ORGANIZATION OF THE PETROLEUM EXPORTING COUNTRIES

OPEC

A Complete Reference Guide for CSS & PMS Aspirants

> *"The most influential intergovernmental organization in global energy — its founding, structure, membership, history, and role in shaping the modern oil economy."*

1960
FOUNDED IN BAGHDAD

11
MEMBER COUNTRIES (2026)

Vienna
HEADQUARTERS

~80%
WORLD OIL RESERVES

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"OPEC does not seek to control oil prices — it seeks to stabilize them for the benefit of producers and consumers alike."

SECTION 01

Introduction & Definition

> *OPEC is the world's most powerful intergovernmental cartel — a coalition of oil-producing nations that has shaped global energy politics, economics, and diplomacy for over six decades.*

OPEC stands for the **Organization of the Petroleum Exporting Countries**. It is a permanent, intergovernmental organization created to unify and coordinate the petroleum policies of its member states, with the central purpose of securing fair and stable prices for petroleum producers, an efficient, economic, and regular supply of petroleum to consuming nations, and a fair return on capital for investors in the oil industry.

OPEC functions as a **producers' cartel** — a group of independent, sovereign states that voluntarily coordinate their crude oil production levels in order to influence, and largely stabilize, world oil prices. Because its members collectively hold an overwhelming share of the world's proven oil reserves, decisions taken at OPEC's ministerial conferences send immediate ripples through global financial markets, energy-importing economies, and international diplomacy.

DEFINITION AT A GLANCE

OPEC is a permanent intergovernmental organization of oil-exporting developing nations that coordinates and unifies petroleum policies among member countries to secure fair and stable prices, ensure steady income to producers, and guarantee an efficient and regular supply of petroleum to consumers.

Nature of the Organization

- **Type:** Intergovernmental organization (IGO) — not a supranational body; decisions require consensus among sovereign members.
- **Legal status:** Registered with the United Nations Secretariat under Article 102 of the UN Charter (Registration No. 6363).
- **Core commodity:** Crude petroleum (crude oil) — OPEC does not directly deal in refined products or natural gas policy in its core statute.
- **Governing instrument:** The OPEC Statute, adopted at the First Conference in 1960 and amended periodically since.

1960	5	11	Vienna
YEAR FOUNDED	FOUNDING MEMBERS	CURRENT MEMBERS	HQ SINCE 1965

OPEC is frequently examined in general knowledge and international relations sections of competitive examinations because it exemplifies how resource-based cooperation among developing nations can alter the balance of global economic power — a theme highly relevant to Pakistan's own energy security and foreign policy discourse.

SECTION 02

History & Founding

In the 1950s and early 1960s, global crude oil production and pricing were dominated by a group of Western multinational corporations known as the **"Seven Sisters"** — Anglo-American firms including Standard Oil, Gulf Oil, Texaco, and BP — which set posted prices unilaterally, often to the disadvantage of producing nations. When these companies cut posted oil prices in 1959 and again in August 1960 without consulting producer governments, oil-exporting states lost substantial revenue, prompting collective action.

The Baghdad Conference, 1960

In response, the governments of **Iran, Iraq, Kuwait, Saudi Arabia, and Venezuela** convened in **Baghdad, Iraq**, from **10–14 September 1960**. This meeting — the First OPEC Conference — resulted in the formal establishment of the Organization of the Petroleum Exporting Countries. The founding members agreed to resist further unilateral price cuts and to coordinate policies to protect their national interests in the oil trade.

FOUNDING MEMBERS (THE "BIG FIVE")

Iran · Iraq · Kuwait · Saudi Arabia · Venezuela

Early Institutional Development

- **1960–1965:** OPEC's headquarters were initially located in **Geneva, Switzerland**.
- **1962:** OPEC was registered with the United Nations Secretariat as a fully-fledged intergovernmental organization.
- **1965:** Headquarters relocated to **Vienna, Austria**, where they remain today.
- **1968:** The "Declaratory Statement of Petroleum Policy in Member Countries" affirmed each nation's inalienable right to permanent sovereignty over its natural resources.
- **1970s:** Member states progressively nationalized their oil industries, shifting control from foreign concessionaire companies to national oil companies.

