DPS KARNAL
MODEL UNITED NATIONS 3.0

ORGANIZATION OF THE PETROLEUM EXPORTING COUNTRIES (OPEC)

BACKGROUND GUIDE

AGENDA: Deliberation upon Ensuring Global Energy Security and Market Stability in Light of Supply Chain Disruptions Caused by the US-Iran Conflict and Instability in the Strait of Hormuz

LETTER FROM THE EXECUTIVE BOARD

Greetings Delegates,

It is our privilege to welcome you to the **Organization of the Petroleum Exporting Countries (OPEC)** committee at **DPS Karnal Model United Nations 3.0**. This committee will deliberate on the agenda "Ensuring Global Energy Security and Market Stability amidst Supply Chain Disruptions caused by the US-Iran Conflict and Instability in the Strait of Hormuz."

Few chokepoints in the global economy carry the strategic weight of the Strait of Hormuz. As the primary maritime corridor for Gulf crude and liquefied natural gas, its disruption since February 2026 has triggered what the International Energy Agency has described as one of the most severe supply shocks in the history of the oil market. Member and observer states of this committee sit at the epicentre of these developments as producers, as exporters, as neighbours to the conflict, and as custodians of global market stability.

As delegates of OPEC, you are not simply representing sovereign interests; you are entrusted with safeguarding the credibility of coordinated production policy, protecting the revenues on which your economies depend, and ensuring that the world's energy needs are met reliably even amid geopolitical turbulence. This requires you to move beyond rhetoric and craft solutions that are technically sound, economically viable, and diplomatically feasible.

This Background Guide is intended only as a starting point. It is not exhaustive, and delegates are expected to conduct rigorous independent research using credible, verifiable sources, particularly given how rapidly this crisis continues to evolve.

We look forward to substantive debate, technically grounded policymaking, and constructive diplomacy.

All the Best!

Regards,

Sharad Gupta — **Chairperson**

Harshit Tankha — **Vice Chairperson**

THE NATURE OF PROOF/EVIDENCE IN COUNCIL

While researching for this committee, delegates must pay close attention to the credibility of the sources they rely upon. All sources may be used to build understanding of an issue and to study differing viewpoints, but not every source will be accepted by the Executive Board as proof substantiating a claim made in council.

Evidence/proof is acceptable from the following sources:

1. News Sources:
    - Reuters – Any Reuters article that clearly supports or contradicts a fact stated by a delegate in council (www.reuters.com).
    - State-operated news agencies – These reports may be used for or against the state that owns the agency. They may be denied by any other country in council, but if credible or substantial enough, the Executive Board may still accept them. Examples: RIA Novosti (Russia), IRNA (Iran), Xinhua News Agency and CCTV (P.R. China), Saudi Press Agency (Saudi Arabia), WAM (UAE).
2. Government Reports: These may be used in a similar manner to state news agency reports and can, in all circumstances, be denied by another country. However, a report denied by a certain country may still be accepted by the Executive Board as credible information. Examples:
    - Government ministries such as the US Department of State (state.gov), the Ministry of Petroleum of Saudi Arabia, or the Iranian Ministry of Petroleum.
    - Ministries of Foreign Affairs of member states.
    - Permanent Representative reports to the United Nations (un.org/en/members).
    - Multilateral organisations such as the Gulf Cooperation Council (GCC), the Arab League, and NATO.
3. Energy and Economic Body Reports: Reports from recognised intergovernmental energy and economic institutions are treated as highly credible.
    - OPEC Secretariat publications, including the Monthly Oil Market Report (MOMR) and the OPEC Annual Statistical Bulletin (opec.org).
    - The International Energy Agency (IEA) Oil Market Report (iea.org).
    - International Maritime Organization (IMO) shipping and safety advisories (imo.org).
    - International Monetary Fund (IMF) and World Bank economic assessments.
    - UN bodies such as the Security Council and the UN Conference on Trade and Development (UNCTAD).

Under no circumstances will sources such as Wikipedia, opinion blogs, or newspapers/aggregators like The Guardian, Times of India, etc. be accepted as proof, though they may be used for background understanding and may even be raised in debate if consistent with a government's stated position. Delegates are, notwithstanding these criteria, free to quote or cite from any source as part of their statements, but should be aware such citations may be challenged and denied in committee.

RESEARCH GUIDE FOR BEGINNERS

Research is possibly the most intimidating yet most important part of preparing for any Model United Nations conference. Without proper preparation, delegates are unable to accurately represent their country's position and cannot make the most of the experience.

A delegate's aim is to faithfully represent their country's stand on the issue being debated. In OPEC, this means understanding not just political positioning but the technical and economic realities of oil markets production quotas, spare capacity, pricing benchmarks, and logistics.

