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**OPEC+ plays it cool with just 100.000 barrels in September.**

In what has been a slight change of direction from its previous positions regarding the situation and conditions of global oil markets, the OPEC+ alliance primarily led by Saudi Arabia and Russia agreed last Wednesday to just a bare low increase of 100.000 barrels per day starting in September, mostly seen as a symbolic move by the organization while also considered as a small good will sign after the recent visit by the US President Biden to Saudi Arabia in moments where markets are still stubbornly oscillating between concerns of sustained enough supplies and the status of the demand as prices still remain at high levels for consuming nations as there remain fears of recession globally just as the war in Ukraine continues deepening the gas crisis in Europe and the situation of demand from China remains a top concern as it keeps holding onto its zero covid policy that from time to time hits global demand and prices as Beijing keeps on imposing stringent lockdowns.

**REQUIRED PRODUCTION**

('000 b/d)	Sep'22	Aug'22	Chg.
Algeria	1,057	1,055	2
Angola	1,529	1,525	4
Congo	325	325	0
Eq.Guinea	127	127	0
Gabon	187	186	1
Iraq	4,663	4,651	12
Kuwait	2,818	2,811	7
Nigeria	1,830	1,826	4
Saudi Arabia	11,030	11,004	26
UAE	3,186	3,179	7
Azerbaijan	718	717	1
Bahrain	205	205	0
Brunei	102	102	0
Kazakhstan	1,710	1,706	4
Malaysia	595	594	1
Mexico	1,753	1,753	0
Oman	883	881	2
Russia	11,030	11,004	26
Sudan	75	75	0

**Required production quota for members included of OPEC+ from September**  
**Source: <https://www.energyintel.com/00000182-6419-d4e0-abc6-7479bb020000>**

In this sense, the recent decision might be based either on real lack of solid technical capabilities of production by some of the members of the alliance as the lack of investments and under compliance of their respective quotas keep being a headache and problem specifically coming from small members experiencing sustained problems within their respective oil sectors such as Angola, Nigeria, Iraq , also regarding the issues with the spare capacity from key members uniquely holding them such as Saudi Arabia, the United Arab Emirates (UAE) which deals with the ability to ramp up extra production in an emergency period comprising both around 2.5 MMB, or on the other hand, this small move and the continued reluctance by the alliance led by the main player such as KSA might be related to the desire by the oil producing and exporting nations especially those with the lowest break evens and production costs per barrel, to keep on reaping considerable profits from the current landscape of high oil prices, especially having skyrocketed since the war in Ukraine erupted and sanctions against the significant russian oil exports imposed by the US and the EU.

On the other hand its important to highlight the fact that Russia has been kept within the alliance especially considering the words by Saudi Arabia and other Gulf oil producing members despite the intentions by Washington specifically with the visit of President Biden to Saudi Arabia to try to delink the kingdom from Russia within the alliance and other deals after the invasion of Ukraine and also considering the medium and long term consequences that could be left by the vanishing of russian oil off the markets despite most of russian oil sanctioned is being rerouted to asian markets like in China, India and the capacity by the OPEC+ members to absorb these and extra barrels that might be erased as consequence of the sanctions against Russia in just another test for the organization, this time even more critical since it deals with the long term capacity to produce enough oil and also keep a balanced level of prices for consumers in the middle of a global recession that's becoming more and more visible.

At the same time its important to consider the geopolitical context specifically considering the context surrounding OPEC such as the ongoing political crisis in Libya, the still persistent proxy rivalry saudi-iranian for religious and geopolitical supremacy in the Middle East, the latent threat of terror attacks on saudi soil and oil facilities from the uncertain situation in Yemen, the political standoff in another key top oil producing country such as Iraq where Iran still struggles to keep its influence, to name the most important ones, which altogether in one way or the other have been and continue to be

potential oil supply disruptors and with which OPEC will continue to deal with if it wants to continue to have preeminence as key player in global oil markets as geopolitical risks have been on the rise impacting oil and gas markets and prices.

Overall, as problems with supply and demand continues, OPEC+ will continue to have important challenges to solve and overcome while its also key to understand that as long as Russia remains part of the alliance and as long as the geopolitical context remains stuck in a standoff between Russia-China and the US where different regional powers such as Saudi Arabia, Iran might be picking sides or diversifying their traditional alliances with the US, there will be an underlying and not so overt commercial confrontation where the most relevant oil producers and exporters will be looking to maximize their gains and amplify their market shares, even if it means absorbing and displacing lost barrels from their competitors or allies involved in any protracted conflict impacting their oil production or exerting benefits from the war in Ukraine as global oil and gas markets continue tied and impacted by geopolitical developments.