Why the Organization Was Necessary

1. To end unilateral price-setting by Western oil companies.
2. To secure a stable and predictable income for producer economies, most of which relied on oil for the bulk of state revenue.
3. To assert sovereign control over natural resources located within member states' own territories.
4. To create a united negotiating bloc capable of matching the bargaining power of multinational corporations and consumer nations.

EXAM TIP

Remember the sequence: Baghdad Conference (Sept 1960) → HQ in Geneva → UN registration (1962) → HQ moved to Vienna (1965). This chronology is a frequent MCQ trap.

SECTION 03

Aims & Objectives

As enshrined in Article 2 of the OPEC Statute

OPEC's founding statute lays out three broad and enduring objectives that continue to guide the organization's ministerial decisions to this day:

1. Policy Coordination Among Members

To co-ordinate and unify petroleum policies among member countries and to determine the best means for safeguarding members' individual and collective interests in the international oil market.

2. Price Stability

To secure fair and stable prices for petroleum producers, eliminating harmful and unnecessary price fluctuations that could destabilize producer economies or disrupt global markets.

3. Steady Supply & Fair Returns

To ensure an efficient, economic, and regular supply of petroleum to consuming nations, and to guarantee a fair return on capital to those investing in the petroleum industry — balancing the interests of producers, consumers, and investors alike.

ADDITIONAL GUIDING PRINCIPLES

OPEC also emphasises the sovereign right of member states to control their own natural resources, environmental protection in the oil and gas sector, and consideration of the interdependence of oil revenues with the wider global economy — including the economies of both developing and industrialised nations.

How Objectives Are Pursued in Practice

- **Production quotas:** Members agree to collective output ceilings, adjusted at ministerial conferences to balance supply and demand.
- **Market monitoring:** The Secretariat continuously analyses global supply, demand, inventories, and price trends.
- **Diplomacy & consensus:** Because OPEC has no enforcement mechanism, compliance depends on political will and consensus-based bargaining among sovereign states.
- **Long-term strategy:** Publications such as the annual *World Oil Outlook* guide long-range investment and policy planning.

NOTE

OPEC's Statute explicitly frames the organization as a body for cooperation, not confrontation — its stated aim is stability that benefits both producing and consuming nations, not simply maximizing producer revenue at consumers' expense.

SECTION 04

Organizational Structure & Leadership

OPEC operates through a layered institutional structure designed to translate the collective will of sovereign member governments into coordinated policy.

1. The Conference — Supreme Authority

The **OPEC Conference** is the organization's highest authority, composed of delegations from all member countries — typically headed by each state's Minister of Oil or Energy. It meets at least twice a year to formulate general policy and decide on membership matters. Decisions require unanimous agreement among the member states present.

2. The Board of Governors

Each member country nominates one Governor, confirmed by the Conference for a two-year term. The Board manages the organization's affairs, implements Conference resolutions, and prepares the annual budget.

3. The Secretariat

Headquartered in Vienna, the Secretariat is OPEC's executive and administrative arm. It is headed by the **Secretary General** and comprises the Research Division, several technical departments, and the General Legal Counsel.

4. The Secretary General

The Secretary General is the organization's chief executive, appointed by the Conference for a three-year term (renewable once). He administers OPEC's affairs and represents the organization internationally.

CURRENT LEADERSHIP

Secretary General: HE Haitham Al Ghais (Kuwait) — in office since 5 July 2022.
Headquarters: Vienna, Austria (since 1965).

5. Economic Commission Board

A specialized body assisting the organization in matters concerning the stability of the international oil market, chaired by the Secretary General and composed of national representatives and a Coordinator.

Past Secretaries General (Selected)

SECRETARY GENERAL	COUNTRY	TERM
Abdallah Salem el-Badri	Libya	2007 – 2016
Mohammed Sanusi Barkindo	Nigeria	2016 – 2022
Haitham Al Ghais (incumbent)	Kuwait	2022 – present

EXAM TIP

Distinguish between the **Conference** (policy-making, ministerial level) and the **Secretariat** (administrative/executive, headed by the Secretary General). This distinction is a common conceptual question.

