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## WHY DID THE UAE EXIT OPEC?

- At a time when tensions involving Israel, the United States, and Iran remain unresolved, the exit of the United Arab Emirates (UAE)—the third-largest producer—from the Organization of Petroleum Exporting Countries (OPEC) and the OPEC+ alliance has created shockwaves in the global crude oil market.
- OPEC was founded in 1960 in Baghdad by five countries : Iraq, Iran, Kuwait, Saudi Arabia, Venezuela
- Later, the organization expanded to include 12 member countries, including the United Arab Emirates (UAE).
- » 7 Sisters
  - Before OPEC was formed, the global oil industry — including : Production, Refining, Distribution, Pricing
  - was controlled by seven Western oil companies called the “Seven Sisters.”
  - Under the “Gulf Plus System,” crude oil extracted cheaply in Arab countries was sold at prices linked to expensive American oil production, generating enormous profits for Western firms.
  - During the 1950s : Arab countries received only about 10% of profits. Production quotas created artificial shortages. Prices were kept high deliberately.
  - In 1959, when the Seven Sisters unilaterally reduced oil prices and cut Arab revenues drastically, Arab nations responded by creating OPEC.
  - How OPEC Controls Oil Prices - When global demand is high : OPEC often reduces production. Lower supply raises prices. Higher prices increase profits.
  - When prices fall too much : Production cuts create shortages. Prices rise again.
  - If prices rise excessively and hurt the world economy : Production may be slightly increased to stabilize markets.
  - OPEC also assigns production quotas to member nations.
  - Countries are expected to produce below full capacity to prevent prices from collapsing.
  - OPEC accounts for : About 36.7% of world crude oil production, Around 60% of global oil exports, OPEC+
  - In 2016, Russia and ten additional countries joined with OPEC to create OPEC+.
  - OPEC+ contributes : Around 45% of global oil production, Nearly 60% of petroleum trade worldwide
  - Why Did the UAE Leave? The UAE’s exit appears linked to long-term economic planning.
  - As the world gradually shifts from fossil fuels toward : Solar energy, Electric vehicles, Green technologies future oil demand may weaken.

- Therefore, the UAE wants to maximize production now and use oil revenues to build an alternative economy based on : Tourism, Technology, Diversified investments.
- This approach aligns with the UAE's Vision 2031 strategy.
- » UAE
- The UAE has invested around \$150 billion to raise oil production capacity to 5 million barrels per day by 2027.
- Current situation : Production capacity: 4.85 million barrels/day, OPEC quota: 3.4 million barrels/day
- The UAE reportedly questioned why it should restrict output and follow Saudi-led production limits despite having infrastructure to produce more.
- This dissatisfaction is considered a major reason behind the exit.
- Impact on Dollar Dominance Traditionally : OPEC oil sales are conducted mainly in US dollars. Oil-export revenues are often invested in US financial assets.
- Reports suggest the UAE has already started discussions to trade oil using : Indian Rupee, Chinese Yuan
- If this becomes widespread : Demand for dollars in trade may reduce. Global dependence on dollar reserves could decline.
- Efforts toward de-dollarization may strengthen, especially among BRICS countries.
- The UAE has also strengthened ties with Israel in areas such as : Cybersecurity, Energy security, Intelligence technology.
- It also seeks to maintain strong relations with the United States and Israel based on national interests.
- If tensions around Iran and the Strait of Hormuz ease and UAE production rises, oil prices could decline, potentially reducing India's oil import bill.

## **NARENDRA MODI BECOMES INDIA'S LONGEST-SERVING PRIME MINISTER**

- With this milestone, Narendra Modi surpasses the record of Jawaharlal Nehru, who served as Prime Minister for 4,398 days, from May 13, 1952, until his death on May 27, 1964.
- Modi had already surpassed former Prime Minister Indira Gandhi's record for the longest uninterrupted tenure on July 25, 2025.
- Indira Gandhi served continuously from : January 24, 1966 – March 24, 1977 for 4,077 days.
- Changing Electoral Landscape - During India's first general election (1951–52) : 53 political parties contested. Voters numbered around 17 crore.
- By comparison : In 2014, political parties increased to 464. In the 2024 Lok Sabha election, the number rose to 744 parties. Voter strength crossed 83 crore by 2014.
- The political environment across the two eras is very different.
- In the first election : Congress won 364 out of 489 Lok Sabha seats. Modi has also achieved several milestones : First non-Congress Prime Minister to complete two full majority terms consecutively
- First Prime Minister after Nehru to win three consecutive Lok Sabha elections while in office
- These achievements mark a significant chapter in India's political history.