

CIVIL SERVICE DIGEST (CSD-Daily)

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Qatar pulls out of the Organization of the Petroleum Exporting Countries, which controls global oil output

- Qatar announced on Monday it was leaving the Organization of the Petroleum Exporting Countries(OPEC), the world's leading oil producing bloc.



- The Gulf state, which has been a member of OPEC since 1961, said it wanted to focus more on the production of Liquefied Natural Gas (LNG). Qatar supplied about 2 percent of annual OPEC output.
- The decision comes days ahead of a scheduled meeting of the oil bloc in Vienna, Austria and amid tension with leading OPEC member Saudi Arabia, which has imposed a land and air blockade on Qatar since 2017.
- Qatar's Energy Minister Saad Sherida al-Kaabi, however, said that it was purely a business decision

What is OPEC?

- OPEC was founded in 1960 by Iran, Iraq, Kuwait, Saudi Arabia and Venezuela, five major oil-producing countries.
- According to OPEC's website, its goal is "to coordinate and unify the petroleum policies of its Member Countries and ensure the stabilisation of oil markets in order to secure an efficient, economic and regular supply of petroleum to consumers, a steady income to producers and a fair return on capital for those investing in the petroleum industry"
- In reality, OPEC is one of the most powerful players in the global supply of oil, as the organisation produces more than a third of global oil supply.

On a day-to-day basis, OPEC countries produce about 32 million barrels of oil per day, giving the organisation significant influence over both the number of barrels produced per day and the oil price as a whole.

By increasing or reducing oil production, OPEC controls oil supply, which means it can increase or reduce the price of oil.

This happened in early December when OPEC and Russia - not a member of OPEC - said they would cut oil supply to ensure prices did not drop too much in the coming year, as both Russia and many OPEC countries heavily rely on oil exports for their economy.

But Saudi Arabia, the largest contributor to OPEC's oil output, is considered the de facto leader of the organisation.

OPEC members

Algeria

Angola

Ecuador

Equatorial Guinea

Gabon

Iran

Iraq

Kuwait

Libya

Nigeria

Republic of the Congo

Saudi Arabia

United Arab Emirates

Venezuela

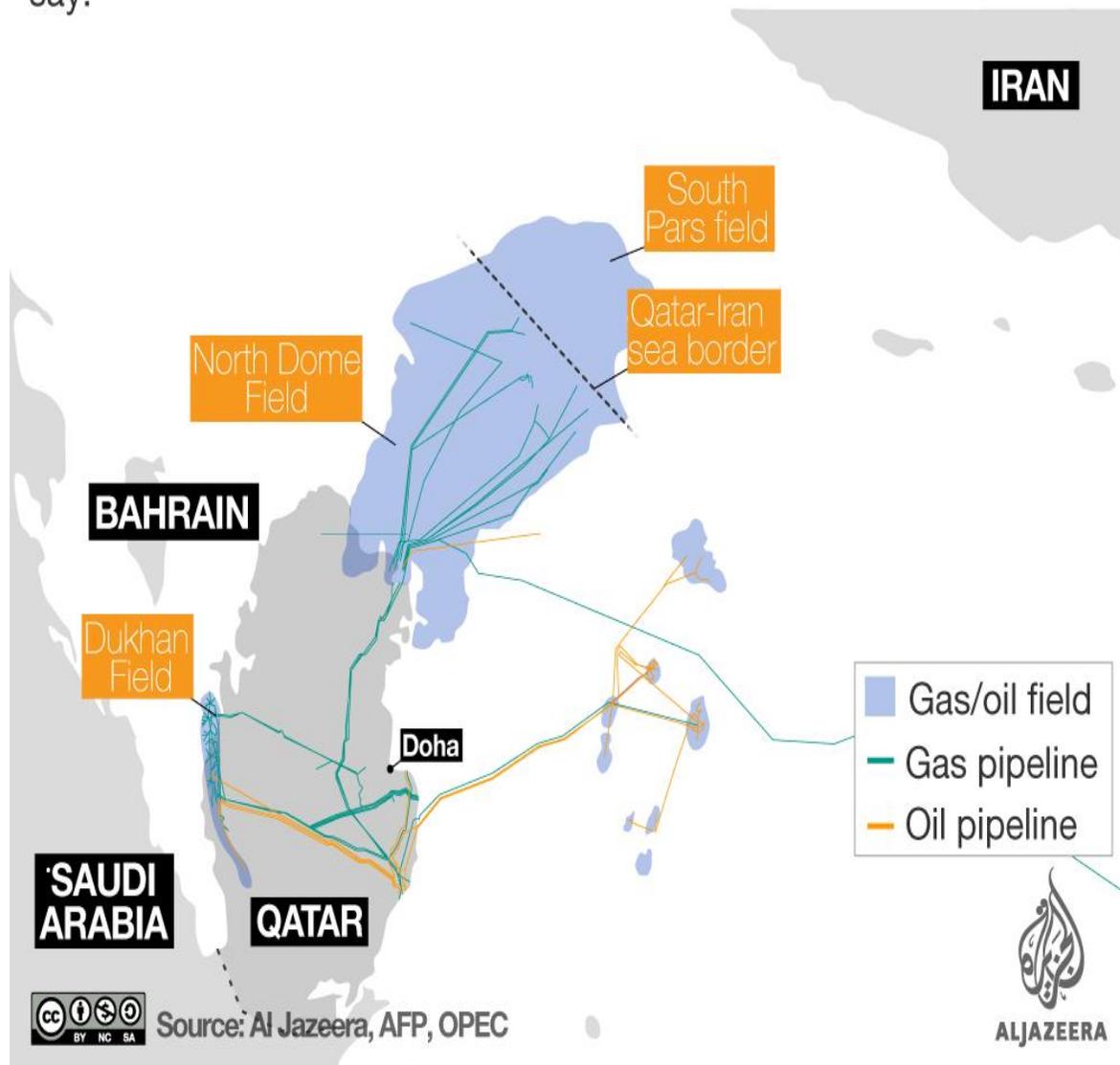
Others view with respect to Qatar's exit:

