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### **OPEC+ will succeed to keep prices propped up for now.**

They have demonstrated through extremely stressful circumstances - during COVID, the Ukraine crisis, the JCPOA - that they are able to keep it together. I think that's borne out of the deep pain they suffered following 2014 for the two-year window when they didn't have their act together. The big question mark will be what happens with the US and recession and that's probably shifted into an overly pessimistic space and what we'll find is that maybe the economic outlook won't be quite as bad. OPEC will be ready to react as and when necessary if demand picks up.

### **How exposed are Middle East OPEC countries if oil prices do drop?**

The situation remains extremely fragile because as we saw in COVID and even now during the latter half of 2022, while oil prices remain high, the downside risk is very big. And while Middle East producers do have relatively deep pockets for the time being, I don't think anyone is in a good position to withstand a sustained decrease in prices. There are also big concerns revolving around the Iranian nuclear deal. With the US demonstratively withdrawing its security commitments from the region, many countries are facing a big increase in defense and security expenditure, which is only going to become steeper once the JCPOA concludes, whether favorably or unfavorably. I'm very confident that Iran will instruct its proxies to escalate destabilizing activities in the region, which will necessitate more defenses and that bill is going to be huge. ■

*\*Paraphrased Comments*

