

# FDD Media Call: The Ramifications of the UAE Leaving OPEC

April 30, 2026

Featuring Richard Goldberg, Elaine Dezenski, and Bernard Haykel

Moderated by Joe Dougherty

**DOUGHERTY:** Good afternoon. My name is Joe Dougherty. I'm Senior Director of Communications at the Foundation for Defense of Democracies, a nonpartisan research institute focused on national security and foreign policy. Thank you for joining us today as FDD experts discuss the global ramifications of the UAE withdrawing from the Organization of the Petroleum Exporting Countries or OPEC. We have three outstanding FDD experts for you today to provide analysis of this dramatic move from a variety of angles.

Richard Goldberg is an FDD Senior Advisor and head of FDD's Energy and National Security Program. Richard previously served as Senior Counselor for the White House National Energy Dominance Council, as Senior Advisor to the Secretary of the Interior, and Director for Countering Iranian Weapons of Mass Destruction for the White House NSC.

Elaine Dezenski is Senior Director and head of FDD's Center on Economic and Financial Power, an expert on economic statecraft, supply chain resilience, illicit finance, anti-corruption, and national security. Elaine has held political and career positions at DHS and served on TSA's Aviation Security Advisory Committee. She also served on the Chairman's Council on China Competition at the Export-Import Bank of the US and held senior positions at multilateral organizations, including the World Economic Forum and INTERPOL.

Bernard Haykel is a Senior Fellow at FDD. Bernard is a scholar of the Arabian Peninsula focusing on the politics, economics, cultures, and history of the Gulf Cooperation Council states, as well as Yemen. He's a professor of Near Eastern Studies at Princeton University, where he teaches courses on energy, history, and politics. Bernard is completing a book titled *The Realm: MBS and the Transformation of Saudi Arabia*, which covers the modern political history of the kingdom and the rise of power of its crown prince, Mohammed bin Salman.

Some quick housekeeping before we get underway. Today's conversation is on the record. We will share a video of today's call soon after it ends, and we'll share the transcript within about 24 hours, hopefully a little sooner. We will have a Q&A at the end of the opening remarks. To ask a question, you may type it into the chat feature or the question section, and I'll be happy to read it aloud, or you can use the raise hand feature, and you can ask the question yourself.

Rich, before I send it over to you to set the table, if you will, I wanted note that Bernard saw the UAE's move coming. Do I have that right, Bernard?

**HAYKEL:** Yep. Yes, you do. You do.

**DOUGHERTY:** So we'll be able to-

**HAYKEL:** Yeah, I'll talk about it when I present and explain-

**DOUGHERTY:** That's sounds good.

**HAYKEL:** ...why I thought this happened.

**DOUGHERTY:** Copy that. Excellent. Rich, over to you to get us started. Thank you.



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**GOLDBERG:** Yeah. I mean, obviously, listen, we're coming at a point where a lot of people are locked in on global energy markets right now, US energy policy over the last couple of decades, its implications for the moment that we're in now and where it's going to send the trajectory of the alignment of global energy markets going forward. Obviously, we face still a disruption for traffic in the Strait of Hormuz with roughly two-thirds of flow still interrupted from pre-crisis levels. We're seeing success of overland pipelines, both through Saudi Arabia and UAE, provide some relief of about a third of pre-flow moving over land, potentially a preview of additional investment between the US Gulf partners and offtake from those that rely on that supply in Europe and Asia to double-down on the success of these overland pipes and build a lot more in short order.

We're seeing obviously a crisis because of supply issues and price issues in Europe and Asia, turning to the United States to hook on both for spot market contracts, but also potentially long-term supply, certainly in liquified natural gas, where we have an overabundance here in the United States, a bizarre situation where, despite oil prices rising, we see an inverse impact through the United States on gas and really just an incredible ability to not just push natural gas prices lower, but also supply the global market in times of crisis at a moment where the Qataris, for example, have their gas trapped and unable to move to market through the Strait of Hormuz -- 20% of the world's gas there cut off, but the United States in a mode of abundance being able to replace that.

And on the oil side, EIA, the Energy Information Administration just reporting out that last week, we hit a record high on exports, 6.43 million barrels per day. Our production is at record levels as well, and the president obviously met with our major oil producers here in the United States earlier in the week and likely had conversations about what else could the US government do to encourage them to continue on that upward trajectory on production and export, both for domestic relief, but also this realignment in the global supply chain when it comes to energy.

