

Opec case

Business



The Organization of the Petroleum Exporting Countries (OPEC) is a permanent intergovernmental organization of 12 oil-exporting developing nations that coordinates and unifies the petroleum policies of its Member Countries.

It was founded at a meeting held on 10–14 September 1960 in Baghdad, Iraq, by five oil-producing countries: Iran, Iraq, Kuwait, Saudi Arabia and Venezuela. (These countries are referred to as the Founder Members of the Organization) This unified front was created primarily in response to the efforts of Western oil companies to drive oil prices down. The original members of OPEC included Iran, Iraq, Kuwait, Saudi Arabia, and Venezuela.

OPEC has since expanded to include seven more countries (Algeria, Angola, Indonesia, Libya, Nigeria, Qatar, and United Arab Emirates) making a total membership of 12. The first move towards the establishment of the Organization of the Petroleum Exporting Countries (OPEC) took place in 1949, when Venezuela approached Iran, Iraq, Kuwait and Saudi Arabia and suggested that they exchange views and explore avenues for regular and closer communications between them.

The need for closer cooperation became more apparent when, in 1959, the oil companies unilaterally reduced the posted price for Venezuelan crude by 5% and 25% per barrel and that for the Middle East by 18% /b. OPEC's principal aims are the coordination and unification of petroleum policies of Member Countries and the determination of the best means for safeguarding their interests, individually and collectively.

The Organization also seeks to devise ways and means of ensuring the stabilization of prices in international oil markets with a view to eliminating harmful and unnecessary fluctuations, due regard being given at all times to the interests of the producing nations and to the necessity of securing a steady income for them; an efficient, economic and regular supply of petroleum to consuming nations; and a fair return on their capital to those investing in the petroleum industry.