Three Levels of Research

Research for this committee should follow a top-down approach across three levels, moving from the general to the specific:

4. The OPEC/OPEC+ system;
5. Country and national oil company information; and
6. The assigned agenda.

1. The OPEC/OPEC+ System

It is essential to understand the institution you are simulating. Delegates should familiarise themselves with:

- The OPEC Statute and founding principles (opec.org/opec_web/en/about_us/24.htm)
- The history of OPEC, from its founding in Baghdad in 1960 to the present
- The distinction between OPEC (13 members) and the broader OPEC+ coalition (OPEC members plus allied producers such as Russia, Kazakhstan, and Oman)
- The functioning of the OPEC Conference, the Secretariat, and the Economic Commission Board
- Your country's production quota history, compliance record, and voting behaviour within OPEC/OPEC+
- Recent OPEC and OPEC+ statements, communiqués, and Monthly Oil Market Reports relevant to the agenda

The best sources to study OPEC itself are its own publications — www.opec.org, the Monthly Oil Market Report, and the OPEC Annual Statistical Bulletin.

2. Country and National Oil Company Information

Delegates must build a country profile covering their nation's energy policy, economic dependence on hydrocarbon revenue, production capacity, spare capacity, export routes, and relationship with key consumers such as China, India, Japan, and the European Union.

- What is your country's crude oil and/or natural gas production capacity, and how much of it is spare capacity?

- Does your country export primarily through the Strait of Hormuz, or does it have alternative routes (e.g. Saudi Arabia's East-West pipeline to the Red Sea, or Oman's geography outside the Strait)?
- What is your country's national oil company (e.g. Saudi Aramco, ADNOC, NIOC, Iraq's SOMO) and its role in policy formulation?
- What is your country's fiscal breakeven oil price, and how does market volatility affect its budget?
- What are your country's alliances and rivalries within OPEC+, and its stance on quota compliance?

Useful sources include the OPEC Annual Statistical Bulletin, the IEA's country energy profiles, the U.S. Energy Information Administration (eia.gov), and national ministry of energy/petroleum websites.

3. The Assigned Agenda

This will form the bulk of your research. Within the agenda, delegates should cover:

- A background and overview of the Strait of Hormuz crisis and your country's specific exposure to it
- Detailed technical information on production, spare capacity, pricing, and shipping dynamics
- Broad information on where other major producers, consumers, and blocs stand

News articles from verified agencies (Reuters, Al Jazeera, Bloomberg) can offer a useful entry point into recent developments, but delegates must remain alert to editorial bias. Delegates should also examine OPEC+ meeting communiqués, IEA Oil Market Reports, and statements from the U.S. Department of the Treasury and Department of State regarding sanctions, waivers, and maritime security initiatives.

Delegates should focus on solutions that are technically feasible, economically sound, and capable of commanding consensus among producers with sharply different levels of exposure to the crisis.

Points to Remember

- Procedure: The committee will follow the UNA-USA Rules of Procedure. While the Executive Board will be fairly strict on procedure, substantive discussion of the agenda remains the priority.
- National/Organisational Policy: Following your country's energy policy and OPEC's institutional mandate is the most important aspect of this simulation. To depart from it without adequate justification is one of the most serious errors a delegate can make.
- Role of the Executive Board: The Board facilitates debate and may pose questions or seek clarification at any point to test delegates and further discussion.
- Nature of Source/Evidence: This Background Guide is meant solely for research purposes and must not itself be cited as evidence in formal debate. Refer to the acceptable sources listed above.

ABOUT OPEC

The Organization of the Petroleum Exporting Countries (OPEC) is a permanent, intergovernmental organisation established in Baghdad in September 1960 by Iran, Iraq, Kuwait, Saudi Arabia, and Venezuela. Its stated mission is to coordinate and unify petroleum policies among member countries in order to secure fair and stable prices for producers, an efficient and regular supply of petroleum to consumers, and a fair return on capital for those investing in the industry. OPEC is headquartered in Vienna, Austria, and its principal decision-making body is the OPEC Conference, made up of delegations led by oil ministers of member countries, typically meeting twice a year.

Membership has evolved considerably since 1960; the current OPEC membership base is smaller than the broader OPEC+ coalition, an expanded group formed in 2016 that also includes major non-OPEC producers such as Russia, Kazakhstan, Oman, and Azerbaijan, coordinating output through the Declaration of Cooperation. Notably, the United Arab Emirates announced its withdrawal from OPEC and the wider OPEC+ framework in 2026, underscoring the tensions that quota discipline can generate even among long-standing members.

Key Functions

- Coordinating and unifying petroleum policies among member states to stabilise oil markets.
- Setting production quotas and, where relevant, voluntary output adjustments to balance supply and demand.
- Publishing the Monthly Oil Market Report (MOMR), a key benchmark for global energy analysis.
- Engaging with non-member producers through OPEC+ to broaden the impact of coordinated action.
- Providing a forum for dialogue between producer and consumer nations on long-term energy security.

