

CSAG INFORMATION PAPER:

UAE's Departure from OPEC - Energy Independence and Geopolitical Signaling

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1. **Subject:** UAE's Departure from OPEC - Energy Independence and Geopolitical Signaling
2. **Purpose:** To examine the broader implications of UAE's withdrawal from OPEC/OPEC+ and highlight how leveraging energy autonomy plays a vital role in shaping global / regional contemporary relations.
3. **Background of OPEC and OPEC+:**
 - a. **Origins and Purpose of OPEC** - Founded in September 1960 by Iran, Iraq, Kuwait, Saudi Arabia, and Venezuela, the Organization of the Petroleum Exporting Countries (OPEC) was created to coordinate petroleum policies, assert sovereignty over natural resources, and secure fair, stable prices for producers. Membership later expanded to include nations like Algeria, Nigeria, and the UAE (Abu Dhabi in 1967, prior to creation of UAE in 1971), although members, including Indonesia, Qatar, Ecuador, Angola and Gabon later withdrew.¹
 - b. **Expansion of OPEC with OPEC+** - To counter collapsing oil prices in 2016, driven by a surge in U.S. shale production, OPEC formed an alliance with 10 non-OPEC producers, including Russia, creating the OPEC+ framework. This coalition controlled nearly 60% of global oil output, with Russia becoming a co-leader in global supply management alongside Saudi Arabia.²
 - c. **Control of Oil Production** - By 2025, OPEC states held approximately 1.24 trillion of the world's 1.57 trillion barrels of proven crude reserves. In 2024–2025, OPEC's production share was about 36-37% of the global total. Saudi Arabia is the dominant producer within the group, with an output of around 9 million barrels per day (b/d) in 2024. In contrast, the UAE produced about 2.9 million b/d, under a quota of roughly 3.5 million b/d, despite having capacity plans to reach 5 million b/d by 2027.^{3,4,5}
 - d. **Dominant Players of OPEC / OPEC+**. Saudi Arabia acts as the de-facto leader and primary "swing producer," capable of adjusting supply significantly. Russia leads the non-OPEC members, making the Saudi-Russian partnership central to the group's production strategy. Production

quotas are allocated to each member, with major producers like Saudi Arabia, Russia, Iraq, and the UAE holding the largest shares.⁶

4. Exit from OPEC; Broader Economic, Diplomatic, and Security Implications for the UAE:

a. Economic Dimensions

- i. As an OPEC and OPEC+ member, the UAE benefited from coordinated control over oil supply, which keeps prices from falling too low, while supporting government revenues.
- ii. Being one of the few producers with meaningful spare capacity gave Abu Dhabi a secondary swing-producer role, letting it use capacity shifts to gain market influence and diplomatic capital.
- iii. Membership also provided structured mechanisms for crisis response, such as collective cuts during demand collapses, and reinforced the UAE's status as a key energy diplomacy player.
- iv. Participation in OPEC / OPEC+ linked it closely to major producers like Saudi Arabia and Russia, integrating it into the core of global oil governance.
- v. However, OPEC+ cuts since 2016 left the UAE with a disproportionately large quantity of unused capacity. While full use of UAE's actual potential, i.e. 4.5-5 million b/d, could yield additional tens of billions of dollars in annual revenue.⁷
- vi. Given that the state-owned Abu Dhabi National Oil Company (ADNOC) is expanding capacity toward 5 million b/d by 2027, remaining under tight quotas also constrains the payoff from these investments.⁸
- vii. Leaving OPEC lets the UAE produce more oil without waiting for quotas. Since oil now makes up less than a third of its economy (**70%** of GDP is largely linked with trade, manufacturing, financial services, construction, real estate, tourism, transport/aviation & telecom), the UAE can handle lower prices better than countries that rely more on oil. *This means it can sell more oil even if prices drop.*
- viii. However, this also brings risks like price swings or price wars, if countries like Saudi Arabia increase their output.

b. Diplomatic Dimensions

- i. OPEC membership gave the UAE prestige and regular high-level contact with both producers and consumers, as well as a structured framework for managing relations with Saudi Arabia and Russia.
- ii. Yet the UAE's increasingly assertive foreign policy, i.e. interventions in Yemen, activity in the Horn of Africa, and broader competition for regional influence, has sharpened friction with Saudi Arabia.⁹
- iii. Leaving OPEC is framed by the UAE as a "*sovereign decision not directed against any country,*" emphasizing that it remains a responsible global energy partner focused on national interests and investor commitments.¹⁰
- iv. Nevertheless, the move clearly signals a desire for greater strategic autonomy, aligning energy policy with its identity as a diversified "middle power" that uses finance, technology and diplomacy to project influence beyond oil.

c. Security Dimensions

- i. Coordinated oil policy affects the UAE's security environment, even though OPEC has no military wing. Shared interests with other Gulf monarchies in stable oil revenues, regime

security, and external defense guarantees are reinforced by OPEC. As a producer with spare capacity, the UAE could previously leverage OPEC decisions in crises to gain diplomatic or security concessions.

- ii. Outside OPEC, the UAE gains more room to pursue an independent defense-industrial strategy, expand exports and joint ventures without being tied to OPEC+ political dynamics, and brand itself as a defense and logistics hub. However, without OPEC cover, UAE's defense exports may attract more direct scrutiny.

