

OPEC

Organization of the Petroleum Exporting Countries

As of April 2019, OPEC's members are

AFRICA

Algeria

Angola

Congo

Equatorial Guinea

Gabon

Libya

Nigeria

SOUTH AMERICA

Ecuador

Venezuela

MIDDLE EAST

Saudi Arabia (the de facto leader),

Iran

Iraq

Kuwait

United Arab Emirates

HOW MUCH OIL DO OPEC COUNTRIES HAVE?

Two-thirds of OPEC's oil production and reserves are in its six Middle Eastern countries that surround the oil-rich Persian Gulf.

73 percent of the world's "proven" oil reserves

42 percent of global oil production

WHY WAS OPEC CREATED?

Founded in 1960 by FIVE Middle Eastern countries, it has expanded over the years.

Before OPEC, American oil companies used to set the prices...and American/British oil companies were using most of the oil. This meant that the American/British oil companies were able to set their own price for someone else's oil. The FIVE Middle Eastern countries that started OPEC wanted to see more profit.

Today, since the member countries contain nearly THREE-QUARTERS (3/4ths) of the world's oil, OPEC sets oil prices throughout the world.

HOW DOES OPEC SET OIL PRICES?

They look at how much oil has been pumped and produced, then they decide if they need to decrease production or increase production.

- Increase production = prices drop
- Decrease production = prices go up

HOW HAS OPEC CHANGED THE MIDDLE EAST?

Since OPEC started, Middle Eastern countries that are members have seen an increase in wealth.

Urbanization has happened at a fast pace.

Citizens that used to live in the countryside have moved to the cities to take part in the new wealth of the cities.

Also, countries that buy/use a lot of oil from OPEC sometimes treat the members with generosity and kindness (even if the OPEC countries do not have good human-rights records). The countries that buy/use a lot of OPEC oil don't want to make OPEC upset.