**OPEC+ and United States**

[**Jai Kumar Dhirani**](https://www.nation.com.pk/columnist/jai-kumar-dhirani)

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OPEC+, the oil producer group comprising the Organization of the Petroleum Exporting Countries (OPEC) plus allies including Russia, last week announced a cut of 2 million barrels per day to its production target from November. The decision of cutting oil production was taken in their face-to-face gathering in Vienna on 5th October. After the announcement, the price of Brent crude, the international benchmark, rose 1.7 percent, reaching $93.29 a barrel.

The Biden administration asked Saudi Arabia, the de-facto leader of the oil producer group OPEC, to delay its decision on oil output by a month. The Saudis declined. This led to their relationship plunging deeper into uncertainty. That means tighter supplies and higher prices at a time of already high inflation and worries of a global recession, which angered US lawmakers who are now calling for a “reevaluation” of relations with the Saudi kingdom. The Saudi government, then, defended its move and said all OPEC decisions are based on economic forecasts and needs. “The Government of the Kingdom clarified through its continuous consultation with the US Administration that all economic analyses indicate that postponing the OPEC+ decision for a month, according to what has been suggested, would have had negative economic consequences,” the statement read.

[PM orders for removing all hurdles in completion of Saudi projects in Pakistan](https://www.nation.com.pk/18-Oct-2022/pm-orders-for-removing-all-hurdles-in-completion-of-saudi-projects-in-pakistan)

Responding to the Saudi claims, Pentagon spokesman John Kirby reframed the exchange and accused the kingdom of aiding Russia’s revenues and hampering the impact of Western sanctions on Moscow for its war in Ukraine. “In recent weeks, the Saudis conveyed to us – privately and publicly – their intention to reduce oil production, which they knew would increase Russian revenues and blunt the effectiveness of sanctions. That is the wrong direction,” Kirby said. “We presented Saudi Arabia with analysis to show that there was no market basis to cut production targets and that they could easily wait for the next OPEC meeting to see how things developed.”

Kirby said, without giving examples, that other OPEC members opposed Saudi Arabia’s move, and reiterated the Biden administration’s vow to reexamine its relationship with Riyadh. “Other OPEC nations communicated to us privately that they also disagreed with the Saudi decision, but felt coerced to support Saudi’s direction,” he said. “As the President has said, we are reevaluating our relationship with Saudi Arabia in light of these actions, and will continue to look for signs about where they stand in combating Russian aggression.”

[Pakistan reports 32 coronavirus cases in last 24 hours](https://www.nation.com.pk/18-Oct-2022/pakistan-reports-32-coronavirus-cases-in-last-24-hours)

President Joe Biden said there would be “consequences” for Saudi Arabia’s oil production cut, which the kingdom is carrying out in coordination with other OPEC members and non-OPEC allies like Russia. Many in Washington saw this as a snub and a blatant display of siding with Moscow. U.S. lawmakers have urged the cutting of military sales to Saudi Arabia, America’s top weapons buyer, and are encouraging the passing of antitrust legislation that would go after OPEC. Riyadh rejected the accusations of making any politically motivated moves. Whereas, halting US military sales to Arab gulf states will encourage them to look for an alternative option that might be not only Russia or China but France and UK too. Similarly, the passing of antitrust legislation against OPEC will likely be countered by gulf countries. They may accept the Chinese offer to buy their oil using YUAN rather than the dollar and could also choose to reduce their considerable holdings of U.S treasury bills. Such steps would hit the dominance of the dollar as a reserve currency of choice and undermine Washington’s global financial leverage at the time of great economic uncertainty.

[Europe’s energy woes drag on as skyrocketing energy bills, strikes hit countries](https://www.nation.com.pk/18-Oct-2022/europe-s-energy-woes-drag-on-as-skyrocketing-energy-bills-strikes-hit-countries)

The OPEC decision confirms the belief that Washington has lost its leverage with the cartel of oil-producing countries. This is being attributed to the deterioration of the US relations with Saudi Arabia during the Biden presidency. But fundamentally, a contradiction has arisen between the US interests and the interests of the oil-producing countries. The Biden Administration tempted Fate by underestimating the importance of oil in modern economic and political terms and ignoring that oil will remain the dominant energy source across the world for the foreseeable future, powering everything from cars and domestic heating to huge industry titans and manufacturing plants. The Biden Administration ignored that those who have oil reserves wield a huge amount of power over our oil-centered energy systems, and those who buy oil are, on the contrary, cripplingly dependent on the market and the diplomatic relations which drive it.

The Western powers are far too naive to think that an energy superpower like Russia can be simply “erased” from the ecosystem. In an “energy war” with Russia, they are doomed to end up as losers.

[PM direct to remove hurdles in way of pending projects related to SDF](https://www.nation.com.pk/17-Oct-2022/pm-direct-to-remove-hurdles-in-way-of-pending-projects-related-to-sdf)

Historically, Western nations understood the imperative to maintain good diplomatic relations with oil-producing countries. But Biden threw caution into the wind by insulting Saudi Arabia calling it a “Pariah” state. The OPEC regards it as a paradigm shift, as it implicitly challenges the cartel’s assumed prerogative to ensure that global oil supply matches demand, where one of the key measures of supply-demand balance is price. Arguably, the West is de-facto setting up a rival cartel of oil-consuming countries to regulate the oil market. Meanwhile, a “systemic” crisis is brewing. It is only natural that OPEC views with skepticism the recent moves by the US and the EU to push back Russia’s oil exports. The West rationalises these moves as aimed at drastically reducing Russia’s income from oil exports (which it interprets as its resilience to fight the war in Ukraine.) This perfect storm in Biden’s foreign policy can also impact the midterms in November and deliver a Republican majority in the Senate, which could set the tempo for the 2024 US presidential election.

[Govt allied parties categorically rejects Imran Khan's demand for early elections](https://www.nation.com.pk/17-Oct-2022/govt-allied-parties-categorically-rejects-imran-khan-s-demand-for-early-elections)

Russia could be the biggest “gainer” of OPEC+ cuts. The expert opinion is that oil prices will move higher from current levels through year-end and next year. That is to say, Russia will not cut any output while the price of oil is set to rise in the coming months. As oil price rises, Russia will not have to cut even a barrel of its production so long as it has a big enough market after December to sell the crude now going to Europe. Again, Russia, for its part, reiterates that it will not supply oil to countries that would join the G7 price cap.

Gulf states have more recently been diversifying their foreign policy options away from the United States by broadening their Political, economic, and even security engagements with China, Russia, and other powers. As the echoes from Saudi Arabia’s officials can be heard “The days of making decisions based on phone calls from Washington are over.” Saudi Arabia in particular, an increasingly confident member of the group of 20 (G-20) largest economies, is trying to project itself as a “Middle power” rather than an American satellite state.