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UAE's Exit from OPEC and OPEC+: Strategic Implications for Energy Markets and Diplomacy

Dr Luay al-Khateeb | Dr Karen E. Young | Mannat Jaspal | Dr Mohamed Alzarouni | Dr Damyana Bakardzhieva

Dr Luay al-Khateeb

is an advisor to the American University of Iraq-Baghdad and an honorary professor at the University of Exeter. He is a former distinguished fellow at Columbia University and a former foreign policy fellow at the Brookings Institution. He previously served as Iraq's Minister of Electricity, Acting Minister of Oil, and Acting Deputy Prime Minister for Energy Affairs.

Dr Karen E. Young

is a Senior Research Scholar at the Center on Global Energy Policy, School of International and Public Affairs, Columbia University, US. She was Founding Director of the Program on Economics and Energy at the Middle East Institute and remains a Senior Fellow. Earlier, she was Senior Resident Scholar at the Arab Gulf States Institute and a Research Fellow at the London School of Economics and Political Science, Middle East Centre.

Mannat Jaspal

serves as the Director and Fellow – Climate and Energy at the Observer Research Foundation-Middle East, responsible for expanding the research centre to support innovative, impactful, and policy-relevant efforts in the region and beyond. Her research and programmatic focus lie at the intersection of geopolitics, geoeconomics, and climate and energy policy, with expertise in climate finance, transition finance, carbon markets, multilateral development bank reforms, and just energy transitions.

Dr Mohamed Alzarouni

is a lecturer at the Anwar Gargash Diplomatic Academy in Abu Dhabi and a specialist researcher at the Regional Cooperation Forum. His current research interests centre on energy diplomacy, with particular emphasis on the growing role of the United Arab Emirates as an influential actor in the global transition toward sustainable energy. He holds a PhD from the University of Reading in the United Kingdom.

Dr Damyana Bakardzhieva

is the Senior Research Fellow leading the Economic Diplomacy research programme at the Anwar Gargash Diplomatic Academy. With a dual PhD in Economics, she has done research and taught economics and sustainability in Bulgaria, France, Monaco, the US, Egypt, and the UAE. She is also editor of the International Journal of Diplomacy and Economics.

Summary

- This Insight is based on a panel discussion organised by AGDA on May 5th, 2026, titled "Leaving the Cartel: Unpacking the UAE's Decision and its Implications for Global Markets".
- It explores the UAE's decision to exit OPEC (Organisation of the Petroleum Exporting Countries) and OPEC+ as a strategic response to deeper structural changes in global energy markets, and as part of a wider effect to preserve national policy flexibility in an increasingly fragmented energy order.
- Historically, the UAE was a significant member of OPEC. Its departure matters because it signals that even highly capable and previously disciplined producers may now place strategic autonomy, infrastructure, and bilateral energy relationships ahead of collective quota management.
- The economic case for the exit rests on opportunity cost, capital efficiency, reserve timing, and the monetisation of advantaged low-cost production capacity. Large investments in production capacity become harder to justify when a significant share of that capacity remains constrained by quotas for extended periods.
- The narrative also shows that the UAE sees hydrocarbon expansion and clean energy investment as part of the same strategic model: maximising the value of relatively advantaged oil resources while using those revenues to fund diversification, renewables, and longer-term transition priorities.
- Market effects are shaped less by the formal exit itself than by export logistics, maritime security, and the vulnerability of the Strait of Hormuz. Spare capacity has limited value if transport routes, insurance, and infrastructure resilience are weak.
- The analysis highlights growing divergence inside OPEC and OPEC+, especially between diversified low-cost producers and more fiscally constrained members that rely on tighter price support and collective discipline.
- The Insight proposes the following policy recommendations:
  - » Gulf producers should accelerate investment in alternative export routes, storage, and pipeline redundancy so that production capacity is matched by credible delivery capability during periods of geopolitical disruption.
  - » OPEC and OPEC+ members should revisit quota baselines and compliance frameworks to better reflect actual productive capacity, investment levels, and fiscal asymmetries among member states.
  - » Energy exporters pursuing net-zero or diversification agendas should articulate clearer transition strategies showing how current hydrocarbon revenues are being converted into lower-carbon infrastructure, industrial resilience, and non-oil growth.
  - » Consumer and producer states should deepen coordination on maritime security, inventory management, and refinery continuity, since energy security increasingly depends on logistics and system resilience rather than output volumes alone.
  - » Policymakers in the United States, Asia, and the Gulf should treat bilateral energy diplomacy, downstream partnerships, and infrastructure finance as central tools of market stability, not as secondary issues to headline production policy.
- Overall, the Insight concludes that the UAE's departure is best understood as a sign of broader change: oil-market governance is becoming more fragmented, infrastructure resilience is becoming more strategic, and the energy transition is intensifying competition over which producers can remain flexible, secure, and commercially advantaged during a prolonged period of geopolitical uncertainty.