- Qatar's Energy Minister, Saad Sherida al-Kaabi, dismissed the notion that the decision was driven by Doha's ongoing feud with OPEC's de facto leader Saudi Arabia. Riyadh has led a land, sea, and air blockade against the Qatar since June 2017.
- Nevertheless, some analysts see Doha's break with cartel as deeply symbolic, especially given the fact OPEC has in the past overcome major divisions to coordinate energy policy.
- "More than anything, we suspect that Qatar's withdrawal from OPEC has been spurred by its ongoing dispute with Saudi Arabia and its allies," Jason Tuvey, Capital Economics senior emerging markets economist, wrote in a note to clients.
- Amy Myers Jaffe, senior fellow at the Council on Foreign Relations, said Qatar's decision underscores how the the blockade has added urgency to Doha's slow drift from Riyadh's sphere of influence.

Qatar's major gas and oil fields

Qatar is the world's largest seller of liquefied natural gas (LNG). Most of the LNG comes from two major gas and oil fields, one of which is shared with Iran.

While the Gulf's diplomatic crisis is unlikely to affect energy prices in the short term, a prolonged rift could send prices soaring, analysts say.



Diminishing sway

- Global energy markets have undergone a tectonic shift in recent years as the rise of US shale oil has moved the balance of power away from OPEC, diluting Saudi Arabia's market power.
- In 2016, with oil sliding below \$30 a barrel, OPEC entered an alliance with Russia and other non-members to curb oil production and boost prices.

The Trump factor

- Most analysts believe OPEC and other major oil producers need to slash output by some 1.4 million barrels per day to meaningfully boost prices.
- Even if Riyadh can get the rest of OPEC and Russia on board with that kind of cut, the kingdom will be walking a tightrope in Vienna, balancing its budgetary need for higher oil prices with the political imperative to stay in US President Donald Trump's good graces.
- "The Trump administration has both publicly and privately expressed the view that \$70 to \$80 oil is too high.

Navy Day is being celebrated today



- Navy Day is being celebrated today. The day is celebrated in honour of the maritime force's role during the war with Pakistan in 1971 when Indian warships attacked Karachi port and successfully hurt Pakistani operations in the western coast.
- The Day is also celebrated to highlight the role the Navy plays in securing the country's marine borders during peacetime and carrying out humanitarian missions.
- Navy Chief Admiral Sunil Lamba said the Indian Navy is the net security provider in the Indian Ocean region and is fully capable to meet the traditional and non-traditional threats.

Second meeting of NITI Forum for North East to be held in Guwahati

Context:

- The second meeting of the NITI Forum for North East will be held in Guwahati today.
- Vice Chairman of the NITI Aayog Rajiv Kumar will preside over the meeting, while it will be co-chaired by Minister of State for Development of North Eastern Region, Dr Jitendra Singh.

Why NITI Forum?

NITI Forum for North East was constituted this year to periodically review the development status in North Eastern Region.

Task of NITI Forum:

- The NITI Forum for Northeast is tasked to identify various constraints on the way of accelerated, inclusive and sustainable economic growth in the North East Region of the country and to recommend suitable interventions for addressing identified constraints.
- Members of the Forum include Secretaries of various Ministries of the Government of India, Chief Secretaries of all the eight North-eastern states and also senior government officials and experts from various fields.

UNSC to meet today on Iran missile launch issue



AP

- The UN Security Council will meet today on Iran missile launch issue. The world body is meeting at the request of France and Britain after they accused Iran of test-firing a medium-range missile at the weekend.
- The United States has said the missile launch on Saturday was a violation of a UN resolution that endorses the 2015 Iran nuclear deal from which Washington has withdrawn.
- France and Britain have also expressed concern over the missile test - firing by Iran. The UN resolution that endorse the 2015 nuclear deal calls on Iran to refrain from testing missiles capable of carrying a nuclear weapon.
- Iran has long maintained that its missile program is defensive in nature and not aimed at ensuring the delivery of a nuclear weapon, a stance supported by Russia at the Security Council.

Statue of Unity among top tourist destinations



- The 182-metre tall Statue of Unity dedicated to Sardar Patel in Gujarat's Narmada district is becoming one of the country's top tourist spots.
- The statue, the world's tallest, located on Sadhu Bet islet on the Sardar Sarovar Dam in Kevadiya, was inaugurated by Prime Minister Narendra Modi on October 31st. The United States Consul-General Edgard Kagan also visited the memorial today.
- The statue is a tribute to Sardar Patel's role in getting 562 princely states to accede to the Indian Union after Independence.