So with all of that backdrop and the ongoing discussions of a blockade and what comes next, will we see a military operation to reopen the strait? You have this announcement of the UAE exiting OPEC and Professor Haykel will lay out, I think, a lot of the reasoning there of why this has sort of been written on the wall for a while for the UAE. But from an actual foreign policy, geopolitical and future outlook for energy coordination and alignment, something that's already been increasing over many years of US-UAE energy cooperation, joint ventures, foreign direct investment both ways in various energy projects, we'll be able to expand the UAE free of quotas, we'll be able to increase production and export certainly when the Strait of Hormuz is reopened and if there's further pipeline construction in the future, knowing that Fujairah is basically at max capacity at this point or even over max capacity.

You'll see opportunity for a realignment in coordination of energy markets. Saudi Arabia still, OPEC, OPEC+, throwing Russia into the mix as well, so you have major oil producers still at the table talking to each other. You have other significant players in that Gulf area, predominantly Iraq, and then perhaps Kuwait, still at the table there in OPEC. So it's not like OPEC disappeared, but UAE is a significant player, significant swing capacity following Saudi Arabia that now is freed up to use that capacity and to coordinate with the United States, with Canada, with other aligned oil producers free of OPEC.

So I think sky's the limit in where we could go in coordination in the oil market in the long term, but certainly in OPEC, out of OPEC, for OPEC right now, there's a reality of the Strait of Hormuz being closed effectively, and we're still going to need to focus on that problem set here in the short term.

**DOUGHERTY:** Thanks, Rich. Elaine, over to you.

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**DEZENSKI:** Thanks, Joe. Welcome everyone. So I want to talk about a couple different angles. The first is why I think this move by the UAE functionally finishes off OPEC, or otherwise asked, is it meaningful that the UAE is leaving OPEC? And I think there's absolutely no question that this is really big news. So UAE is the cartel's third-largest producer, is pretty well-placed in terms of its influence within OPEC. So its departure removes both production weight and institutional credibility, and that's got to be a concern to Saudi Arabia and others who remain in this cartel.

It's going to be an issue in terms of coordinating output and sustaining prices, and I think that will lead to OPEC being increasingly a name without a function. Markets will take note of this, but over time. So at the moment, because there's so little moving in and out of the strait, we're not seeing the impact on prices, but over time, we certainly will, and we should see less being dictated by cartel decree, and frankly, that's how it should work in the oil market.

I would characterize this exit as a culmination of a long unraveling versus a sudden break with the organization. OPEC has been weakening for years, Qatar left in 2019. Venezuela has collapsed as a meaningful contributor. And Saudi Arabia, even as the lead producer within the cartel, has acted outside of the cartel consensus to serve its own interests. That happened during the COVID crisis. It's happened since. So the UAE was one of the last OPEC or one of the only OPEC members, I should say, with significant spare capacity. I think Rich touched on that. This is the idle production that a cartel needs to discipline markets, respond to supply shocks, keep members in line. So if you don't have that spare capacity, then you lose the ability to credibly enforce the output decisions, which is really at the heart of what the cartel does.

So moving on from there, why do we think this is the right decision for the UAE to leave? So the UAE has, first of all, absorbed thousands of Iranian missile and drone attacks in the last weeks, and the idea that they would share a cartel with a country that is attacking them is, I would say, strategically untenable and mostly absurd. So maybe that was the straw that broke the camel's back. Beyond the security dimension, the membership in OPEC has become economically challenging, and it has to do with the ability of the Emiratis to pump a lot more oil than they do under the constraints of OPEC. So they have built capacity to pump nearly five million barrels a day, but under the OPEC quotas, they're about 30% below that. So that's money on the table for them. And if you look at the long-term view and where these markets are going and the potential rise of alternative energy sources, they need to make hay now while they can. So I think that's a big part of the decision.

Finally, I would point out that the UAE, in a sense, was subsidizing cartel members, including Iraq, by the way, who've cheated on their own quotas anyway. So it was absorbing the costs of others and maintaining its own commitment to these quotas. So that didn't make a lot of sense. And then the attacks from Iran, excuse me, really, as I said, became structurally an arrangement that is impossible to sustain. So for those reasons, I think this exit is economically rational, but it's also very strategically sound.

So the final piece I want to talk about is why the US should both welcome this decision and accelerate what hopefully will be the end of OPEC. OPEC has spent a lot of time coordinating production cuts over many, many years that artificially inflated oil prices at the expense of consumers, American consumers, and of course, the broader US economy. So the demise of the cartel would be very good for American households and businesses. A weakened OPEC also deprives Iran of a very critical tool for economic recovery, and I want to spend a moment on this.

So Tehran will need elevated oil prices to relieve domestic pressure, rearm its forces, and finance eventual reconstruction. They will rely on higher oil prices to be able to do that more quickly, more easily. So if the cartel can no longer prop up the prices, that makes all of those objectives harder and more costly for Tehran to achieve. So this gives Washington some leverage at the negotiating table with Tehran, and we should be using that leverage now.