SECTION 05

Member Countries — Complete Profile

As of 2026, OPEC comprises **11 member countries** spanning the Middle East, Africa, and South America. Founding members are shaded below.

COUNTRY	REGION	CAPITAL	JOINED OPEC	FOUNDER?
Iran	**Middle East**	**Tehran**	**1960**	**Yes**
Iraq	**Middle East**	**Baghdad**	**1960**	**Yes**
Kuwait	**Middle East**	**Kuwait City**	**1960**	**Yes**
Saudi Arabia	**Middle East**	**Riyadh**	**1960**	**Yes — de facto leader**
Venezuela	**South America**	**Caracas**	**1960**	**Yes**
Libya	North Africa	Tripoli	1962	No
Algeria	North Africa	Algiers	1969	No
Nigeria	West Africa	Abuja	1971	No
Gabon	Central Africa	Libreville	1975 (rejoined 2016)	No
Equatorial Guinea	Central Africa	Malabo	2017	No
Republic of the Congo	Central Africa	Brazzaville	2018	No

Regional Distribution (2026)

4	6	1
MIDDLE EAST	AFRICA	SOUTH AMERICA

Leading Producer & De Facto Leader

Saudi Arabia is widely regarded as OPEC's de facto leader, owing to its position as the world's largest oil exporter and holder of vast spare production capacity, which allows it to influence output swings more than any other member.

Saudi Arabia · Iran · Iraq · Kuwait · Venezuela · Libya · Algeria · Nigeria · Gabon · Equatorial Guinea · Rep. of Congo

EXAM TIP

Only **one** OPEC member — Venezuela — is located in South America; all others are in the Middle East or Africa. This is a frequently tested fact.

SECTION 05 (CONTD.)

Former & Suspended Members

OPEC's membership has not been static — several countries have joined, suspended, or formally withdrawn over the decades, often over disagreements on production quotas or shifting national energy strategies.

COUNTRY	JOINED	LEFT / SUSPENDED	REASON (BRIEF)
Qatar	1961	Withdrew, 1 Jan 2019	Shifted national focus to natural gas (LNG) production
Indonesia	1962	Suspended membership, 2016 (previously suspended 2009–2016)	Became a net oil importer; disagreement over production cuts
Ecuador	1973	Withdrew, 1 Jan 2020	Fiscal difficulties; sought to raise output beyond quota
Angola	2007	Withdrew, 1 Jan 2024	Dispute over reduced production quota allocation
United Arab Emirates	1967	Withdrew, 1 May 2026	Strategic recalibration of its role within OPEC+ arrangements

MEMBERSHIP COUNT OVER TIME

5 founders (1960) → 13 members (post-2018 peak) → 12 (after Angola's exit, 2024) → **11 members (after UAE's exit, May 2026)**

Why Countries Leave OPEC

- **Quota disputes:** Smaller producers often feel constrained by output ceilings that limit their revenue-maximizing potential.
- **Diversifying energy focus:** States like Qatar have redirected national strategy toward natural gas, which falls outside OPEC's core crude oil mandate.
- **Domestic fiscal pressure:** Some members have withdrawn to pursue unconstrained output during periods of economic strain.
- **Strategic autonomy:** Larger producers occasionally reassess the value of collective quota discipline against their own long-term production plans.

Despite periodic departures, OPEC's remaining members — together with allied non-OPEC producers under the wider **OPEC+** framework — continue to account for a dominant share of global crude oil supply and spare production capacity.

SECTION 06

Membership Timeline

1960
Iran, Iraq, Kuwait, Saudi Arabia, and Venezuela found OPEC at the Baghdad Conference (10–14 September).

1961
Qatar becomes the first country to join after the founding five.

1962
Indonesia and Libya join; OPEC is registered with the UN Secretariat.

1967
United Arab Emirates (Abu Dhabi) joins OPEC.

1969
Algeria joins.

1971
Nigeria joins.

1973
Ecuador joins; the First Oil Shock (Arab oil embargo) quadruples world oil prices.

1975
Gabon joins as a full member.

1992–95
Ecuador suspends its membership (1992); Gabon terminates its membership (1995).

