Beyond OPEC: The UAE's Strategic Shift

28 MAY 2026

Lukas Veit and Suhaib Shaukat



Photo by Darcey Beau on Unsplash

Headline

Authors

Lukas Veit and Suhaib Shaukat

Working Group

MENA

Overall Summary

The UAE's withdrawal from OPEC reflects growing geopolitical tensions with Saudi Arabia and a broader shift toward national energy independence. Economic diversification and frustration over OPEC production quotas encouraged Abu Dhabi to pursue a more flexible oil strategy. The

exit may weaken OPEC's cohesion and increase volatility in global energy markets.

One-Sentence Summary of Each Event You Report On

Article

The United Arab Emirates' (UAE) decision to leave the Organisation of the Petroleum Exporting Countries (OPEC) in 2026 is one of the most significant geopolitical and economical developments in global energy politics in recent years. As one of OPEC's largest oil producers and among the leading economically dynamic states in the Gulf region, the UAE's withdrawal signals a shift in energy policy and a broader transformation in Middle Eastern geopolitics and global energy governance. The UAE has indicated that its reason for exiting OPEC is economic rather than political. This was clearly stated by the country's Energy Minister, who said that his country's decision to exit OPEC was based entirely on economic feasibility and should not be given a political angle. Still it reflects mounting tensions within OPEC, particularly between Abu Dhabi and Riyadh, as well as diverging national interests among oil producers. It also signals the UAE's strategic adaptation to a shifting international energy landscape, which is characterised by energy transition, technological competition, and geopolitical fragmentation.

This brief examines the geopolitical and economic reasons behind the UAE's withdrawal from OPEC, evaluating the broader consequences for regional politics, global oil markets and the future of international energy cooperation.

1. The UAE and OPEC

The UAE joined OPEC in 1967 and became one of the organisation's most influential members thanks to its substantial hydrocarbon reserves and rapidly expanding production capacity. For decades, OPEC has coordinated production quotas among its member states in order to influence global oil prices and maintain market stability. However, internal tensions within OPEC have increasingly emerged, particularly after the alliance expanded to include Russia and other non-OPEC producers.

By the mid-2020s, the UAE had invested heavily in expanding its oil production infrastructure through the Abu Dhabi National Oil Company (ADNOC). Nevertheless, OPEC production quotas continued to restrict the country's ability to utilise its growing production capacity fully. This discrepancy became one of the central structural causes of the UAE's withdrawal. The discrepancy therefore reflected not only dissatisfaction with quota limitations but also deeper geopolitical and strategic transformations within the Gulf region.

2. Geopolitical Reasons for the UAE's Withdrawal

One of the most significant geopolitical factors behind the UAE's withdrawal was the deterioration of its relations with Saudi Arabia. Although the two states had cooperated closely for years, particularly during the early stages of the Yemen conflict and within OPEC, their interests had become increasingly divergent.

OPEC decision-making has historically been dominated by Saudi Arabia, which acts as the organisation's de facto leader. The UAE increasingly perceived Saudi-led production policies as contrary to its national economic interests. According to the Council on Foreign Relations, Abu Dhabi believed that OPEC policies favoured Saudi priorities while hindering Emirati economic ambitions. At the same time, the UAE has developed a more assertive foreign policy aimed at increasing its geopolitical independence. It has expanded its role in global trade, finance, artificial intelligence, logistics and maritime infrastructure. This strategy can be described as part of a broader 'UAE-first' approach that prioritises national flexibility over collective cartel discipline.

The growing rivalry between Riyadh and Abu Dhabi also extends beyond oil policy. Competition over regional influence, foreign investment, tourism, logistics and technological leadership intensified throughout the 2020s. The UAE increasingly viewed OPEC as an institution that limited its strategic autonomy rather than strengthening its geopolitical position.

The UAE's withdrawal also reflects broader changes in the international energy system. Traditional producer alliances have become increasingly difficult to maintain due to divergent national interests, geopolitical conflicts and the emergence of alternative energy producers, such as the United States. The emergence of U.S. shale oil production has weakened OPEC's market dominance and reduced the effectiveness of coordinated production cuts. At the same time, geopolitical crises such as the conflict surrounding Iran and the resulting instability in the Strait of Hormuz have increased uncertainty within global energy markets. Research analysis argue that the UAE's withdrawal should be understood in the context of a 'fragmenting global energy order', where states prioritise national flexibility and energy sovereignty over multilateral coordination. This fragmentation reduced the UAE's incentives to continue participating in OPEC, encouraging it to pursue a more independent energy strategy.