The Issue

The UAE's decision, announced on April 28th and effective from May 1st, marked the end of its membership in OPEC and OPEC+. The move immediately raised broader questions about the future of producer coordination, the strategic priorities of Gulf exporters, and the changing structure of global energy politics.

Officially, the decision was presented as the result of a broad review of production policy, current and future capacity, and long-term strategic, economic, and energy security priorities. In that framing, the exit reflected an evolving national energy profile and a desire to play a more autonomous, flexible, and forward-looking role in global markets.

For historical context, OPEC is an intergovernmental cartel that enables cooperation among major oil-producing countries in setting output, supply, and prices on the international market. It was founded in Baghdad in September 1960 by five original members: Iran, Iraq, Kuwait, Saudi Arabia, and Venezuela, and other countries joined over time.

The original idea was to move away from the dominance of the major Anglo-American oil firms, The UAE entered OPEC in 1967 through Abu Dhabi and later continued its membership after the federation was formed in 1971. After the UAE's exit, the membership includes the original five countries in addition to Algeria, the Republic of the Congo, Equatorial Guinea, Gabon, Libya, and Nigeria. Together they account for a large share of the world's proven oil reserves and a significant portion of global production.

OPEC+ is a looser grouping of collaborating countries that includes, most importantly, Russia, but also Azerbaijan, Bahrain, Brazil, Brunei, Kazakhstan, Malaysia, Mexico, Oman, South Sudan, and Sudan. The UAE is not the first country to leave: Qatar withdrew in January 2019 to refocus on liquefied natural gas, and Ecuador, Angola, and Indonesia have exited at different times for different reasons.

The immediate backdrop to the decision was an OPEC+ meeting that approved a modest increase in production targets for June, adding 188,000 barrels per day. That adjustment underscored the larger issue at stake: whether the UAE's departure signalled a limited institutional change or the beginning of a more consequential shift in how oil producers manage markets, capacity, and geopolitical risk.

That historical background matters because the UAE did not occupy a marginal place inside OPEC. Abu Dhabi joined in 1967 before the federation itself had been established and later transferred that role into the federal structure of the UAE after 1971. Over the following decades, the country developed a reputation as one of the group's most capable and technically sophisticated members: politically cautious, commercially pragmatic, and usually willing to support collective discipline even when that meant carrying a meaningful share of production restraint. For that reason, the departure is significant not merely because one more member has left, but also because a state that long served as one of OPEC's most reliable and strategically important producers concluded that the institutional bargain no longer fit its national trajectory.

That is a larger signal than the exit of a small or structurally peripheral member would have been. The move therefore deserves to be read not only as a policy adjustment but also as evidence of a deeper shift in the balance between national energy strategy and cartel-based coordination. In that sense, the break reveals as much about the changing logic of oil governance as it does about the UAE itself. This Insight attempts to look at various aspects of the decision and its repercussions domestically, regionally, and internationally.