Structure

OPEC is governed by the Conference, supported by the Board of Governors, the Economic Commission Board, and the Secretariat, which is led by the Secretary General and conducts the organisation's day-to-day research, statistical, and administrative work. Decisions of the Conference are generally reached by consensus, reflecting the sovereign equality of member states, though this consensus-based model can also slow the organisation's ability to respond decisively to fast-moving crises a tension directly relevant to this year's agenda.

INTRODUCTION TO THE AGENDA

Global energy security rests on the uninterrupted flow of oil and gas from producer to consumer. Few points in this system are as consequential, or as vulnerable, as the Strait of Hormuz a narrow waterway between Iran and Oman through which roughly a fifth of the world's oil and a similarly significant share of global liquefied natural gas (LNG) have historically transited.

On 28 February 2026, the United States and Israel launched coordinated airstrikes against Iran under a military operation targeting Iranian nuclear facilities, military infrastructure, and leadership. Iran retaliated with missile and drone strikes against Israeli territory and US military installations across the Gulf, and its forces subsequently declared the Strait of Hormuz effectively closed to shipping associated with the United States, Israel, and their allies. The Iranian Revolutionary Guard Corps Navy carried out attacks on merchant vessels, laid sea mines, and enforced a selective transit regime that allowed passage only to vessels from states it deemed non-hostile, often for a fee.

The initial strikes killed Iran's Supreme Leader, Ayatollah Ali Khamenei, along with several family members; the Assembly of Experts subsequently named his son, Mojtaba Khamenei, as Iran's new Supreme Leader on 9 March 2026, a contested succession that has raised questions about the regime's internal cohesion and the consistency of its future negotiating position. The crisis has also unfolded alongside a renewed Israel-Hezbollah war in Lebanon, which has repeatedly strained the fragile understandings reached between Washington and Tehran; delegates should therefore treat the Hormuz disruption not as an isolated maritime dispute, but as one front in a wider and still-evolving regional conflict.

The resulting disruption has been described by the International Energy Agency as among the most severe supply shocks in the history of global oil markets. Tanker traffic through the Strait fell by more than 90 percent at the height of the crisis, Gulf exporters including Saudi Arabia, Iraq, Kuwait, and Qatar recorded steep declines in export volumes and revenue, and Brent crude prices surged from roughly $70 to above $120 per barrel before subsequently retreating following a US-Iran memorandum of understanding signed on 17 June 2026. Despite this agreement and a gradual, partial resumption of shipping, sporadic renewed hostilities including exchanges of strikes in early July 2026 continue to threaten the durability of any recovery, and full normalisation of Hormuz traffic is not expected before 2027 even under optimistic scenarios.

OPEC and the wider OPEC+ coalition have found themselves at the centre of the resulting market management challenge: balancing the immediate imperative of stabilising prices and supply against the longer-term risk of ceding market share, the structural vulnerability created by dependence on a single chokepoint, and the divergent interests of members with differing exposure to the Strait.

KEY ISSUES FOR DELIBERATION

1. Chokepoint Dependence and Structural Vulnerability

Approximately a fifth of global oil trade and a comparable share of LNG trade normally transits the Strait of Hormuz, with the vast majority of that volume destined for Asian markets such as China, India, Japan, and South Korea. Only Saudi Arabia (via pipelines to the Red Sea) and, to a lesser extent, Oman possess meaningful alternative export routes; producers such as Iraq, Kuwait, Qatar, and the UAE have little or no ability to bypass the Strait. This asymmetry has translated into starkly uneven revenue impacts within OPEC+ itself, complicating unified action.

2. Spare Capacity and Production Policy

With Gulf barrels effectively locked behind the Strait for much of the crisis, OPEC+ spare capacity fell to historic lows even as members such as Saudi Arabia, Russia, Iraq, Kuwait, Kazakhstan, Algeria, and Oman have since agreed a series of modest, largely symbolic monthly output increases several rounds of roughly 188,000 barrels per day aimed at signalling stability and gradually unwinding the voluntary cuts agreed in 2023. The central policy dilemma facing the committee is whether, and how fast, to restore output once shipping normalises, balancing price stability against the risk of oversupply and eroding market share to non-OPEC+ producers.

3. Market Volatility and Price Stability

Brent crude prices surged over 70 percent at the height of the crisis before retreating close to pre-war levels around $72–$76 per barrel following the June memorandum of understanding, only to see renewed volatility amid intermittent flare-ups in fighting. Extreme volatility damages both producer fiscal planning and consumer economies, and raises the risk of stagflation in import-dependent economies. The committee must consider mechanisms to dampen speculative volatility while preserving members' sovereign right to manage their own production.

4. Alternative Supply and Loss of Market Share

Non-Gulf producers including the United States, Russia, Brazil, Canada, Kazakhstan, and Venezuela have significantly increased exports to fill the gap left by disrupted Gulf shipments, and some, notably the United States and Russia, have realised substantial revenue gains as a result. This raises a strategic question for OPEC+: whether prolonged Gulf disruption accelerates a durable shift in global market share away from the Gulf, undermining the long-term relevance of coordinated OPEC+ production policy.