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We have other ways that we can accelerate OPEC's collapse if we want to. For example, we still control the periodic release of Iraqi oil revenues held in the US Federal Reserve accounts. So tying access to those funds to an OPEC exit would increase strategic pressure on Iran significantly. The US could also press Kuwait, a longtime ally, excuse me, to formally leave the cartel and pump freely to address wartime recovery needs.

So bottom line, OPEC is good for American consumers, good for energy and markets, and ultimately bad for Iran. Joe, over to you.

**DOUGHERTY:** Elaine, thank you. Bernard, before we get to you, we had a few journalists arrive just a few minutes late. Just a quick reminder that we are recording this conversation. Everything is on the record. We'll provide a link to the full conversation shortly after the call ends. Bernard, over to you.

**HAYKEL:** Okay, thank you. It's nice to be here and it's nice to be with my colleagues, both Elaine and Rich. And I agree basically with everything they've said. Let me give you some background on this decision by the UAE to basically withdraw from OPEC and OPEC+. The UAE is one of the, as Elaine pointed out, is one of the largest producers in OPEC. I think it's the third largest. It is aiming to have a production capacity of five million barrels by next year. It has been producing roughly 3.5 to 3.8 million barrels a day, well under its actual capacity, which is closer to 4.8. So it's been short, about a million barrels from what it could be doing. And the only reason it did this was because it was part of OPEC and OPEC+ and the Saudis insisted that they don't produce at maximum capacity, which meant that other countries in the cartel in OPEC and OPEC+ were cheating and basically eating the UAE's lunch and Saudi Arabia's.

And there were notorious cheaters. Kazakhstan was one of them, the other is Iraq and others. And so the UAE was chafing under this system for quite some time and complaining that it didn't want to restrict its production for those reasons, but also because it's philosophically, or let's say its view of the oil markets and of the future is quite different from that of Saudi Arabia. So let's do a little mini comparison between Saudi Arabia and the UAE so that you can understand why they think differently about oil. So the Saudis have a fairly large population of about 35 million people, native population about 24 [million]. The rest are guest workers. The UAE has a native population of about a million people. So Saudi Arabia is 24 times the size of UAE in terms of population of native people. And then the UAE has about nine million guest workers, foreigners who live there.

And so essentially the UAE doesn't need a very high price to balance its budget and to cover its expenses, whereas Saudi needs a very high breakeven price to accommodate all the fiscal demands on its budget. It has a very large public service sector, huge expenses. And so the outlook of the Saudis and of the UAE was quite different on oil price. The other is that the Saudis were basically producing with the idea that they wanted to keep some production in the ground because as the energy transition happens, which they believed would take a long time, they would always have oil and they would be the last man standing or the last producer standing. The UAE had a very different view. Their view was this energy transition is likely to happen a lot faster than the Saudi view was, and that you would end up with demand destruction much sooner for oil.

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And so therefore, let's go all out on our production and no matter what the price, let's make a buck now rather than have oil as a stranded asset, an asset that's never produced and is left in the ground in the future. So those are kind of radically different views on the future of oil markets. Now, what happens with this withdrawal, several things happen. One is that, and I'll come back to the timing of why they decided to do this now rather than earlier, which they had been threatening to do in a moment. But the reason the UAE basically withdrew or the implications of the withdrawal, one is it's definitely a slap in the face of Saudi Arabia, because Saudi is the central bank of oil through OPEC and OPEC+ by controlling production quotas. And so that's gone because the UAE presumably is going to start producing all out the full five million barrels by 2027.

And so that's going to have a huge dampening effect on price. Once the world goes back to normal, we have a lot of supply in the world's oil market and the UAE's is going to increase that supply further. So we're likely to see lower prices in the future. I'm not talking now or in six months, but let's say a year from now, once things get back to normal, you'll see a much lower price because of this UAE decision. And so Elaine is correct that the US consumer will be much happier and the world will be better for this. However, I don't think Elaine mentioned this, but I don't know whether American energy producers, oil producers, will feel happy about a lower oil price, because their breakeven price is higher than that of the UAE and higher than that of the Saudis. Their production costs are higher in the US.

So it does have implications for American producers, and perhaps we can hear about that a bit later. So one is this slap in the face into Saudi Arabia. Of course, it'll also mean, just as Elaine said, that the Iranians won't be able to generate as much revenue because of lower oil prices and that's going to affect their capabilities of rebuilding, re-arming and so on. If the regime survives. And the reason for the timing is that right now you have a lot of production that's not, especially UAE production and Saudi production, but also certainly Kuwaiti and Iraqi production that's not coming into the market. So this UAE decision of abandoning OPEC is not going to have an immediate effect on price. Now, if we were under normal circumstances where the oil was flowing and the UAE were to take this decision, you would see a major drop in oil price immediately because of this decision.

