



KAMARAJ IAS ACADEMY
Only IAS Academy by Grandson of "Perunthalaivar Kamarajar"

OPEC - Organization of the Petroleum Exporting Countries

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Why is in news? OPEC & its Russia-led allies decide to cut oil production by two million barrels per day

OPEC and its Russia-led allies have agreed to cut oil production by two million barrels a day at a Vienna meeting. It is the deepest cuts to oil production since the 2020 COVID pandemic.

OPEC: The Organization of the Petroleum Exporting Countries is an **intergovernmental organization** of **13 countries**.

It was founded on **14 September 1960 in Baghdad** by the first five members (Iran, Iraq, Kuwait, Saudi Arabia, and Venezuela).

Headquartered: Vienna, Austria, although Austria is not an OPEC member state.

As of September 2018, the 13 member countries accounted for an estimated 44 percent of global oil production and 81.5 percent of the world's proven oil reserves, **giving OPEC a major influence on global oil prices** that were previously determined by the so-called "Seven Sisters" grouping of multinational oil companies.

The formation of OPEC marked a turning point toward national sovereignty over natural resources, and OPEC decisions have come to **play a prominent role in the global oil market and international relations**.

The effect can be particularly strong when wars or civil disorders lead to extended interruptions in supply.

Current OPEC members are Algeria, Angola, Equatorial Guinea, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, the Republic of the Congo, Saudi Arabia, the United Arab Emirates and Venezuela.

Ecuador, Indonesia and Qatar are former OPEC members.

A larger group called **OPEC+ was formed in late 2016** to have more control on the global crude oil market.

OPEC+: A number of **non-OPEC member countries** also participate in the organisation's initiatives such as voluntary supply cuts in order to further bind policy objectives between OPEC and non-OPEC members.

This loose grouping of countries, known as OPEC+, includes Azerbaijan, Bahrain, Brunei, Kazakhstan, Malaysia, Mexico, Oman, Philippines, Russia, Sudan and South Sudan.