Economic Logic Behind the UAE's Exit

At the centre of the decision lay a fundamental economic question: whether continued OPEC membership still served the UAE's interests at a time when the country had become more diversified, investment-driven, globally integrated, and increasingly focused on maximising the value of its energy-based assets. The answer increasingly appeared to be no, or at least not in the same way it had in earlier decades.

The strongest explanation is economic recalibration with an important political backdrop. OPEC membership historically brought major gains by strengthening collective bargaining power, supporting price stability, and underpinning national development. But as the UAE's economy diversified, the benefits of quota-based coordination diminished while the opportunity cost of remaining constrained by quotas rose.

Opportunity cost sits at the core of the issue. The UAE has invested heavily in expanding production capacity, with ADNOC targeting five million barrels per day by 2027, yet quota limits have kept output well below that level. The result is underused capital, delayed returns, and foregone rents. For a low-cost producer, each barrel left in the ground under those conditions can represent a meaningful loss in future value, especially when oil revenues still provide the fiscal base for infrastructure, international investment, clean energy, technology, and broader economic diversification. In short, the underutilised capacity has thus far resulted in a weaker return on sectoral investments.

There is also a clear intertemporal dimension. In a world of uncertain future hydrocarbon demand, postponing production may not maximise the lifetime value of reserves. Greater flexibility allows the UAE to optimise the timing and use of its resources. Even so, the move should not be read as a plan to flood the market. Any increase in UAE output would still be modest relative to the global demand of more than 100 million barrels per day, which limits the immediate market impact.

Taken together, the decision can be understood through four linked concepts: opportunity cost, capital efficiency, reserve monetisation, and strategic flexibility. Rather than rejecting cooperation altogether, the UAE appears to be moving away from collective quota management and toward a more adaptable form of energy diplomacy aligned with investment cycles, fiscal planning, and long-term national priorities.

These economic pressures were not theoretical. Friction over baselines and quotas had surfaced repeatedly in earlier years, especially when the UAE argued that its permitted output did not fairly reflect its actual production capacity. Those disputes revealed a structural imbalance inside OPEC+: members with expanding low-cost capacity and stronger investment cycles were being asked to absorb restraint in ways that increasingly subsidised producers with higher fiscal break-even prices or weaker diversification strategies. For the UAE, that imbalance became harder to justify as domestic investment accelerated and policymakers treated oil capacity not as a symbolic reserve, but as a strategic asset that should be monetised at the right time and on the right terms. The issue, therefore, was not simply that quotas were inconvenient. It was that the quota system had come to look misaligned with the scale of capital already deployed and the development model the UAE was trying to build. Once that perception hardened, remaining inside the organisation became less a matter of solidarity and more a question of accepting a permanent opportunity cost.

The scale of ADNOC's investment programme helps explain why that opportunity cost matters so much. ADNOC's strategy has centred on lifting the production capacity of its lower-cost and lower-carbon-intensity barrels to 5 million barrels per day by 2027, supported by a broader capital programme that includes major upstream, midstream, and downstream spending as well as billions of dollars in project awards over the next several years. ADNOC has also emphasised responsible growth, arguing that its flagship crude grades can remain competitive in a world that is increasingly sensitive not only to price but also to emissions intensity.

This investment logic is difficult to reconcile with a system that keeps a large share of that capacity idle for prolonged periods, thereby weakening the commercial rationale for capacity expansion. Building capacity at this scale requires long planning horizons, technological partnerships, infrastructure expansion, and confidence that the resulting volumes can eventually move to market. Once those investments have been committed, the political tolerance for leaving that capacity stranded by agreement inevitably declines. The UAE's exit therefore aligns institutional policy with the capital structure of its national oil strategy.

