

# Oil and Gas Industry

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**UAE's OPEC Exit, SPR Deal & CEPA:  
Strategic Gains for India**

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*UAE's OPEC exit, the SPR storage deal, and the India-UAE CEPA together represent a strategic gain for India. Over the next 1-2 years once the damaged infrastructure come back online, increase in UAE's production by 1.5-2 mbd could lower global crude oil prices by at least US\$10/barrel, if not offset by OPEC+. Lower crude prices, larger energy reserves, and deeper trade integration position India for significant economic and energy security gains.*



- On April 28, 2026, the United Arab Emirates (UAE) announced its exit from Organization of the Petroleum Exporting Countries (OPEC) after six decades of membership, citing long-term energy priorities. Shortly thereafter, the UAE signed an agreement to store up to 30 million barrels of crude in India's Strategic Petroleum Reserves (SPR). The India-UAE Comprehensive Economic Partnership Agreement (CEPA), effective since May 2022, continues to deepen bilateral trade across energy, goods, and services.



- The UAE's crude production as of February 2026 stood at ~3.4 mbd against a sustainable capacity of 4.85 mbd, with plans to reach 5 mbd by 2027. Post OPEC exit, the UAE is free from production quotas, enabling a potential ramp-up of ~1 mbd that could lower global crude prices. This weakens OPEC's ability to manage supply, as the UAE accounts for nearly 3% of global liquids output.



- The SPR agreement allows India to store up to 30 million barrels of UAE crude domestically and would almost double India's current strategic reserves of ~39 million barrels of crude oil. Under CEPA, bilateral trade has surpassed US\$85 billion, with preferential tariffs covering over 97% of tariff lines benefiting Indian exporters and eliminates or reduces tariffs on a wide range of goods, boosting Indian exports and fostering deeper economic integration.



- India stands to gain on three fronts. First, over the next 1-2 years once the damaged infrastructure comes back online, increase of UAE's crude production by about 1.5-2 mbd can soften global crude prices by at least US\$10/barrel if not offset by OPEC+ which could lower India's crude oil import bill. Second, the SPR deal to store up to 30 million barrels on Indian soil strengthens emergency energy reserves. Third, CEPA has accelerated bilateral trade, offering Indian exporters preferential market access and positioning the UAE as India's third-largest trading partner.



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