5. Insurance, Shipping Costs, and Freedom of Navigation

War-risk insurance premiums for vessels transiting the Strait rose sharply during the conflict, and shipping companies have remained hesitant to resume normal transit volumes even after the memorandum of understanding, given the continued presence of mines, drones, and small-boat threats. Iran has also proposed new tiered transit fees and preferential treatment for “friendly” states once a free-transit period expires, a move the United States has rejected as inconsistent with the principle of freedom of navigation. The committee must consider how maritime security, insurance markets, and freedom-of-navigation guarantees intersect with OPEC+ producers' ability to export reliably.

6. Diverging Interests within OPEC+

The crisis has exposed sharp divergences among OPEC+ members: some, like the UAE, have prioritised unconstrained production and ultimately withdrew from the coalition in 2026; others with heavier Hormuz exposure have favoured cautious, coordinated output management. Non-

Gulf OPEC+ members such as Russia and Kazakhstan face a different risk calculus, having benefited from reduced Gulf competition. Bridging these divergent interests to sustain unified production policy is a central challenge for the committee.

7. Downstream and Broader Economic Impacts

Disruption has extended beyond crude oil to LNG, refined products such as diesel, and Gulf-based petrochemical and fertiliser exports (the Gulf accounts for a significant share of global urea and ammonia exports). Asian economies dependent on Gulf LNG and refined fuels, including Japan, South Korea, Pakistan, and Bangladesh, have faced shortages and rationing, while global inflationary pressure and recession risk have grown. The committee should consider how OPEC+ policy can account for these broader ripple effects rather than crude oil prices alone.

INSTITUTIONAL AND POLICY FRAMEWORK

OPEC and OPEC+ Mechanisms

- The OPEC Conference and the Declaration of Cooperation (2016), which formally established coordinated production management between OPEC and non-OPEC producers (OPEC+).
- Voluntary production adjustment agreements, such as the 2023 cuts and the phased 2026 unwind agreed by the seven core OPEC+ producers (Saudi Arabia, Russia, Iraq, Kuwait, Kazakhstan, Algeria, and Oman).
- The Monthly Oil Market Report (MOMR), used to track member compliance and market conditions.

International and Multilateral Bodies

- The International Energy Agency (IEA), which coordinates strategic petroleum reserve releases among consuming nations and has characterised the crisis as the largest supply disruption in oil market history.
- The International Maritime Organization (IMO), responsible for shipping safety and reporting on stranded vessels and mariners in the Gulf.
- The UN Security Council, which adopted a resolution on 11 March 2026 demanding an end to Iranian attacks on Gulf states and reaffirming the right of vessels to transit the Strait, but which saw a subsequent Bahraini-drafted resolution proposing coordinated defensive escort arrangements vetoed by Russia and China on 7 April 2026.
- Bilateral arrangements such as the US-Iran memorandum of understanding of 17 June 2026 and temporary US sanctions waivers permitting selective purchases of Gulf or Russian crude by states such as India.

Recent Developments

- 28 February 2026: US-Israeli strikes on Iran begin, killing Supreme Leader Ali Khamenei among other senior figures; Iran responds by effectively closing the Strait of Hormuz to hostile-linked shipping.
- 9 March 2026: Iran's Assembly of Experts names Mojtaba Khamenei, son of the slain Supreme Leader, as the country's new Supreme Leader.
- March–May 2026: Tanker traffic falls over 90%; OPEC+ spare capacity hits historic lows; Gulf exporters suffer sharp revenue declines even as non-Gulf producers gain.
- 13 April – 29 May 2026: After talks in Islamabad collapse, the United States imposes a temporary naval blockade on Iranian ports; restrictions on both sides ease only gradually in the following weeks.
- April 2026: The UAE announces its withdrawal from OPEC and OPEC+.
- 17 June 2026: US-Iran memorandum of understanding signed, allowing a conditional, gradual resumption of transit.
- June–July 2026: OPEC+'s seven core producers agree successive monthly output increases (approximately 188,000 b/d each) as shipping partially recovers; Brent prices largely retrace to pre-war levels near $72–$76 per barrel.
- 6–13 July 2026: Iran attacks several commercial tankers near the Strait; the United States revokes its sanctions waiver on Iranian oil exports and conducts further strikes on Iranian targets. Iran declares the Strait closed "until further notice," a claim disputed by US Central Command, and Brent crude climbs back toward $79 per barrel — a reminder that, as of this writing, the ceasefire remains fragile and normalisation of Hormuz traffic is far from secure.