2007
Angola joins; Ecuador rejoins after a 15-year suspension.

2016
Gabon rejoins OPEC; Indonesia suspends its membership once again; the OPEC+ alliance is formed with non-OPEC producers led by Russia.

2017
Equatorial Guinea joins.

2018
Republic of the Congo joins — OPEC membership peaks at 14/15 countries (including suspended members).

2019
Qatar formally withdraws to focus on natural gas exports.

2020
Ecuador formally withdraws; COVID-19 triggers a historic oil-price collapse and record OPEC+ production cuts.

2024
Angola withdraws over a quota dispute, reducing membership to 12.

2026
The United Arab Emirates withdraws (1 May), leaving OPEC with 11 member countries.

EXAM TIP

Learn the current total (11, as of 2026) alongside the two most recent exits — Angola (2024) and UAE (2026) — as these are the most likely to be tested in current-affairs-linked questions.

SECTION 07

OPEC vs OPEC+

Since 2016, much of global oil diplomacy has been conducted not through OPEC alone, but through the broader **OPEC+** coalition — a distinction that is essential to understand for any current-affairs-linked question.

What is OPEC+?

OPEC+ is an expanded alliance formed in December 2016, bringing together OPEC's member states and a group of major non-OPEC oil-producing countries — most notably **Russia** — to coordinate production levels on a larger scale and exert greater collective influence over global crude prices.

FEATURE	OPEC	OPEC+
Founded	1960	2016
Membership	11 countries (2026)	OPEC members + ~10 non-OPEC producers
Key non-OPEC partners	—	Russia, Kazakhstan, Oman, Azerbaijan, Mexico, Bahrain, Brunei, Malaysia, Sudan, South Sudan
Legal basis	OPEC Statute (1960)	Informal cooperation charter / Declaration of Cooperation (2016)
Share of global crude supply	~30–35%	~40–45%
Purpose	Coordinate petroleum policy of members	Broaden production coordination to stabilize world prices

KEY FACT

Brazil announced a form of association with OPEC+ arrangements in February 2025, illustrating how the coalition continues to expand its network of cooperating producers beyond formal OPEC membership.

Why OPEC+ Matters

- It allows OPEC's traditional producers to coordinate with Russia and other major non-member exporters, magnifying their combined influence on world supply.
- Production-cut agreements under OPEC+ (e.g., the historic 2020 cuts during the COVID-19 demand collapse) have had a far larger stabilizing effect than OPEC acting alone.
- It reflects the evolving, multipolar nature of global energy geopolitics, where no single bloc can unilaterally set world prices.

EXAM TIP

Do not confuse OPEC (an intergovernmental organization) with OPEC+ (a looser, broader cooperative alliance without formal institutional membership rules).

SECTION 08

Key Historical Events & Oil Crises

1973 — The First Oil Shock

Following the Arab-Israeli (Yom Kippur) War, Arab members of OPEC imposed an oil embargo against nations supporting Israel, including the United States. Combined with broader OPEC production decisions, world oil prices nearly quadrupled, triggering global inflation, economic recession in importing nations, and a permanent shift in the global balance of economic power toward oil-producing states.

1979–1980 — The Second Oil Shock

The Iranian Revolution and subsequent Iran–Iraq War disrupted production from two major OPEC members, causing a second sharp spike in world oil prices and reinforcing OPEC's centrality to the global economy.

1980s — Oil Price Collapse

A global supply glut, conservation measures in consuming nations, and rising non-OPEC production (e.g., North Sea, Alaska) caused prices to collapse by the mid-1980s, illustrating the limits of OPEC's pricing power when internal quota discipline weakens.

1990–1991 — Gulf War

Iraq's invasion of fellow OPEC member Kuwait exposed deep internal rivalries within the organization and temporarily removed both countries' output from the market.