Producer Coordination and the Future of OPEC+

The departure is best understood not simply as a political gesture but as a response to structural change within the UAE's energy sector, even if politics forms part of the background. ADNOC has evolved from a conventional national oil company into an international energy enterprise with interests across upstream, midstream, downstream, and marketing activities. That transformation has increased the value of operational flexibility, market responsiveness, and national discretion while reducing the appeal of rigid quota discipline.

From this perspective, the UAE's exit appears less like a sudden rupture than an early sign of how Gulf producers may compete in an increasingly multipolar energy order. The move could weaken OPEC+ cohesion by shifting emphasis away from collective quota discipline and toward infrastructure, market access, bilateral energy relationships, and producer-level autonomy. A return to an outright 1980s-style market share war remains unlikely, but the risk rises if additional low-cost producers begin prioritising volume over price. In the nearer term, softer compliance, tougher quota negotiations, and a greater reliance on bilateral arrangements appear more plausible.

At the same time, repeated predictions of OPEC's collapse have surfaced for decades without bringing about its disappearance. The organisation has instead adapted, most notably by expanding into OPEC+. That history suggests that some form of oil market coordination is still likely to endure, because unmanaged competition would impose serious costs on producer economies.

The durability of OPEC has historically depended on its ability to adapt to shocks and changes in the structure of world supply. The creation of OPEC+ in 2016 was one such adaptation. Faced with the rise of US shale, lower prices, and the declining ability of OPEC to steer the market alone, the group widened coordination to include Russia and other non-OPEC producers. That arrangement expanded the scale of managed supply and temporarily strengthened the credibility of collective action, but it also introduced new tensions. The preferences of Saudi Arabia, Russia, and the UAE were never identical, even when they converged tactically. As more capacity accumulated in Abu Dhabi and as its economy became more diversified than those of many peers, the logic of remaining bound to a broader coalition with uneven compliance and slower decision-making became harder to defend. The result is not necessarily the end of OPEC+, but it does expose the limits of a framework that has become larger, more geopolitically ambitious, and more difficult to hold together.

Energy Transition, Net Zero, and Strategic Positioning

One of the central tensions raised by the decision is whether expanded production flexibility can be reconciled with the UAE's image as a clean energy leader, especially after hosting COP28 and investing heavily in renewables through Masdar across multiple regions.

Within the UAE's broader energy strategy, the apparent contradiction is less stark than it first appears. The transition is treated not as a binary choice between hydrocarbons and renewables, but as a managed process that balances energy security, emissions reduction, economic diversification, and investment in future energy systems.

From that standpoint, hydrocarbons and clean energy are not necessarily in conflict. Hydrocarbon revenues can provide the transition finance needed for renewables, hydrogen, nuclear energy, and the infrastructure required for a lower-carbon future. Freeing production from OPEC quotas therefore creates more room to optimise hydrocarbon value while also funding the longer-term transition at home and abroad.

There is also an efficiency argument in favour of this approach: if oil demand remains substantial for years to come, it may be preferable for a larger share of supply to come from lower-cost, lower-carbon producers rather than from higher-emission alternatives. The reputational challenge is real, but the broader strategic logic is to use present oil revenues to strengthen the foundations of a renewable future rather than treat the two paths as mutually exclusive.

This approach also reflects the broader political economy of the UAE's development model. Clean energy leadership in the Emirati context has not meant an immediate retreat from hydrocarbons. It has meant using hydrocarbon strength to finance diversification into industries that are expected to matter more over time, including renewables, hydrogen, nuclear power, logistics, advanced manufacturing, and digital infrastructure. In that framework, oil revenue remains a transition asset. It provides the fiscal space and sovereign capital needed to invest in future sectors without destabilising the wider economy. The exit from OPEC is therefore consistent with a view of the energy transition as sequential rather than abrupt: first, maximising the value of advantaged hydrocarbon resources, and then using that value to accelerate the move into lower-carbon systems and non-oil growth. Whether that balance can be maintained over the long run is a separate question, but the internal logic of the strategy is clear and far more coherent than a simple narrative of contradiction would suggest.