KEY FACTS AT A GLANCE

- Tanker traffic through the Strait fell by more than 90% at the height of the disruption, according to OPEC+ and IEA monitoring.
- The International Energy Agency has characterised the crisis as the largest supply disruption in oil market history.
- The opening strikes on 28 February 2026 killed Iran's Supreme Leader, Ali Khamenei — the first time a sitting Iranian Supreme Leader has been killed in office.
- The UAE's withdrawal from OPEC and OPEC+ in April 2026 marked the first departure of a major Gulf producer from the coalition in its history.
- By mid-June 2026, the cost of sustained US military operations in the Gulf had reached an estimated $113.3 billion.
- Brent crude, which had largely retraced to $72–$76 per barrel by late June 2026, climbed back toward $79 per barrel following renewed strikes and tanker attacks in early-to-mid July.
- A UN Security Council resolution reaffirming freedom of navigation through the Strait was adopted on 11 March 2026, while a further resolution proposing coordinated defensive escort arrangements was vetoed by Russia and China on 7 April 2026.

HISTORICAL PRECEDENTS: PAST CHOKEPOINT AND OIL-MARKET CRISES

The current crisis, though severe, is not unprecedented. Delegates may find it useful to understand how producers, consumers, and international institutions have responded to earlier disruptions of oil supply or chokepoint shipping, several of which shaped the tools and norms now in play.

The 1973 Oil Embargo

In October 1973, Arab members of OPEC curtailed production and embargoed states supporting Israel during the Yom Kippur War, quadrupling world oil prices within months. The episode remains the benchmark case of coordinated supply restriction used for political leverage, and it permanently altered producer-consumer relations and consumer states' approach to energy security, including the creation of the International Energy Agency itself.

The Tanker War (1984–1988)

During the later years of the Iran-Iraq War, both belligerents attacked neutral oil tankers transiting the Gulf, prompting the United States to reflag Kuwaiti tankers and escort merchant shipping through the Strait. The 1988 Operation Praying Mantis, a major US-Iran naval engagement following a mine strike on a US warship, remains the most direct historical precedent for large-scale military action to keep Hormuz shipping open.

The 2019 Gulf Tanker Incidents

A series of limpet-mine attacks on tankers and the seizure of vessels, both attributed to Iran, together with the downing of a US surveillance drone, sharply raised regional tensions without escalating into open war. The episode demonstrated how low-intensity attacks on shipping can raise insurance costs and depress transit volumes even without a formal closure of the Strait.

The 2011–12 Strait of Hormuz Dispute

Iran repeatedly threatened to close the Strait in response to Western sanctions targeting its nuclear programme, prompting the United States and its allies to reinforce naval deployments in the Gulf. The episode illustrated the limits of threatened closure as a bargaining tool, and encouraged Gulf states to accelerate investment in pipeline capacity that could bypass the Strait altogether.

CHALLENGES IN ADDRESSING THE AGENDA

- The consensus-based nature of OPEC/OPEC+ decision-making, which can slow decisive collective action during fast-moving crises.
- Sharp asymmetries in exposure to the Strait of Hormuz among member states, complicating unified policy.
- The risk of a fragile ceasefire collapsing into renewed conflict, as seen in early July 2026.
- Tension between defending prices through restrained output and defending market share against surging non-OPEC+ supply.

- Iran's proposed transit fees and “tiered” access arrangements, which some members may view as an infringement on freedom of navigation.
- Limited enforcement power of OPEC+ agreements, which rely on voluntary member compliance.
- The broader risk of inflation, recession, and humanitarian strain in import-dependent economies, which may create political pressure disconnected from producers' fiscal interests.

POINTS FOR DELEGATES TO CONSIDER

- How should OPEC+ calibrate production policy to balance price stability, revenue protection, and long-term market share amid continued uncertainty over the Strait of Hormuz?
- What role, if any, should OPEC play in advocating for or coordinating on freedom-of-navigation guarantees, given its members' direct economic stake in Gulf shipping?
- How can OPEC+ reconcile the sharply divergent interests of Gulf-exposed producers and members with alternative export routes or reduced exposure?
- What mechanisms could reduce structural dependence on a single maritime chokepoint over the medium to long term (e.g. pipeline capacity, alternative export infrastructure, strategic reserves coordination)?
- How should the committee respond if renewed hostilities again disrupt shipping, and what contingency frameworks could pre-empt future shocks?
- What is the appropriate relationship between OPEC+ and external actors such as the IEA, IMO, and UN Security Council in managing this crisis?

Delegates are encouraged to propose solutions that are technically grounded, economically sustainable for producer economies, and capable of commanding consensus across a coalition with sharply differing interests.

Relevant Policy Tools and Precedents

In designing solutions, delegates may wish to draw on mechanisms that have already been used, proposed, or discussed during this and past energy crises: coordinated releases from strategic petroleum reserves through the International Energy Agency; pooled or subsidised war-risk insurance for shipping transiting high-risk waters; accelerated investment in pipeline routes bypassing the Strait, such as those already operated by Saudi Arabia and the UAE; sovereign stabilisation funds that allow producer states to smooth revenue volatility; and multilateral naval escort or convoy arrangements of the kind used during the 1980s Tanker War. None of these tools is without precedent, cost, or controversy, and delegates are encouraged to research each in greater depth.