2014–2016 — Shale Revolution & Price War

The rise of U.S. shale oil production created a supply glut. Rather than cutting output to defend prices, Saudi Arabia led OPEC in maintaining production to protect market share, causing prices to fall sharply — a strategic shift that eventually led to the OPEC+ cooperation framework in 2016.

2020 — COVID-19 Price Collapse

The pandemic caused an unprecedented collapse in global oil demand. OPEC+ responded with the largest coordinated production cut in history (~9.7 million barrels per day), and U.S. crude futures briefly turned negative for the first time ever.

2022 — Russia-Ukraine War & Energy Volatility

Sanctions on Russian energy exports and geopolitical uncertainty led to extreme price volatility. OPEC+ decisions on production cuts during this period drew criticism from major consuming nations, including the United States, over their effect on global inflation.

2024–2026 — Membership Contraction & Realignment

Angola's exit (2024) and the UAE's exit (2026) reflect ongoing tensions over production quotas even as OPEC+ continues to manage global supply amid the broader energy transition and continued Middle East geopolitical instability.

SECTION 09

Global Significance

OPEC's influence on the world economy stems chiefly from the sheer scale of its members' oil reserves and their collective share of daily global crude production.

~80%	~30%	~67%
OF WORLD'S PROVEN OIL RESERVES HELD BY OPEC NATIONS	SHARE OF GLOBAL CRUDE OIL PRODUCTION	OF OPEC RESERVES LOCATED IN THE MIDDLE EAST

Why Reserves Matter More Than Output Share

Although OPEC members produce roughly a third of the world's daily crude output, they control a vastly larger share of remaining *proven reserves*. This gives the bloc substantial long-term leverage: as reserves in non-OPEC regions deplete faster relative to demand, OPEC nations' relative importance to future global supply is expected to grow.

Spare Capacity — The Real Lever of Power

Beyond current production, OPEC's true influence lies in its **spare production capacity** — the ability of a handful of members (chiefly Saudi Arabia) to rapidly increase or decrease output. This flexibility allows OPEC to respond to shocks (wars, sanctions, pandemics) far faster than most non-OPEC producers, giving the organization outsized influence over short-term price movements.

Impact on the Global Economy

- **Inflation:** Oil price swings feed directly into transportation and manufacturing costs worldwide, influencing global inflation trends.
- **Trade balances:** Oil-importing developing countries, including Pakistan, face significant current-account pressure when OPEC-driven price increases raise the import bill.
- **Geopolitics:** Energy security concerns tied to OPEC decisions have repeatedly shaped alliances, sanctions regimes, and diplomatic priorities among major powers.
- **Investment cycles:** OPEC's long-term output signals affect global investment decisions in exploration, renewables, and energy infrastructure.

DID YOU KNOW?

A single OPEC ministerial decision to raise or cut output by even a few hundred thousand barrels per day can move global benchmark crude prices (Brent, WTI) by several dollars per barrel within hours.

SECTION 10

Achievements & Criticism

Achievements

- Shifted control over pricing and production from Western oil majors to sovereign producer states.
- Established permanent sovereignty of member states over their natural resources.
- Created a durable diplomatic forum for cooperation among diverse, sometimes rival, developing nations.
- Built the OPEC Fund for International Development, providing development financing to non-member low-income countries.
- Broadened influence through the OPEC+ framework, extending coordinated market management well beyond original membership.
- Provides globally trusted market data and long-term forecasting through publications like the *World Oil Outlook* and *Annual Statistical Bulletin*.

Criticism & Challenges

- Accused of acting as a price-fixing cartel that operates against free-market principles.
- Internal rivalries — most dramatically Iraq's 1990 invasion of fellow member Kuwait — have undermined unity.
- Chronic quota non-compliance by some members weakens collective bargaining power.
- Criticized during periods of high global inflation (e.g., 2022) for supply decisions seen as prioritizing producer revenue over consumer welfare.
- Faces long-term structural pressure from the global energy transition toward renewables and electric vehicles.
- Membership has shrunk in recent years (Qatar, Ecuador, Angola, UAE), raising questions about internal cohesion.

