



Qatar Quits OPEC

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Qatar has decided to withdraw its membership from Organization of Petroleum Exporting Countries (OPEC) effective from January 2019 to focus on Liquefied Natural Gas (gas isn't part of OPEC's mandate) production.

- Qatar is a small oil producer which accounts for less than 2 percent of total oil output, so its departure may not have a significant impact on the oil market.
- OPEC's policy has become more concentrated in the hands of Saudi Arabia and non-OPEC member Russia.
- It is notable that some of the world's largest oil producers, including **Russia, China** and the **United States**, are **not members of OPEC** and pursue their own objectives.

Saudi -Qatar Conflict

- Saudi Arabia has been leading a **regional blockade** on Qatar that has seen trade and travel links severed over its **alleged support for terrorism**.
- OPEC members, Saudi Arabia and the United Arab Emirates, and fellow Arab states Bahrain and Egypt have imposed a **political and economic boycott** leading to the regional blockade on Qatar since June 2017.
- However, according to Qatar, Saudi led blockade is **aimed to impinge on its sovereignty**.

Impact Analysis

- Qatar will continue to produce oil and seek deals in countries including Latin America's top oil producer Brazil.
- It could signal that smaller producers are dissatisfied with the cartel's dominance by Saudi Arabia and Russia. So a group of small producers exiting the cartel will decrease OPEC's influence in the oil market.

OPEC

- The Organization of the Petroleum Exporting Countries (OPEC) is a permanent, **intergovernmental Organization**, created at the **Baghdad Conference in 1960**, by **Iran, Iraq, Kuwait, Saudi Arabia** and **Venezuela**.
- OPEC is a **cartel** that aims to manage the supply of oil in an effort to set the price of oil on the world market, in order to avoid fluctuations that might affect the economies of both producing and purchasing countries.
- According to its statutes, OPEC **membership is open to any country that is a substantial exporter of oil** and that shares the ideals of the organization.
- These countries were later joined by Qatar (1961), Indonesia (1962), Libya (1962), the United Arab Emirates (1967), Algeria (1969), Nigeria (1971), Ecuador (1973), Gabon (1975), Angola (2007), Equatorial Guinea (2017) and Congo (2018).
- Ecuador suspended its membership in December 1992 but rejoined OPEC in October 2007.
- Indonesia suspended its membership in January 2009, reactivated it again in January 2016, but decided to suspend its membership once more in November 2016.
- Gabon terminated its membership in January 1995. However, it rejoined the Organization in July 2016.
- OPEC has its **headquarter** in **Vienna, Austria**.