Even so, the reputational dimension should not be understated. A country that presents itself as a serious player in climate diplomacy, hosts major international climate gatherings, and promotes renewable investment globally must continually explain why it is also expanding oil capacity. The most persuasive version of that argument rests on comparative efficiency: if oil demand is not disappearing in the near term, then a larger share of supply coming from producers with relatively lower production costs and lower carbon intensity may generate less damage than equivalent supply from more emissions-intensive sources. That does not resolve the deeper climate dilemma, but it does provide a strategic rationale for the UAE's insistence that its oil expansion and clean energy agenda are not mutually exclusive. The result is a hybrid posture—part hydrocarbon producer, part transition investor—that may prove increasingly common among wealthy energy exporters navigating the long and uneven shift toward lower-carbon systems.

Oil Market Effects and Supply Risks

The market implications of the UAE's exit depend less on the formal decision itself than on the broader geopolitical environment in which it occurred. Regional conflict, disrupted shipping, and uncertainty around the Strait of Hormuz have become far more important drivers of prices and expectations than institutional change alone.

This is an exceptionally difficult moment for oil markets because the wider regional crisis has radically altered the outlook. At the start of 2026, expectations centred on surplus supply, a scenario that complicated investment decisions, especially in the United States. That picture has changed. Current scenarios point to the possibility of higher prices for a longer period of time, with some expectations approaching nearly $100 per barrel on average through parts of 2026, although much depends on the duration of conflict and the security of transit through the Strait of Hormuz.

So far, markets have avoided the worst-case scenario of direct damage to critical oil infrastructure, especially pipelines in the UAE and Saudi Arabia, but that restraint cannot be assumed indefinitely. The range of possible outcomes remains unusually wide, making price forecasts highly uncertain and extending the consequences beyond oil to inflation, recession risk, and possible demand destruction in 2027.

For the UAE, the new environment may create an opportunity because constrained flows increase the value of additional supply. Yet a quick return to normal traffic through the Strait of Hormuz remains unlikely. Recovery would probably be gradual, especially if shipping continues to require military escorts or remains vulnerable to mining and other security threats. Under those conditions, markets cannot expect a rapid normalisation of flows.

The announcement alone is unlikely to produce a major long-term price effect. Production increases cannot happen overnight, and exports would expand even more slowly if disruption in the Strait continues. Physical constraints remain decisive: the Fujairah pipeline is already operating at capacity, and without additional volumes moving safely through regional chokepoints, there is no immediate mechanism for a sharp price shift caused solely by the UAE's exit.

If conditions improve over the coming months and more volumes begin moving through the Strait, the UAE could help meet demand as inventories continue to fall. Even then, the effect would likely be orderly rather than disruptive. The larger issue is the global drawdown of inventories and the difficulty of restoring normal flows in a secure way.

The central role of the Strait of Hormuz is what makes physical logistics more important than headline announcements. Roughly a fifth of the world's seaborne oil trade normally passes through that chokepoint, and even short-lived interruptions can distort prices, insurance costs, freight rates, inventory management, and refinery planning across multiple regions. The significance of the UAE's decision must therefore be evaluated against the hard limits imposed by infrastructure. The country may have spare capacity and strategic intent, but spare capacity is not the same thing as export capability. If tankers cannot move safely, if insurers will not underwrite voyages, or if ports and pipelines cannot absorb the rerouting of supply, formal freedom from quotas has only partial value. Capacity and export capability only matter if the hydrocarbons can be moved, insured, sold, and delivered. This is one reason the immediate price response to the exit was muted compared with the wider reaction to disruptions in Gulf shipping. Markets understand that the bottleneck is not simply production. It is the secure movement of barrels from wellhead to buyer.

