The Post-OPEC Gulf: The UAE, Israel, and the New Geopolitics of Oil

Emmanuel Navon / 12 May 2026

Executive Summary

The United Arab Emirates' departure from OPEC (Organization of Petroleum Exporting Countries) marks more than a dispute over oil-production quotas. It signals a deeper transformation of the Middle East's geopolitical order. For decades, the political order among the Arab monarchies of the Persian Gulf rested on a combination of Arab political solidarity, Saudi leadership, and collective management of oil markets through OPEC.That architecture is now fragmenting.

The UAE's decision reflects the convergence of several strategic developments: the weakening of OPEC's ability to impose discipline on ambitious producers; the growing divergence between Emirati and Saudi interests; the emergence of a durable Emirati-Israeli-American alignment against Iran; and the increasing importance of strategic corridors, maritime infrastructure, and technological partnerships in regional politics.

The current war with Iran has accelerated those trends. Tehran's attacks on the UAE, including against infrastructure outside the Strait of Hormuz, have reinforced erception that Israel and the United States constitute indispensable rs. At the same time, the disruption of shipping through Hormuz has

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exposed the vulnerability of the global energy system and strengthened the strategic logic of bypass routes, pipelines, and new regional connectivity projects.

OPEC is unlikely to disappear. Saudi Arabia will remain a dominant oil producer, and the organization will continue to influence global markets. Yet the UAE's exit demonstrates that oil no longer produces political cohesion in the Gulf the way it once did. The Middle East is moving away from a system in which Gulf oil producers sought to maximize collective leverage through coordinated production policies. It is evolving toward a more competitive environment in which states increasingly prioritize national economic interests, bilateral security partnerships, and infrastructure projects designed to secure alternative trade and energy routes.

I. The Fragmentation of the Oil Order

For much of the second half of the twentieth century, oil was not merely an economic commodity in the Middle East. It was the main source of political influence, regional coordination, and international leverage for the Arab oil-producing states. The Arab oil embargo of 1973 symbolized the emergence of petroleum as a geopolitical weapon and elevated OPEC into one of the most influential institutions in the international system. Saudi Arabia, by virtue of its vast reserves and spare production capacity, became the cartel's indispensable stabilizer and de facto leader.

That order rested on several assumptions. The first was that Gulf oil exporters shared sufficiently convergent interests to co-ordinate production policies. The second was that Saudi Arabia possessed both the economic weight and political legitimacy to enforce discipline within OPEC. The third was that controlling supply could shape global prices and thereby generate political leverage.

All three assumptions have weakened over time.

Skip to content le production in the United States reduced OPEC's share of global output and constrained its ability to dictate prices. The diversification of energy

supplies and the globalization of financial markets diluted the geopolitical centrality of oil. At the same time, profound differences emerged among Gulf producers themselves.

Saudi Arabia increasingly requires relatively high oil prices to finance Vision 2030, Crown Prince Mohammed bin Salman's vast program to diversify the kingdom's economy through investments in infrastructure, technology, tourism, and industry. Those investments depend on sustained fiscal revenues. By contrast, the UAE has reached a more advanced stage of economic diversification and can tolerate lower prices more easily. Abu Dhabi's leadership has therefore adopted a different strategic logic: maximize production capacity, monetize reserves while demand remains strong, and channel oil revenues into logistics, finance, artificial intelligence, and maritime infrastructure.

The global energy transition reinforces that calculation. Even though the transition away from fossil fuels will likely take decades, Gulf producers increasingly recognize that the long-term future of oil demand is uncertain. This creates incentives to produce and sell more hydrocarbons sooner rather than later.

The UAE's departure from OPEC must therefore be understood in structural rather than tactical terms. Abu Dhabi is not simply objecting to quotas. It is rejecting a model in which its national strategy is subordinated to cartel discipline and Saudi preferences.

This does not necessarily mean that OPEC is about to collapse. Saudi Arabia remains one of the world's most important energy producers, and the cartel still accounts for a substantial share of global oil output. Other members may even find internal discipline easier without the UAE, which frequently exceeded production quotas. Yet institutions can survive formally while losing their political centrality.

