

## The UAE's Exit from OPEC.. The Biggest Winners and Losers



By deciding to withdraw from the Organization of the Petroleum Exporting Countries (OPEC) and the OPEC+ alliance, the UAE did not leave the oil market; rather, it left the room that used to determine how many barrels it was allowed to sell.

The decision came amid geopolitical tension and a war that closed the Strait of Hormuz and paralyzed supply flows, but it does not mean an immediate increase in supply. Rather, it raises the question of who controls the barrel. So who are the biggest winners and losers from this step?

The direct winner: the UAE

Abu Dhabi is the clear winner from this shift, because it breaks the quota constraint that limited its ability to turn production capacity into actual exports.

The UAE has production capacity approaching 4.85 million barrels per day and is targeting 5 million, but within OPEC+ it was required to pump between 3.5 and 3.8 million barrels per day.

During the war, output fell to 2.4 million barrels per day, and exports dropped to around 1.6 million because of the closure of Hormuz. But the reason for the

withdrawal is not tied to an immediate increase in supply; it is about regaining the freedom to use this capacity when conditions allow.

The UAE has invested billions of dollars in raising its production capacity. ADNOC raised its capital spending plan to around \$150 billion to reach a capacity of 5 million barrels per day, an increase of nearly 40% compared with its previous level.

But the quota system left a significant portion of these investments underutilized, turning additional capacity into suspended potential rather than real market influence.

For that reason, the withdrawal restores Abu Dhabi's control over the barrel: when to produce, how much to export, and on what terms to sell. The move does not mean declaring a price war, but rather reclaiming the control button over production, pricing, and contracting.

The timing is also linked to the idea of "harvesting now." The UAE realizes that oil will not remain a guaranteed asset forever, especially as non-oil sectors accounted for 77.3% of real GDP in the first quarter of 2025.

The UAE therefore wants to extract the greatest possible return from its current oil capacity and channel it into economic diversification projects instead of keeping part of it constrained by collective quotas.

Abu Dhabi also holds an additional card in this direction: Murban crude, which enjoys strong demand in Asia. With quota restrictions gone, the UAE can strike more flexible contracts and offer better terms to refineries in India, China, and South Korea, strengthening its market share without having to flood the market.

Although the war has reduced exports and kept actual production at low levels, the UAE is building for the post-crisis moment. When shipping conditions improve, Abu Dhabi will have regained full control over the barrel, as a player seeking to turn oil investment into long-term commercial influence.

The direct loser: OPEC and Saudi Arabia

On the other side, the OPEC alliance loses part of its ability to manage the market. The loss is not just the departure of a member, but the loss of significant spare capacity amounting to 1.54 million barrels per day.

OPEC+'s share of global production also declines, weakening its ability to send a unified signal to investors that the major players are moving in the same rhythm. Small countries have withdrawn before, but the exit of a member of this size raises questions about the system's resilience.

Saudi Arabia in particular is expected to bear a greater cost. Its economy

depends on high prices, and its strategy of cutting production to preserve prices becomes more costly when a Gulf partner decides to raise output in the future.

Saudi Arabia has the largest spare capacity, but without the UAE it will have to play the role of “balancer” between supply and demand on its own. The exit also amplifies voices within OPEC calling for higher quotas, which may encourage other producers to seek greater flexibility.

The dispute between Riyadh and Abu Dhabi is not new. In 2021, the UAE demanded a higher baseline for its quota within OPEC+ and secured an increase, but it still believed it deserved more. In 2023, rumors circulated about its departure from the organization, and sources within OPEC denied them.

But today the exit has become a reality, putting the organization to a test: can it maintain discipline without appearing to punish those who want to invest in increasing their production?

The conditional winner

Consumers and oil-importing economies may see the UAE's withdrawal as an opportunity, but its benefits are conditional.

If the UAE manages to raise production to its 4.85 million barrels per day capacity after export routes reopen, global supply could increase and price pressures could ease. That would be good news for Asian refineries that buy Emirati crude and need stable supplies.

But the reality is that the UAE cannot test its freedom now. The war has disrupted oil tanker traffic, and Abu Dhabi was exporting about 1.6 million barrels per day via Fujairah port and the pipeline.

Infrastructure has also been damaged , meaning that a full production increase will require time and investment to repair facilities. Therefore, any increase in supply will be delayed, and consumers will not feel its benefits until shipments return to their normal course.



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Even if the war with Iran ends, the response of Saudi Arabia and the rest of OPEC+ members will determine the shape of the market. If Riyadh responds by cutting production further to keep prices high, the market may not feel much of an increase.

If it allows more oil to enter, prices may decline gradually, making it difficult to identify the winner without considering both politics and economics.

There are also more volatile scenarios, as some analysts warn of a quota war if other countries feel the UAE has gained a privilege they could demand as well.

The most calming scenario is that the impact remains limited if the decision is more political than productive. The second is that the UAE's gradual production increase leads to moderate pressure on prices.

The third, and most difficult, scenario is that the alliance enters a quota race that severely weakens prices. In all these cases, gains remain tied to actual barrels, not press statements.

The potential loser

As for the potential losers, they are countries such as Iraq, Algeria, and Nigeria, which rely on high oil prices to cover extensive government spending.

If the UAE's newfound freedom later leads to a clear increase in supply, some producers such as those countries may find themselves in a fragile position.

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Any noticeable drop in prices could hurt their budgets and undermine their ability to invest in infrastructure or maintain social stability.

These producers are not in a position to withstand a prolonged quota war, making them potential victims if the UAE's freedom turns into additional supply that weighs on prices.

But this risk itself remains conditional on a tangible increase taking place. As long as exports remain constrained, prices will stay relatively high, and weaker producers will remain shielded from the shock. Any decline in prices could also be met by new Saudi production cuts to offset the surplus.

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