That constraint has made export route diversification a strategic priority. The existing Abu Dhabi Crude Oil Pipeline to Fujairah, often described as the Habshan-Fujairah line, already provides the UAE with one of the region's few meaningful ways to bypass the Strait of Hormuz, but its carrying capacity is limited. Plans to accelerate an additional West-East pipeline project that could materially expand Fujairah export capacity by 2027 therefore have significance far beyond ordinary infrastructure planning.

They point to a world in which energy resilience is measured not only by reserves and production potential, but also by the number of secure pathways through which crude can reach world markets. The UAE and Saudi Arabia stand apart from several neighbouring producers because they possess at least some ability to reroute exports outside Hormuz. Kuwait, Iraq, Qatar, and Bahrain are more exposed. This uneven geography reshapes bargaining power, crisis management, and the practical meaning of spare capacity. In an era of recurrent maritime risk, infrastructure redundancy becomes a form of strategic sovereignty and economic security.

Saudi Arabia, Vulnerable Producers, and Internal OPEC Pressures

Saudi Arabia remains the only major swing producer with enough spare capacity to exert decisive market influence on its own, but stabilising prices will become more expensive and more difficult without the UAE inside OPEC. The reaction from Riyadh is therefore likely to be mixed. The UAE's more diversified economy, lower production costs, and greater capacity to absorb lower prices allow it to tolerate outcomes that would be far more painful for many other producers.

An outright price war still appears unlikely, but competition over market share could intensify and push the global equilibrium toward a lower-price environment that the UAE would be better positioned to withstand than many other OPEC members. That would place more pressure on Saudi Arabia to manage supply in a way that remains profitable not only for itself but also for members with higher fiscal break-even needs.

The effect on OPEC's internal discipline could be significant. Because the UAE had been one of the more compliant members, its exit removes an important stabilising force and increases the burden on Saudi Arabia to enforce discipline while also accommodating members that have been less consistent in meeting agreed targets.

The pressure on more vulnerable OPEC members could be even greater. Countries such as Nigeria, Angola, and Iraq rely more heavily on oil revenues and are more exposed to price volatility, yet they do not share the UAE's financial flexibility, export infrastructure, or investment reach.

Iraq stands out as a particularly important case because its production ambitions exceed current OPEC+ limits, creating sustained tension between national revenue goals and collective discipline. Years of war, sanctions, and reconstruction have also strengthened the argument that historic baselines no longer reflect present realities. Nigeria and Angola face a different problem: both need oil revenues, but often lack the capacity, infrastructure, or investment required to take full advantage of higher quotas even if those were available.

If OPEC+ discipline weakens further, these more vulnerable producers may face a double burden: greater price volatility and greater difficulty in fiscal planning. That risk reinforces the continuing importance of coordination, not only among producers inside and outside OPEC, but also more broadly between producers and consumers in an increasingly unstable global economy.

Fiscal asymmetry is one reason these internal pressures may become more severe over time. Not all producers need the same oil price to balance their budgets, maintain domestic stability, or finance development ambitions. The UAE, with a relatively diversified economy, lower-cost production, and large pools of sovereign capital, can tolerate a lower-price environment more easily than many peers.

By contrast, members whose states remain tightly dependent on hydrocarbon revenue and whose non-oil sectors are less dynamic have stronger incentives to defend higher prices. A quota regime that works tolerably well for one group of members can therefore feel highly restrictive or even unfair to another. The UAE's departure brings that asymmetry into sharper view. It exposes a divide between producers that want flexibility to monetise competitive barrels and producers that still need a cartel framework primarily as a mechanism of fiscal support. Keeping those preferences aligned will become harder, not easier, if price volatility increases or if more members conclude that their own national strategies are being held back by collective discipline.

Diplomacy, US Policy, and Global Realignment

The UAE's exit also carries diplomatic implications, particularly for US–Gulf energy relations and for the broader question of how Washington views producer coordination.