Looking Ahead — Strategic Challenges

- **Energy transition:** Rising global investment in renewables and EVs threatens long-term oil demand growth.
- **Diversification pressure:** Gulf members are investing heavily to diversify their economies away from oil dependency (e.g., Saudi Vision 2030).
- **Geopolitical fragmentation:** Sanctions regimes and regional conflicts continue to complicate unified decision-making.
- **Competition:** Non-OPEC producers, especially U.S. shale, continue to erode OPEC's relative market share.

SECTION 11

OPEC, Pakistan & CSS Exam Relevance

Pakistan is not an OPEC member — it is primarily an oil-**importing** country — but OPEC's decisions have a direct and significant bearing on Pakistan's economy, making this topic important across several CSS/PMS papers.

Why Pakistani Aspirants Must Know OPEC

- **Current Affairs & Pakistan Affairs:** Oil price movements directly affect Pakistan's import bill, inflation (CPI), and current account deficit.
- **International Relations:** Pakistan maintains close bilateral ties with several OPEC members (notably Saudi Arabia, UAE, Kuwait, and Qatar) that provide financial assistance, oil-on-deferred-payment facilities, and employment for millions of Pakistani expatriate workers.
- **Economics (Optional/Compulsory):** OPEC is a textbook case study in cartel behaviour, price elasticity of demand for a strategic commodity, and terms-of-trade shocks for importing developing economies.
- **General Knowledge / Everyday Science-adjacent GK:** Basic facts — founding year, headquarters, member count, Secretary General — are recurring MCQ material.

> **PRACTICAL LINK**
>
> Remittances from Pakistani workers in Gulf OPEC states form one of Pakistan's largest sources of foreign exchange — linking OPEC economic health directly to Pakistan's balance of payments.

Related Organizations Worth Comparing

ORGANIZATION	FOCUS	PAKISTAN'S STATUS
OPEC	Crude oil production & pricing	Not a member
IEA (International Energy Agency)	Energy security for consuming nations	Not a member (association status varies)
GECF (Gas Exporting Countries Forum)	Natural gas coordination	Not a member
OIC (Organisation of Islamic Cooperation)	Broad political/economic cooperation among Muslim states	Founding member

SECTION 12

Quick Revision — Key Facts

FACT	DETAIL
Full form	Organization of the Petroleum Exporting Countries
Founded	10–14 September 1960, Baghdad, Iraq
Founding members	Iran, Iraq, Kuwait, Saudi Arabia, Venezuela
Original HQ	Geneva, Switzerland
Current HQ	Vienna, Austria (since 1965)
Current members (2026)	11
Latest member to exit	United Arab Emirates (1 May 2026)
Current Secretary General	Haitham Al Ghais (Kuwait), since July 2022
Supreme authority	The Conference
Executive arm	The Secretariat
Allied production alliance	OPEC+ (formed 2016, includes Russia)
UN registration	1962, under Article 102 of the UN Charter
Only South American member	Venezuela
De facto leader	Saudi Arabia

Practice MCQs

Q1. OPEC was founded in which city?

(a) Vienna (b) Geneva (c) Baghdad (d) Riyadh

Answer: (c) Baghdad

Q2. Which of the following is NOT a founding member of OPEC?

(a) Kuwait (b) Qatar (c) Iraq (d) Venezuela

Answer: (b) Qatar (joined in 1961, withdrew in 2019)

Q3. OPEC's headquarters have been located in Vienna since:

(a) 1960 (b) 1962 (c) 1965 (d) 1973

Answer: (c) 1965

Q4. Which country is the only OPEC member located in South America?

(a) Ecuador (b) Venezuela (c) Brazil (d) Colombia

Answer: (b) Venezuela

Q5. The OPEC+ alliance, formed in 2016, notably includes which major non-OPEC producer?

(a) United States (b) Russia (c) Canada (d) China

Answer: (b) Russia

SCHOLAR EYE

Compiled for CSS & PMS Aspirants

This reference guide is part of Scholar Eye's Education & Reference series, designed to give competitive exam candidates clear, structured, and exam-focused command of key international organizations.

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