5. **Energy Autonomy vs Global/Regional Dynamics:**

- a. **Impact on UAE-Saudi Arabia Relations.** The UAE's departure is widely interpreted as a historic break with Riyadh on oil policy, at a time when their partnership had already been strained by differing strategies in Yemen and competition for regional leadership. Saudi Arabia has long led OPEC and views control over collective output as a core tool of its influence; a major Gulf producer leaving directly challenges that leadership. In the near term, a period of diplomatic friction and potentially competitive production moves are expected, as Riyadh decides whether to defend prices via deeper self-imposed cuts or respond with higher output to protect market share. Over the longer term, both countries still share interests in Gulf stability, security cooperation, and investment linkages, so some recalibration rather than a complete rupture is likely. *But mutual trust on energy coordination has clearly weakened.*
- b. **Escalating Tensions with Iran.** UAE has long balanced economic ties and territorial disputes with concern over Iran's regional activities and its role in the Strait of Hormuz. The current US-Iran conflict, including disruptions in Hormuz, form part of the high-risk environment in which the UAE chose to leave OPEC, though the decision is driven mainly by evolving market conditions, and quota constraints. Nonetheless, by loosening ties with OPEC/OPEC+ and tightening coordination with the USA and Israel, *the UAE increases the geopolitical contrast with Tehran.*
- c. **Managing Relations with Russia.** Within OPEC+, Russia has been a key partner for the UAE. But the OPEC+ framework also tied Abu Dhabi to Moscow's policies at times when Russia faced Western sanctions. Leaving OPEC+ loosens that formal alignment, giving UAE more room to balance between Russian energy and arms cooperation on one side, and Western expectations on the other. Abu Dhabi can now maintain pragmatic ties with Moscow, including finance and energy trading, while *avoid being perceived as co-managing oil prices with a heavily sanctioned state.*
- d. **Drawing Attention of Chinese.** China is a major importer of Gulf oil, including from the UAE, and has sought closer ties across the region through energy, infrastructure, and the BRI.¹¹ For Beijing, the UAE's exit from OPEC introduces both risk and opportunity. Risk in the form of potential price volatility or supply shifts amid war and Hormuz disruptions, while opportunity comes in the form of a more independent UAE that is flexible in offering long-term supply deals and investment partnerships. *Though, China would remain skeptical of UAE's growing ties with USA.*

- e. **Dynamics of UAE relations with Israel and USA.** Since the Abraham Accords in 2020, the UAE has developed extensive ties with Israel, seeing this relationship as a critical lever for regional influence, and a unique channel to Washington.¹² Exiting OPEC reinforces the image of the UAE as a modern, diversified partner that cooperates with the U.S. and Israel on energy security, tech, and defense, rather than merely relying on oil leverage. Particularly, the UAE leaving OPEC is seen as a move closer to U.S. interests in keeping oil supply steady and prices reasonable, especially amid the existing standoff with Iran in the Strait of Hormuz. Washington has long pursued Gulf allies to avoid deep OPEC+ cuts that spike prices and complicate domestic politics in consuming countries. *A more flexible UAE helps in that regard.*
 - f. **Impact on Other OPEC Members.** The UAE's exit reduces the combined production and spare capacity under OPEC/OPEC+ coordination, weakening the group's pricing power and image of cohesion. For remaining members, especially smaller producers highly dependent on oil revenues, this raises concerns about lower average prices and increased volatility if coordinated cuts become less effective. It may lead to a potential "domino effect," in which other states dissatisfied with quotas or keen to expand capacity reconsider membership. Even if OPEC persists in a smaller form, the bargaining position of its remaining members vis-à-vis large consumers and non-OPEC producers will likely be diminished.
 - g. **Impact on non-OPEC Producers.** For non-OPEC producers such as the U.S., Canada, and Brazil, OPEC's weaker cohesion can open-up more space to expand output and capture market share. In particular, the U.S.'s shale companies can adapt better than many oil producers when supply and prices shift. However, if prices drop too far, the most expensive fields (high-cost basins) may need to stop producing.
- 6. Implications for USCENCOM:**
- a. UAE membership of OPEC provided an intrinsic link between UAE and KSA. Without this link, the two countries are freer to pursue independent policies, which are likely to be divergent on various energy / diplomatic agendas. This will be complex for CENTCOM to manage and weakens much needed coalition cohesion for future operations in the region, especially where deter / counter Iran policies are concerned.
 - b. Building on the opportunity, China may actively seek deeper economic and selective security footholds in the UAE (energy, ports, logistics, defense industry), which are likely to compromise U.S. access, and operational and information security.
 - c. Iran is likely to treat UAE as a higher priority target, increasing the risk of attacks on Emirati critical infrastructure and locations hosting U.S. forces, thus driving a need for robust IAMD and force protection postures in the UAE.
 - d. Maritime traffic through Hormuz, and via UAE export routes (including Fujairah), are likely to increase in volume without quota restrictions. Given the strategic importance, this will drive a

requirement for persistent maritime security and convoy/escort in an already resource constrained environment.

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⁷ S&P Global Commodity Insights, "UAE Gets Higher OPEC+ Crude Production Quota," <https://www.spglobal.com/energy/en/news-research/latest-news/crude-oil/060424-uae-gets-higher-opec-crude-production-quota> (accessed May 2026)

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