Possible Negotiating Blocs

While every delegation will have its own position, three broad groupings may emerge in committee. A ‘Gulf-exposed’ bloc — including Saudi Arabia, Iraq, Kuwait, and Qatar — has the strongest interest in a durable, enforceable resolution to the Hormuz crisis, given the direct and severe impact of closures on their exports and revenue. A ‘non-Gulf beneficiary’ bloc — including Russia, and to some extent Kazakhstan, Algeria, and Nigeria — has captured market share and revenue during the disruption and may have a weaker incentive to prioritise rapid normalisation over other objectives. A third, consumer-aligned position, represented indirectly through observer states and international organisations, will press for guaranteed freedom of navigation and price stability above all else. Delegates should treat these groupings as a starting point for caucusing rather than a fixed script, since national positions on this agenda are shaped by more than geography alone.

STAKEHOLDER AND REGIONAL DIMENSIONS

Gulf Producers (Saudi Arabia, Iraq, Kuwait, Qatar, UAE)

These states bear the heaviest direct exposure to Hormuz disruption. Saudi Arabia's partial access to Red Sea pipeline capacity has offered some insulation, while Iraq, Kuwait, and Qatar remain almost entirely dependent on the Strait, and have recorded the steepest export and revenue declines of the crisis.

Non-Gulf OPEC+ Producers (Russia, Kazakhstan, Algeria, Nigeria, Angola, Venezuela)

These members face a different calculus: several, notably Russia, have captured additional market share and revenue as Gulf supply has been constrained, complicating incentives for rapid, coordinated output restoration.

Iran

As the central party to the conflict, Iran's own oil exports and access to the Strait have been directly shaped by the war, sanctions, and its retained (though contested) control over transit conditions. Iran has proposed new tiered fees and preferential access arrangements for “friendly” states once the current free-transit period expires.

Major Consumers (China, India, Japan, South Korea, EU states)

Asian economies, historically the destination for the vast majority of Hormuz-transiting crude and LNG, have faced acute fuel shortages, rationing, and rerouted supply chains, with some states such as India receiving temporary sanctions waivers to purchase discounted Russian crude as an alternative.

The United States

As both a belligerent in the underlying conflict and a major non-OPEC+ oil producer, the US has realised significant export and revenue gains during the crisis, while also playing a central diplomatic role in brokering the June 2026 memorandum of understanding and advocating for guaranteed freedom of navigation.

COUNTRY PROFILES

This section offers a brief starting point on the position and exposure of key states; delegates are strongly encouraged to research their assigned country's specific circumstances in greater depth.

Saudi Arabia

As OPEC's largest producer and the group's de facto leader, Saudi Arabia operates through the state oil company Saudi Aramco and holds the largest share of OPEC+ spare capacity. It is also the only Gulf OPEC+ member with substantial pipeline access to alternative export terminals, via the East-West pipeline to the Red Sea port of Yanbu, which has partly insulated it from the crisis relative to its neighbours. Riyadh has generally favoured a cautious, coordinated approach to restoring output, balancing higher prices against its long-standing role as market stabiliser.

Iraq

Iraq is OPEC's second-largest producer but is almost entirely dependent on Gulf export terminals reachable only via the Strait of Hormuz, leaving it among the hardest-hit OPEC+ members. Its state marketing company, SOMO, has recorded steep revenue losses, compounding pre-existing fiscal strain and complicating Baghdad's ability to fund reconstruction and public spending.

Kuwait

Kuwait Petroleum Corporation oversees a producer with limited alternative export infrastructure and, like Iraq, near-total reliance on transit through the Strait. Kuwait has historically prioritised quota compliance and coalition unity within OPEC+, though the scale of its revenue losses during the crisis has increased domestic pressure for faster output normalisation.

Qatar

Although a modest oil producer, Qatar is the Gulf's dominant LNG exporter and has faced acute disruption to its gas trade with Asian and European buyers. QatarEnergy's near-complete dependence on Hormuz transit for LNG exports gives Doha a strong, largely gas-specific interest in de-escalation and enforceable freedom-of-navigation guarantees, distinguishing its position from purely crude-focused Gulf producers.

United Arab Emirates

The UAE, through ADNOC, invested heavily in alternative export capacity before the crisis, notably the Habshan-Fujairah pipeline bypassing the Strait, and used this insulation to increase production even as the conflict escalated. Longstanding frustration with OPEC+ quota discipline, compounded by the crisis, led the UAE to withdraw from OPEC and the wider OPEC+ framework in April 2026 — a development delegates representing remaining members will need to address directly.

Iran

Iran's National Iranian Oil Company has had its exports and control over Hormuz transit shaped directly by the conflict, sanctions, and Tehran's contested but retained authority over passage conditions. Iran has used selective transit permissions and tiered fees as leverage, and the change in the country's leadership following the killing of Ali Khamenei adds further uncertainty about how consistently these positions will be maintained.