3. The Economic Angle

The United Arab Emirates exiting OPEC has generated considerable discussion in global energy markets. As one of the world's leading oil exporters, the UAE plays an important role within OPEC, yet its evolving economic strategy has led analysts to question whether remaining in the organisation serves its long-term interests. The economic angle of a potential UAE exit from OPEC involves issues such as oil production freedom and economic

diversification. The UAE has spent decades building a modern and diversified economy that extends beyond oil dependence. Through initiatives such as UAE Vision 2031, the country aims to strengthen sectors including tourism, technology, renewable energy, logistics, and finance. Cities such as Dubai and Abu Dhabi have become global business hubs with reduced dependence on crude oil revenues. This diversification gives the UAE greater economic flexibility compared to many OPEC members that rely almost entirely on petroleum exports.

One key economic argument for leaving OPEC is production independence. OPEC imposes oil production quotas on member states to stabilise global oil prices. While these quotas can protect revenues during periods of weak demand, they also limit a country's ability to maximise production capacity. Abu Dhabi's frustration stemmed from the fact that its production quota, which dictates how much oil each member can produce each month, consistently failed to keep pace with the expanding capacity of the state-owned Abu Dhabi National Oil Company (ADNOC). When the UAE exited the group, ADNOC reported a maximum sustainable production capacity according to national interests rather than collective decisions. Higher production could enable the country to capture a larger market share, especially in rapidly growing Asian economies such as India and China.

The UAE's economy is now tied more closely to global economic growth than to crude oil prices alone. Over decades, Abu Dhabi has transformed its oil wealth into a vast portfolio of international investments, making the stability of global markets and secure trade routes more important than the impact of a modest rise in oil prices, such as an additional $10 per barrel. Many analysts interpreted the OPEC exit as evidence of weakening cartel unity. However, that view overlooks a broader structural shift: Abu Dhabi has evolved into one of the world's most powerful state-capital systems.

According to Global SWF, Abu Dhabi-based sovereign wealth funds collectively managed around $1.7 trillion in assets by late 2024. This total includes major state-backed investment entities such as the Abu Dhabi Investment Authority, Mubadala, and ADQ, all of which played a significant role in global sovereign wealth fund dealmaking during the year.

4. Consequences of the Withdrawal

4.1 Weakening of OPEC

One of the most immediate consequences of the UAE's withdrawal is the weakening of OPEC's institutional cohesion. As the organisation's third-largest producer, the UAE played a significant role in maintaining OPEC's credibility and market influence. Several analyses argue that the departure undermines OPEC's ability to coordinate production effectively and manage global oil prices. It is emphasised that the loss of a major producer reduces the organisation's capacity to enforce discipline among the

remaining members. Furthermore, the withdrawal may encourage other dissatisfied producers to reconsider their membership, leading to speculations about the possibility of further exits from OPEC in future.

While OPEC is not expected to collapse immediately, the UAE's departure represents a wider decline in the organisation's geopolitical authority.

4.2 Increased Oil Market Volatility

The UAE's withdrawal could also lead to greater volatility in the global oil market. OPEC has historically functioned as a mechanism for coordinating supply and stabilising prices. However, if major producers increasingly prioritise national production strategies over collective agreements, price fluctuations may intensify. The weakening of quota coordination could result in lower average prices and higher short-term volatility.

This volatility is further exacerbated by geopolitical tensions in the Gulf region, particularly in the vicinity of the Strait of Hormuz, through which a substantial proportion of global oil exports transit. Discussions among maritime analysts have highlighted concerns that energy competition could become increasingly linked to shipping security, tanker routes and regional military tensions. Consequently, the UAE's departure could lead to a more unpredictable global energy landscape.

5. Conclusion

In conclusion, the UAE's potential exit from OPEC presents both opportunities and challenges. The country increasingly viewed the organisation's production quotas as limiting its economic ambitions and expanding oil capacity. At the same time, growing geopolitical tensions with Saudi Arabia and a stronger focus on national strategic autonomy encouraged Abu Dhabi to pursue a more independent energy policy. Greater production freedom, increased investment opportunities, and enhanced economic independence could benefit the UAE's long-term growth strategy. However, risks involving oil price volatility, reduced geopolitical influence, and regional political tensions make such a decision highly complex. The UAE's future relationship with OPEC will likely depend on balancing national economic ambitions with the advantages of collective energy cooperation.