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**News:** OPEC+ begins meetings that may seal more output cuts

- OPEC and its allies began two days of meetings on Saturday that may culminate in further output cuts of as much as 1 million barrels per day, OPEC+ sources said, as the group faces flagging oil prices and a looming supply glut.
- The Organization of the Petroleum Exporting Countries and allies led by Russia, pumps about 40% of global crude, meaning its policy decisions can have a major impact on oil prices.

## **Organisation of Petroleum Exporting Countries (OPEC)**

- OPEC is a Permanent, intergovernmental organization, created at the Baghdad Conference in 1960.
- Headquarters: Vienna, Austria (although Austria is not an OPEC member).
- Members are Algeria, Angola, Equatorial Guinea, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Republic Of Congo, Saudi Arabia, United Arab Emirates (UAE) and Venezuela.
- Ecuador was a member, which left in 2020. Qatar, is also a former member, which left in 2019. Membership of Indonesia was suspended from 2015.

- OPEC is led by Saudi Arabia, which is the largest exporter of crude oil in the world (single-handedly exporting 10% of the global demand).
- OPEC membership is open to any country that is a **substantial exporter of oil and which shares the ideals of the organization.**
- 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.
- **Venezuela is holding the largest proven oil reserves followed by Saudi Arabia** among the OPEC countries.
- **Equatorial Guinea has the lowest proven oil reserves** among OPEC countries.
- According to the International Energy Agency (IEA), the Organisation of the Petroleum Exporting Countries (OPEC+) plus might face sharp demand fall due to a recent surge in crude oil production from the countries like USA, Norway, and Guyana.
- **Asian Premium:** OPEC increases **price of Petroleum products for Asian countries, and provides subsidies for developed western economies.**
- The non-OPEC countries which export crude oil are termed as **OPEC plus countries.**
- OPEC plus countries include **Azerbaijan, Bahrain, Brunei, Kazakhstan, Malaysia, Mexico, Oman, Russia, South Sudan and Sudan.**

- The OPEC+ group of countries had, in April 2020, entered into a two-year agreement (Output Pact), which entailed steep cuts in crude production to deal with a sharp fall in the price of oil as a result of the Covid-19 pandemic.
- India imports over 83 per cent of its crude oil needs. Of the crude oil imported, about 85 per cent of comes from OPEC nations. Also, 80 per cent of gas imports come from those countries.
- The recent Economic data show that India is the 3<sup>rd</sup> largest energy consumer after USA and China, 3<sup>rd</sup> largest importer of Crude Oil and 4<sup>th</sup> largest importer of LNG in the world.