Russia

Russia, a non-OPEC leader within OPEC+, has captured additional market share and revenue as Gulf supply has been constrained, giving Moscow a weaker incentive than Gulf members to support rapid, coordinated output restoration. Russia's position within the coalition is further complicated by existing Western sanctions related to its war in Ukraine, which already shape its own export routes and customer base.

Other OPEC+ Producers

Kazakhstan, Algeria, Nigeria, Angola, Venezuela, and Oman face varied exposure. Kazakhstan, largely reliant on pipeline routes through Russia, has been comparatively insulated from Hormuz-specific disruption; Algeria and Nigeria, exporting mainly via Mediterranean and Atlantic routes respectively, have faced limited direct impact and have at times raised output to capture higher prices. Venezuela, despite its own sanctions constraints, and Oman, geographically astride the Strait but with some alternative pipeline capacity, occupy more particular positions that delegates representing these states should research individually.

IMPACT ON KEY CONSUMING REGIONS

Although OPEC's mandate centres on producer coordination, its decisions are inseparable from their effects on consuming states, several of which delegates may reference or represent as observers in committee.

Asia

China, India, Japan, and South Korea together account for the majority of crude oil transiting the Strait of Hormuz, making them the most exposed major economies to sustained disruption. India and China have partly offset losses by increasing purchases of discounted Russian and Iranian crude under sanctions waivers, while Japan and South Korea, more reliant on Gulf term contracts, have drawn more heavily on strategic reserves and diversified LNG purchases.

Europe

European states, having significantly reduced their dependence on Russian energy since 2022, have become more exposed to Gulf and North African supply, making them acutely sensitive to Hormuz-related price spikes and shipping delays. The crisis has renewed European interest in LNG diversification and longer-term contracts with Qatar and the United States.

United States

As a net energy exporter with limited direct import dependence on Gulf crude, the United States is less exposed to physical supply disruption than other consuming regions, though it has borne substantial fiscal and military costs as a direct party to the conflict. US refiners and consumers remain sensitive to global price movements even where import volumes are limited.

LEGAL FRAMEWORK: UNCLOS, TRANSIT PASSAGE, AND THE SHADOW FLEET

Beyond production quotas and pricing, this crisis has been shaped throughout by contested questions of maritime law and by the growth of sanctions-evasion shipping networks that increasingly determine how much Iranian and other sanctioned crude actually reaches the market outside formal OPEC+ accounting. Delegates should be familiar with both dimensions, since they bear directly on the feasibility of any freedom-of-navigation guarantee or enforcement mechanism the committee might propose.

UNCLOS and the Legal Status of the Strait

The 1982 United Nations Convention on the Law of the Sea (UNCLOS) is the primary international instrument governing passage through straits used for international navigation, and it introduced the modern concept of "transit passage," a right broader than the older "innocent passage" regime under the 1958 Geneva Convention on the Territorial Sea. Iran signed UNCLOS on 10 December 1982 but has never ratified it. Upon signature, Iran declared that it would extend the transit passage regime only to states that had themselves ratified the Convention, applying the more restrictive 1958 Convention to non-parties such as the United States. Iran has consistently maintained that transit passage has not attained the status of customary international law and that it is therefore not bound by Part III of UNCLOS as a non-ratifying state. Oman, the other littoral state bordering the Strait, has ratified UNCLOS and generally applies the transit passage regime, though it too requires prior notification for foreign warships.

The United States has likewise never ratified UNCLOS, having taken part in its drafting but withheld ratification chiefly over deep-seabed mining provisions, yet Washington treats the transit passage regime as reflective of customary international law and conducts Freedom of Navigation Operations (FONOPs) that formally challenge both Iranian and Omani passage restrictions as "excessive maritime claims." This produces an unusual legal symmetry: neither belligerent most invested in the passage dispute is a UNCLOS party, and the strength of any claim that transit passage binds Iran regardless of ratification depends on the unsettled question of whether that specific rule has crystallised into customary law, a point on which international legal scholarship remains divided. Both UNCLOS and the 1958 Convention, whatever their differences, prohibit the unjustified blocking of passage of neutral shipping, and this shared prohibition anchors most legal challenges to Iran's selective transit regime and its proposed tiered transit fees.

The "Shadow Fleet" and Sanctions Evasion

Much of Iran's crude, and a comparable share of sanctioned Russian and Venezuelan crude, moves outside conventional shipping channels through what analysts term the "shadow fleet" or "dark fleet": a distributed network of ageing tankers, opaque shell-company owners, non-Western insurers, and flag registries with limited oversight, none of which fall under mainstream Western maritime regulation or insurance. Vessels in this fleet routinely disable their Automatic Identification System (AIS) transponders to go "dark," change flags and names between voyages, and rely on ship-to-ship (STS) transfers at sea, often off Malaysia, the UAE coast, or the eastern Mediterranean, to blend and obscure the true origin of cargoes before they reach buyers. Chinese independent refiners, sometimes called "teapots," particularly in Shandong province, have become the principal destination for Iranian shadow-fleet crude, with much of this trade facilitated by Chinese-registered legal owners and crews, even as China records no official imports of Iranian oil in its customs data.

