United Arab Emirates (UAE) had refused to accept the proposed revisions to the 2018 baseline production levels. Ultimately, the parties were able to agree upon a compromise that increased the UAE's baseline production level from 3.17 million barrels per day (b/d) to 3.5 million b/d; however, this compromise did little to alleviate what appears to be a fundamental issue facing the organization: while the UAE is now seeking greater flexibility with respect to oil production in order to increase their economic ties with major energy-consuming countries, Saudi Arabia continues to prioritize maintaining price discipline amongst producing members.

Saudi Arabia views the actions of the UAE as a significant loss of a strategically important opportunity. For nearly four decades, Saudi Arabia has used OPEC as both an economic tool and a means of exercising their influence throughout the Middle East and North Africa region. Therefore, the departure of the UAE will likely undermine Saudi Arabia's ability to present itself as a unified Gulf entity, further fracture perceptions of unity amongst Gulf Cooperation Council (GCC) member states, and challenge Riyadh's pricing policies regarding petroleum products. Additionally, beyond their respective petroleum industries, Saudi Arabia and the UAE are competing economically and geopolitically in the Middle East and North Africa (MENA) region. Furthermore, there is growing competition in the area of creating a "regional" economy, specifically in regard to the creation of Riyadh as a regional centre for business, tourism, and technology under Saudi Vision 2030.⁹ This effort is seen as direct competition to the long-standing Dubai-cantered economic model of the UAE. The ongoing rivalry between Saudi Arabia and the UAE has also resulted in differences regarding regional conflicts¹⁰ such as Yemen where the UAE provided support for southern separatist groups while Saudi Arabia supported Yemen's central government; in Sudan, Abu Dhabi reportedly aligned themselves with the Rapid Support Forces (RSF), while Riyadh supported the Sudanese government; and differing opinions regarding Somalia/Somaliland, Syria, Iran, and relations with Israel post-Abraham Accords. The recent OPEC decision is therefore not merely about quota disagreements but represents the end result of a shift in the relative power dynamics between Saudi Arabia and the UAE.

The Immediate Impact on the Global Oil Industry

The Short-Term Effects on the World Oil Market Due to the UAE's Exit from OPEC
As an event in the world oil industry's history, the UAE is leaving OPEC. However, this event will have little or no immediate impact¹¹ on the world oil market. The recent closing of the Strait of Hormuz due to the continuing conflict among the United States, Israel, and Iran has caused a temporary disruption of oil flow from the Middle East to other parts of the world. Therefore, although the U.A.E. may continue to produce oil at maximum levels after it leaves OPEC, it cannot increase exports beyond current levels until the Strait of Hormuz reopens. While the UAE's decision to leave OPEC may eventually contribute to higher global oil supplies once the Strait of Hormuz, the

immediate consequences for OPEC itself are likely to be highly damaging. The UAE was the third-largest oil¹² producer among OPEC members, accounting for around 12 percent of all OPEC's oil output. Additionally, the UAE had available reserve production capacity, which made it one of only two or three other OPEC producers that did. Therefore, because the UAE acted as an important buffer to protect OPEC from potential price shocks in times of supply disruptions by helping meet increased demand through increased exports, its loss increases Saudi Arabia's position as the sole key player within OPEC. This can also make it more difficult to maintain OPEC as a cohesive body and could possibly result in OPEC becoming a bilateral relationship centred on Saudi Arabia. Market sentiment reflects both the decreasing cohesiveness of OPEC and increasing possibilities for new sources of crude entering the world market; notably due to years of dissatisfaction with export quotas and price controls by the UAE.

The Next Five Years: A New Oil Order

The first five years after the UAE exits will have significant impacts. In 2026, there could be a global supply surplus of up to 3.84 mbd (International Energy Agency). This would result from both reduced growth in demand for oil and increased supplies outside of the Organisation of the Petroleum Exporting Countries (OPEC). The UAE's production goal of reaching 5 mbpd, unencumbered by quotas or production constraints, increases the structural oversupply in an already weakening market.

This can be viewed positively for oil-importing countries such as India, Japan, South Korea, and most European countries; they may see the opportunity for historically low-priced oil and reductions in their energy import costs, and it provides them with fiscal flexibility. As was typical for U.S. President Donald Trump, he directly stated his approval of the UAE exiting OPEC, stating that "it's going to help get the price of gasoline down." On the other hand, having the ability to act independently within the oil market provides the UAE with greater latitude to negotiate direct supply contracts, secure investment from abroad, and strengthen relationships with Asian customers. It also presents an opportunity for Abu Dhabi to create a "petroyuan moment", where Abu Dhabi begins to make settlements using currencies other than the dollar with China.

In contrast, the next five years appear to be particularly challenging for oil-dependent African economies, including Nigeria, Libya, and Algeria. Sustained lower crude oil prices resulting from UAE production freedom and the fragmentation of OPEC will undoubtedly place additional pressure on the fiscal deficits and increase sovereign debt burdens of these African economies.

Conclusion: The End of the OPEC Era?

The UAE's exit from OPEC is not simply a trade dispute or a production grievance. It is an unmistakable and irreversible signal¹³ that the architecture of the global oil order built in the 1960s is fracturing under the weight of diverging national interests, an accelerating energy transition, and a new geopolitical landscape. For six decades, OPEC survived because its members shared a common interest in price stability. That consensus is gone.

The UAE has chosen sovereignty over solidarity, volume over price, and the future over the past. Whether that gamble pays off will depend on how quickly global oil demand peaks, how swiftly the Strait of Hormuz reopens, and whether Saudi Arabia can rebuild any form of credible coordination with its remaining partners. What is certain is this: the world's most powerful oil alliance will never look the same again.

DISCLAIMER

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ENDNOTES

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- ⁵ S&P Global Commodity Insights, "UAE's ADNOC Ups Crude Production Capacity to 4.85 Million b/d," *S&P Global Commodity Insights*, May 2, 2024, <https://www.spglobal.com/energy/en/news-research/latest-news/crude-oil/050224-uaes-adnoc-ups-crude-production-capacity-to-485-million-bd>.
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- ⁷ [U.S. Energy Information Administration \(EIA\)](https://www.eia.gov), "The United Arab Emirates Is Expanding Its Oil Production Capacity," *Today in Energy*, January 29, 2024, <https://www.eia.gov/todayinenergy/detail.php?id=61365>.
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- ¹² [Organization of the Petroleum Exporting Countries \(OPEC\)](https://www.opeec.org) *Annual Statistical Bulletin 2024, Annual Statistical Bulletin 2024* (Vienna: OPEC Secretariat, 2024), <https://www.opeec.org/assets/assetdb/asb-2024.pdf>.