In the United States, NOPEC (No Oil Producing and Exporting Cartels Act) remains a proposed legislation rather than an enacted law. Its purpose would be to allow antitrust suits against OPEC, but it has never been adopted, partly because of concern that it would provoke retaliation and undermine necessary cooperation. The American response to the UAE's departure is therefore likely to be pragmatic rather than purely ideological, especially if additional oil becomes useful during any gradual recovery in global supply.

American political rhetoric has often favoured weaker producer cartels and, in principle, welcomed departures from OPEC. In practice, however, US administrations have repeatedly relied on OPEC—and especially Saudi Arabia—when

market stability became urgent. The pandemic offered a clear example: when demand collapsed and prices turned negative, coordination from major producers became highly valuable. OPEC is therefore treated in Washington as both a political target and, at times, an indispensable stabiliser.

Beyond Washington, the decision fits into a wider pattern of diplomatic and geoeconomic repositioning that includes stronger ties with India, China, and partners across Africa and Asia, alongside a broader effort to widen the UAE's strategic room for manoeuvre.

The move appears closely aligned with long-term national priorities centred on diversification. Rapid expansion of trade agreements, the construction of wider commercial networks, and the use of sovereign wealth and energy revenues to support both hydrocarbons and clean energy supply chains all point in the same direction: diversification of partners, stronger supply chains, higher non-oil GDP, and a more globally connected economic model.

Closer ties with India and China naturally fit into that strategy, as both are major markets, geographically proximate, and increasingly important in both conventional energy trade and clean energy investment. The larger pattern is one of diversification beyond oil alone and toward a broader role as an investor, trading hub, and holistic partner in future energy systems.

The implications are especially important for Asia, which remains the primary destination for Gulf crude and the main arena in which future long-term energy relationships will be negotiated. A more independent UAE can use bilateral arrangements, long-horizon supply contracts, refining partnerships, logistics investment, and financial diplomacy more aggressively than before. That matters because Asian importers value not only supply volume but also reliability, pricing flexibility, and the willingness of producers to integrate into downstream and infrastructure ecosystems.

The UAE's broader external strategy—combining commercial diplomacy, sovereign investment, and political diversification—fits naturally with that environment. In practical terms, this means the exit from OPEC may be felt less as a dramatic rupture in Western policy debates than as a gradual shift in how Abu Dhabi positions itself in Asian energy markets: less as one disciplined member of a producer bloc and more as a strategically autonomous supplier with multiple channels of influence.

The recurring NOPEC debate illustrates the same tension in US policy. On paper, treating producer coordination as an antitrust problem has clear political appeal, and versions of the legislation have been introduced repeatedly over the years without becoming law. In practice, however, the United States cannot easily detach legal rhetoric from strategic necessity. OPEC members are sovereign states, many are security partners, and periods of extreme market stress often remind Washington that some degree of producer coordination can dampen volatility rather than intensify it.

This does not mean that the United States welcomes cartel behaviour in any straightforward sense. It means that its response has long been shaped by contradiction: consumer-oriented politics reward anti-OPEC language, while strategic energy management often rewards continued engagement with the same producers. The UAE's exit fits neatly into that ambiguity. It can be described as a move away from cartel discipline, but it does not remove the larger reality that US policymakers still depend on stable relations with major Gulf producers when energy shocks intensify.

Long-Term Market Management and Energy Security

The longer-term question is not simply whether OPEC survives the UAE's departure, but whether market management itself remains necessary. The answer appears to be yes. OPEC has endured multiple membership changes over more than six decades, and the need for some form of coordination has not disappeared.

Long-term forecasts still imply substantial growth in global energy demand, much of which will have to be met by low-cost producers in the Middle East. In that environment, ADNOC's evolution into an international energy company means that it will increasingly align production planning with the UAE's national priorities rather than with cartel discipline alone. Both coordination and flexibility are therefore likely to remain important at the same time.

This logic also extends to the UAE's net-zero commitments. Geopolitical risk is simultaneously making oil and gas development more attractive in some contexts and accelerating investment in clean energy technologies in others. Rather than undermining transition planning, this dual movement points toward a more pragmatic energy transition.