The more significant development is that OPEC no longer shapes relations among the Gulf states the way it once did. Oil remains economically vital, but it no longer

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itical cohesion among producers. Instead, Gulf states increasingly gn strategies shaped by security concerns, technological ambitions, infrastructure competition, and geopolitical realignment.

In that sense, the UAE's exit from OPEC reflects a broader historical transition: the movement from a Middle East organized around Arab political solidarity and centralized oil diplomacy toward one in which states increasingly pursue their own strategic and economic interests independently of regional consensus.

II. The UAE's Strategic Reorientation

The UAE's departure from OPEC is part of a wider transformation in Emirati foreign policy. Over the past decade, Abu Dhabi has evolved from a relatively cautious Gulf monarchy into one of the Middle East's most activist and strategically ambitious states.

This transformation stems both from the UAE's considerable financial and infrastructural resources and from the determination of its leadership to pursue an ambitious long-term regional strategy. The UAE possesses a relatively small population, considerable financial resources, advanced infrastructure, and leadership willing to pursue long-term strategic planning. Rather than relying solely on hydrocarbon wealth, it has sought to position itself as a global hub connecting Europe, Asia, Africa, and the Middle East through trade, aviation, logistics, finance, and technology.

This outlook has increasingly pushed the UAE away from the traditional Gulf model of political coordination under Saudi leadership and cautious collective diplomacy toward Iran and Israel.

The Abraham Accords constituted a decisive moment in that evolution. By normalizing relations with Israel in 2020, the UAE signaled that it no longer accepted the traditional Arab consensus linking relations with Israel to the Palestinian issue. More importantly, the accords reflected converging strategic interests.

Skip to content srael share deep concerns about Iran's regional ambitions, its nuclear and ballistic-missile programs, Islamist movements, and the instability

generated by revolutionary actors and armed proxies across the Middle East. They also share a broader vision centered on technological modernization, economic integration, and strategic connectivity.

The current war with Iran has reinforced those dynamics. Iranian missile and drone attacks against Emirati infrastructure, including facilities linked to energy exports, have heightened Abu Dhabi's perception of vulnerability. Israeli air-defense systems, intelligence co-operation, and technological support have therefore acquired immediate strategic value.

The UAE's alignment with Israel is not purely defensive. It also reflects an economic and geopolitical calculation. Abu Dhabi increasingly sees Israel as a partner in sectors central to its post-oil future: cybersecurity, artificial intelligence, desalination, advanced manufacturing, defense technologies, and logistics.

This strategic logic extends beyond bilateral ties. The UAE has actively supported emerging regional connectivity projects linking India, the Gulf, Israel, and the Mediterranean. Such initiatives are designed not merely to facilitate commerce but to reshape the geopolitical map of Eurasian trade.

In this framework, the UAE increasingly behaves less like a traditional petro-state and more like a maritime-commercial power. Its strategic priorities revolve around ports, shipping routes, financial networks, digital infrastructure, and supply chains.

That orientation helps explain Abu Dhabi's growing willingness to diverge from Saudi Arabia.

Historically, the Gulf Co-operation Council (GCC) provided a framework for political and economic co-ordination among Gulf monarchies. Yet the GCC has become increasingly fragmented. Rivalries over Yemen, Sudan, trade policy, regional influence, and relations with political Islam have strained Saudi-Emirati relations.

The UAE's departure from OPEC therefore carries symbolic as well as economic signals that Abu Dhabi is no longer prepared to subordinate its national interests to Gulf consensus politics.

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The move also reflects confidence. Despite Iranian attacks and regional instability, the Emirati leadership appears convinced that closer alignment with the United States and Israel will strengthen rather than weaken its long-term position.

That confidence is not without risks. The UAE remains geographically exposed, heavily dependent on maritime trade, and vulnerable to disruptions in the Strait of Hormuz. Yet Abu Dhabi seems to have concluded that maintaining a cautious and neutral posture in an increasingly unstable region would expose it to even greater risks.

Its decision to leave OPEC thus forms part of a broader geopolitical repositioning: away from collective Arab frameworks and toward a network-based strategy centered on selective alliances, technological integration, and sovereign autonomy.

