

Organization Of The Petroleum Exporting Countries (OPEC): Notes for UPSC Exam

OPEC stands for Organization of the Petroleum Exporting Countries. It is a permanent, intergovernmental organization, created at the Baghdad Conference in September 1960 by Iran, Iraq, Kuwait, Saudi Arabia and Venezuela. Currently, it has 13 members. The topic 'OPEC' is important for the IAS Exam from GS-II perspective and this article will give the relevant details about it.

History of OPEC

Government representatives from Iran, Iraq, Kuwait, Saudi Arabia and Venezuela met in Baghdad to discuss ways to increase the price of crude oil produced by their countries, and ways to respond to unilateral actions by the MOCs. Despite strong US opposition: "Together with Arab and non-Arab producers, Saudi Arabia formed the Organization of Petroleum Export Countries (OPEC) to secure the best price available from the major oil corporations." The Middle Eastern members originally called for OPEC headquarters to be in Baghdad or Beirut, but Venezuela argued for a neutral location, and so the organization chose Geneva, Switzerland. On 1 September 1965, OPEC moved to Vienna, Austria, after Switzerland declined to extend diplomatic privileges.

By the early 1970s, OPEC's membership accounted for more than half of worldwide oil production.

OPEC had its headquarters in Geneva, Switzerland, in the first five years of its existence. This was moved to Vienna, Austria, on September 1, 1965.

The 2019 OPEC World Oil Outlook (WOO) was launched on November 5, 2019, at the Wiener Börse in Vienna, Austria. The 13th edition of the WOO was about an in-depth review of the OPEC Secretariat's medium- to long-term projections and assessment for the global oil and energy industry. The next meeting of OPEC is scheduled on December 5 at its headquarters in Vienna.

The five Founding Members were later joined by eight other Members:

1. Qatar (1961)
2. Indonesia (1962)
3. Socialist People's Libyan Arab Jamahiriya (1962)
4. United Arab Emirates (1967)
5. Algeria (1969)
6. Nigeria (1971)

7. Ecuador (1973–1992)
8. Gabon (1975–1994)

Objective of OPEC

OPEC's main motto is given below:

1. To coordinate and unify petroleum policies among Member Countries, in order to secure fair and stable prices for petroleum producers
2. To ensure an efficient, economic and regular supply of petroleum to consuming nations and a fair return on capital to those investing in the industry.

Functions of OPEC

The Organization of the Petroleum Exporting Countries(OPEC) has a working methodology which is mentioned below.

- The OPEC Member Countries coordinate their oil production policies in order to help stabilise the oil market and to help oil producers achieve a reasonable rate of return on their investments.
- This policy is also designed to ensure that oil consumers continue to receive stable supplies of oil.
- The Ministers of energy and hydrocarbon affairs meet twice a year to review the status of the international oil market and the forecasts for the future in order to agree upon appropriate actions which will promote stability in the oil market.
- The Member Countries also hold other meetings at various levels of interest, including meetings of petroleum and economic experts, country representatives and special purpose bodies such as committees to address environmental affairs.