Under that pragmatic approach, oil and gas remain part of the energy mix for some time even as their carbon intensity is reduced and investment in cleaner technologies rises. The UAE exemplifies this approach by continuing to invest in hydrocarbons for energy security reasons while also expanding clean energy investment at home and abroad.

Another important issue concerns stranded asset risk. Delaying production does not necessarily imply that demand will suddenly disappear or that UAE reserves will abruptly lose value. The more relevant point is that the energy transition increases uncertainty about future regulation, technology, and market conditions, making the timing of resource monetisation a strategic question.

From that perspective, the core challenge is prudent resource management: monetising hydrocarbon assets at the right pace while using the revenues to finance diversification, clean energy, and long-term economic resilience. The objective is not accelerated production for its own sake, but the avoidance of stranded value, the protection of investment returns, and the preservation of strategic flexibility.

Inventory risk adds another layer of urgency. As the United States enters its summer driving season and Europe begins paying closer attention to mandated fuel stocks, especially jet fuel, the possibility of inventories falling to fragile levels becomes more concerning.

Refined products such as naphtha, LPG, diesel, and jet fuel may become critical at different times and in different regions. Countries including India, South Africa, Thailand, and Taiwan could face particularly low reserve levels for some products within weeks. That possibility increases pressure not only to restore crude flows through the Strait of Hormuz, but also to ensure that refineries can receive feedstock, keep operating, and move products to market.

Russia is likely to try to preserve OPEC+ as a coordination platform while quietly protecting its own production flexibility. OPEC+ still offers Moscow influence over global pricing and an important strategic channel with Saudi Arabia, even as the UAE's departure may strengthen the case for more flexible baselines under growing geopolitical pressure.

Publicly, the emphasis will likely remain on stability and continuity. Privately, however, the UAE model may be watched closely as a possible precedent for expanding national room for manoeuvre without fully abandoning the benefits of coordination.

Ultimately, the discussion points beyond oil economics alone and toward a broader question of energy security. Spare capacity by itself is not enough to guarantee effective supply management. Export routes, infrastructure redundancy, insurance, and the physical security of energy systems are equally important in determining how resilient a producer will be during crisis.

These protections are uneven across the Gulf. The UAE and Saudi Arabia have alternative pipelines, whereas Kuwait has fewer alternatives and Qatar remains especially exposed, helping explain why LNG markets have been even more volatile than oil. The present moment therefore highlights the need to rethink energy security frameworks not only in the Gulf but also globally.

Conclusion

Seen as a whole, the UAE's departure from OPEC brings several long-running trends into a single frame. First, oil market governance is becoming more fragmented as national strategies diverge even among producers that remain formally aligned. Second, advantaged producers with low costs, strong balance sheets, and flexible diplomatic portfolios are increasingly unwilling to accept rules designed for a more homogeneous cartel era. Third, infrastructure resilience—from bypass pipelines to export terminals, shipping security, and insurance—has become just as important as production capacity itself. Finally, the energy transition is not eliminating hydrocarbons in the short term; it is instead sharpening the competition over which producers can claim to supply the most resilient, most efficient, and least carbon-intensive barrels during the transition period.

The UAE's policy shift sits at the intersection of all these developments. It is therefore best understood not as an isolated institutional exit, but as a strategic adaptation to a world in which control over capacity, routes, capital, market access, and diplomatic optionality matters at least as much as membership in a traditional producer bloc.

A durable response would involve three broad priorities: stronger physical and digital protection of energy systems, greater resilience through diversification of partners and trade routes, and a sustained push toward transition technologies that reduce dependence on vulnerable supply chains. In that sense, the UAE's exit from OPEC is not only a story about quotas or diplomacy, but also a signal that energy security frameworks are being redefined for an era of persistent geopolitical disruption.