III. The New Gulf Schism

The fragmentation of OPEC reflects a wider political fracture inside the Gulf itself.

For years, observers often described Saudi Arabia and the UAE as close strategic partners. Both opposed Islamist movements linked to the Muslim Brotherhood. Both viewed Iran as a major threat. Both supported regional counter-revolutionary policies after the Arab uprisings of 2011.

Yet beneath that apparent alignment, important differences emerged.

Saudi Arabia still conceives of itself as the central political power of the Arab and Islamic worlds. Its regional strategy remains partly shaped by considerations of leadership, legitimacy, and hierarchy. The UAE, by contrast, increasingly pursues an autonomous foreign policy centered on economic diversification, control of strategic trade routes, technological partnerships, and security co-operation with the United States and Israel.

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ıt visions have generated friction across multiple arenas.

In Yemen, the two countries backed different local actors and pursued competing priorities. In Sudan, they supported opposing sides in the civil conflict. Economically, they compete over logistics, tourism, aviation, finance, and foreign investment. Riyadh seeks to transform itself into the Gulf's dominant commercial hub, while Dubai has spent decades building that position.

The UAE's departure from OPEC deepens those tensions because it challenges Saudi Arabia in one of the kingdom's traditional spheres of authority: the management of oil markets.

Saudi Arabia depends more heavily than the UAE on elevated oil prices. The kingdom's ambitious domestic spending plans require sustained revenues, making production discipline strategically important. If the UAE and other producers maximize output outside OPEC constraints, Saudi Arabia may eventually face an uncomfortable choice: absorb disproportionate production cuts to stabilize prices or abandon cartel discipline altogether.

Either outcome weakens the traditional Saudi-led model.

Iran understands the significance of this fragmentation and seeks to exploit it.

Tehran's recent focus on the UAE is revealing. Earlier phases of the conflict saw attacks distributed across Gulf states. More recently, Iran has concentrated pressure on Emirati infrastructure and shipping. This reflects two overlapping calculations.

The first is that the UAE has become the Gulf state most openly aligned with Israel. Iranian leaders increasingly view Abu Dhabi not merely as an Arab monarchy but as part of a broader anti-Iranian coalition.

The second is that Iran hopes to deepen divisions inside the Gulf. Saudi Arabia has become more cautious about escalation with Tehran, partly because of fears regarding the vulnerability of its energy infrastructure. The UAE, by contrast, willing to maintain close security ties with Israel and the United States despite Iranian pressure.

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By targeting the UAE, Iran seeks to raise the costs of that alignment while simultaneously encouraging Saudi caution.

This strategy could prove effective because Gulf states do not necessarily share identical threat perceptions. Oman continues to emphasize mediation and diplomacy. Qatar maintains channels with multiple regional actors. Saudi Arabia oscillates between deterrence and accommodation. The UAE increasingly favors strategic alignment with Israel and the United States.

The result is a politically fragmented Gulf.

That fragmentation has important implications beyond regional politics. For decades, Gulf stability rested partly on the assumption that the major monarchies would act collectively when confronted by external threats. Today, however, competition among them increasingly shapes their responses.

The GCC is unlikely to disappear institutionally, just as OPEC may survive formally. But both organizations are losing strategic coherence.

The emerging Gulf order is therefore less hierarchical and more competitive. States pursue overlapping but increasingly divergent agendas. Strategic autonomy has replaced bloc discipline as the dominant logic.

IV. Beyond Hormuz

The war with Iran has exposed a fundamental vulnerability at the center of the global economy: the dependence of international energy markets on narrow maritime chokepoints.

For decades, analysts assumed that the Strait of Hormuz was too important to remain blocked for any significant period of time. Iran itself depended on the strait

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lf producers needed it to access world markets. The United States

ed overwhelming military superiority.

Yet the current crisis has demonstrated that even partial disruption can generate severe economic consequences.

The closure of Hormuz removed a massive volume of oil and refined products from global markets. Strategic reserves, commercial inventories, and rerouted shipments initially softened the shock. Over time, however, the limitations of those mechanisms became increasingly apparent.