The United States Treasury's Office of Foreign Assets Control (OFAC) and the Department of State have escalated designations against shadow-fleet vessels, owners, and facilitators throughout the crisis, including a tranche of more than 30 designations on 25 February 2026 targeting both maritime sanctions-evasion networks and the procurement channels they help fund, alongside further listings in subsequent months. Enforcement efforts, including tanker seizures under initiatives such as "Operation Southern Spear," have raised operating costs and left a substantial volume of sanctioned crude sitting unsold aboard tankers at sea, but have not eliminated the trade. For this committee, the shadow fleet matters directly: it allows sanctioned exports, chiefly Iran's, to reach the market largely outside formal OPEC+ output accounting, distorting the real distribution of market share implied by official quota figures and complicating any effort to calibrate coordinated production policy around verified, transparent trade flows. It also raises acute environmental and safety concerns, since shadow-fleet vessels are typically older, uninsured or under-insured against Western standards, and disproportionately prone to collisions and spills.

The following terms recur throughout committee documentation and delegate research; definitions are simplified for quick reference.

- Chokepoint: A narrow maritime passage critical to global trade, through which a disproportionate share of shipping or energy supply must pass.
- Spare Capacity: The volume of production a country could bring online within a short period, generally treated as a buffer against supply shocks.
- Fiscal Breakeven Price: The oil price a producer state needs to balance its national budget, given its spending commitments and non-oil revenue.
- Benchmark Crude (Brent/WTI/Dubai): Reference grades of crude oil used to price other varieties; Brent (North Sea) is the most widely used global benchmark, while Dubai/Oman crude typically prices Gulf exports to Asia.
- OPEC+: The extended coalition of OPEC members and allied non-OPEC producers, including Russia, Kazakhstan, and Oman, that coordinates production policy under the 2016 Declaration of Cooperation.
- Declaration of Cooperation: The 2016 framework agreement establishing coordinated output management between OPEC and non-OPEC producers.
- Monthly Oil Market Report (MOMR): OPEC's flagship monthly publication tracking production, demand, and market conditions.
- Freedom of Navigation: The principle that vessels, including commercial shipping, have the right to transit international straits and waters without interference.

- War-Risk Insurance Premium: An additional insurance charge levied on shipping transiting high-risk zones, reflecting the perceived probability of attack or seizure.
- National Oil Company (NOC): A state-owned entity responsible for a country's oil and gas production and, often, broader energy policy (e.g. Saudi Aramco, ADNOC, NIOC).
- Strategic Petroleum Reserve: Government-held emergency stocks of crude oil that can be released to offset supply disruptions, often coordinated internationally through the IEA.
- Tiered Transit Fee: A differentiated charge for passage through a chokepoint based on a vessel's flag state or perceived relationship with the controlling power.
- Backwardation/Contango: Market conditions describing whether near-term oil prices are higher (backwardation) or lower (contango) than prices for future delivery, often used as an indicator of near-term supply tightness.
- Transit Passage: The UNCLOS right of continuous and expeditious passage through straits used for international navigation, available to all vessels regardless of flag; broader than innocent passage.
- Innocent Passage: An older, more limited right under the 1958 Geneva Convention allowing passage through territorial waters provided it is not prejudicial to the coastal state's peace or security; can be suspended in some circumstances, unlike transit passage.
- Shadow Fleet (Dark Fleet): Ageing tankers with obscured ownership, flag-hopping registrations, and disabled tracking systems, used to transport sanctioned oil, chiefly from Iran, Russia, and Venezuela, outside mainstream Western shipping, insurance, and regulatory oversight.
- Ship-to-Ship (STS) Transfer: The transfer of cargo between two vessels at sea, often used by shadow-fleet operators to blend or obscure the origin of sanctioned crude before it reaches its final buyer.
- Freedom of Navigation Operation (FONOP): A naval operation, most often conducted by the United States, intended to challenge and demonstrate non-acceptance of a coastal state's maritime claim considered inconsistent with international law.

CONCLUSION

The disruption of the Strait of Hormuz has tested the resilience of global energy markets and the cohesion of OPEC+ as never before. Restoring reliable, secure energy flows will require producers to navigate not only geopolitical volatility but also the structural vulnerabilities and diverging interests that this crisis has laid bare. OPEC's response whether through calibrated production policy, diplomatic engagement, or longer-term structural reform will shape not only market outcomes in 2026 and 2027, but the credibility of coordinated producer action for years to come.

Delegates are entrusted with the responsibility of crafting solutions that safeguard both the immediate stability of global energy markets and the long-term interests of the countries and organizations they represent.