Oil markets can absorb temporary disruptions. They cannot indefinitely replace flows with stocks.

The consequences have extended far beyond the Gulf. Asian petrochemical industries faced shortages of feedstock. East African countries confronted fuel scarcity. Europe struggled with shortages of diesel and jet fuel. Governments around the world revived emergency contingency plans first developed during the oil crises of the 1970s.

The Hormuz crisis therefore has geopolitical implications beyond energy prices.

It strengthens the strategic rationale for bypass infrastructure and alternative corridors.

For years, Gulf states have invested in pipelines and export terminals designed to reduce dependence on Hormuz. The UAE's Fujairah pipeline, which bypasses the strait, represented an early effort in that direction. Saudi Arabia has pursued similar projects.

The current conflict will accelerate such investments.

More broadly, the crisis highlights the increasing importance of strategic connectivity in international politics. Infrastructure corridors linking India, the Gulf, Israel, and the Mediterranean are no longer simply commercial projects. They are becoming instruments of geopolitical resilience.

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Israel's strategic relevance to Gulf states increases significantly.

Israel offers not only military and technological capabilities but also geographic access to the Mediterranean. Potential future networks involving ports, railways, pipelines, digital infrastructure, and energy interconnections could reduce dependence on vulnerable maritime chokepoints.

Such projects remain politically and technically complex. Yet the logic behind them has become stronger.

This reflects a broader transformation in the nature of power in the Middle East.

During the twentieth century, oil production itself was the principal source of geopolitical influence. Today, the ability to secure flows, diversify routes, protect infrastructure, and integrate into global technological and logistical networks is becoming equally important.

The UAE has adapted rapidly to this transformation.

Abu Dhabi increasingly views energy not as an end in itself but as a source of capital that can finance a broader strategy of connectivity, technological modernization, and geopolitical autonomy.

That helps explain why the UAE appears willing to accept the risks associated with distancing itself from Saudi Arabia and confronting Iran more openly.

The Emirati leadership seems to believe that the future regional order will not be organized around oil cartels but around strategic corridors.

Conclusion: The Post-OPEC Middle East

The UAE's departure from OPEC is a symptom of a broader historical transition.

The old Middle Eastern order was built around several interconnected ideas: Arab

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ity, Saudi leadership, collective management of oil markets, and the

assumption that hydrocarbons would naturally produce strategic cohesion among Gulf states.

Those assumptions are eroding.

Oil remains central to the global economy and to Gulf prosperity. Yet petroleum no longer structures political alignments the way it once did. Gulf monarchies increasingly pursue distinct national strategies shaped by technology, infrastructure, security partnerships, and geopolitical competition.

The UAE represents the most advanced expression of this transformation.

Abu Dhabi has embraced a model centered on sovereign autonomy, strategic diversification, and selective alliances. Its departure from OPEC reflects confidence that its future depends less on cartel discipline than on integration into emerging networks of trade, finance, technology, and security.

The Abraham Accords play a crucial role in this evolution. What began as diplomatic normalization is becoming a deeper strategic alignment involving defense co-operation, technological integration, and shared concerns regarding Iran and regional instability.

Saudi Arabia faces a more complicated dilemma. The kingdom still possesses unmatched weight within global oil markets and remains the Arab world's most influential state. Yet the fragmentation of Gulf politics limits its ability to impose regional discipline.

Iran, meanwhile, seeks to exploit these divisions while preserving its influence over critical chokepoints and regional proxies. Its pressure on the UAE reflects recognition that the emerging Emirati-Israeli-American alignment threatens Tehran's long-term position.

The Middle East is therefore entering a new geopolitical phase.

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ture will likely be shaped less by centralized organizations such as OPEC and more by competition among strategic hubs and connectivity networks:

ports, pipelines, maritime routes, digital infrastructure, logistics chains, and technological partnerships.

In the post-OPEC Middle East, the decisive question is no longer simply who can influence oil prices through collective production policies. It is which states can use their energy wealth to strengthen their security, diversify their economies, build strategic partnerships, and reduce their vulnerability to regional instability.

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