Now we won't see it because the UAE, even though it says it's out of OPEC, cannot go to 4.8 or five anytime soon. So the timing is propitious because this war has given the UAE a window to make this decision without having a direct impact on global markets. And I think that's why they decided to do this now. And of course, there's been a lot of friction between the UAE and Saudi Arabia. So this is another reason why they took this decision. And now the Saudis are going to have to decide what to do. What does OPEC mean now that the UAE is no longer in it and will they stay? There are rumors that the Saudis are even thinking of abandoning OPEC, but it's certainly a lot less important as an organization, as a cartel. It certainly will please President Trump what the UAE has done, because he's never been a fan of OPEC or any oil cartels.

And so the UAE has kind of pleased President Trump, has hit at the Saudis and done something that it's always wanted. The last point I will make about this decision is that say the UAE decides not to go all out in its production, it goes back to 3.5 million barrels and keeps a spare capacity of 1.5 million barrels. That also gives it a tremendous power in oil markets. So the UAE could obtain a very powerful market power, if it decides to not produce all its spare capacity. If it decides to keep spare capacity, it becomes a very powerful player in global oil markets.

So for all these reasons, I think the UAE is going to come out much stronger because of this decision. The Saudis weaker, the Iranians weaker and OPEC certainly much, much weaker, as well as OPEC+. And perhaps on the last, last point I will make is that the UAE has, because of this war, has realized that the Russians are the biggest gainers, the biggest winners from this war and the closure of Hormuz and that the Russians have played very dirty by providing the Iranians with targeting information in the UAE and elsewhere in the Gulf for Iranians to hit specific installations, many of which were energy-related installations, civilian installations.

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And so I think this war also has implications and its decision to withdraw from OPEC and OPEC+ will have real implications for the future of Russian-UAE relations as well. I'll end there.

**DOUGHERTY:** Very good. Bernard, Elaine, Richard, thank you very much for the terrific analysis. We'll open it up now to the Q&A section of the call. Again, to ask a question, you can use the raised hand feature and we'll call on you to ask a question or you could submit, submit it in the questions or the chat section here and I will be happy to read your question aloud. While we wait for questions to come in, Rich, if you could put on your hat as a former senior advisor to the US Energy Dominance Council, what is your take in all of this and what does this mean for US national security interests?

**GOLDBERG:** Yeah, I mean, listen, we have two things going on here. We have a long-term strategic shift that continues in the US favor. That's a very good thing, and we should be taking steps right now that lock in those types of long-term gains through partnerships, through off-take agreements, through infrastructure investment and the like. We also have a short-term disruption in global supply causing on a global commodity, a price spike that is having a domestic impact and we have to also have honesty about that for the US consumer in the short term. So if I'm in the White House at the National Energy Dominance Council, I'm thinking in both lanes right now.

What else can be done right now to mitigate the price impact while you still wait for the president's decisions on what to do next in the Strait of Hormuz, blockade, blockade plus if Central Command has used the ceasefire to re-arm, reload, reorient its strategy focused now as a primary mission on the reopening of the strait rather than Epic Fury's primary mission on degrading missile and nuclear capacity and capabilities, do you decide to order the Navy through the strait and start offering escort, clear the path that the energy and shipping industry wants to see, see if the Iranians fire the first shot against the Navy there, against the convoys, make sure all the things that are needed from a non-DOW perspective are available.

A lot of that work has been done already in the early days. When you think about the announcements on DFC, the Development Finance Corporation, working very creatively to provide their authorities as a backstop for reinsurance of insurance providers from maritime insurance and war insurance, given Lloyd's either dropping coverage or raising rates to just very, very, very high levels early on in the conflict. Chubb has said nobody's really taken that up. People are waiting for CENTCOM to say there will be a tanker escort, there will be some sort of mission there, but it's available, supposedly, \$50 billion. The truth is that I think from the full faith and credit, if you looked at it from borrowing authorization, it probably is more than \$50 billion that would be available through other programs, including from the Maritime Administration, the Department of Transportation through the War Risk Insurance Fund that exists there, goes back to the 1930s.

By the way, out of MARAD there, you also have other authorities that you would be looking at with respect to leasing tankers. There's empty tankers, maybe somebody doesn't want to drive it through. We can lease them. We can drive them through with the Merchant Marine alongside US Navy escort. So all those considerations, if DFC wanted to finance the purchase of crude on one side of the strait, sell it back to off-takers on the other side of the strait, US could even take a little premium on that as the broker. I mean, there's all kinds of authorities that exist that are there, but primarily, obviously, you're in a support function for the Department of War, for Central Command, for the president in a military strategy with a military threat that is causing the closure effectively of the Strait of Hormuz. You then think about other opportunities to expand production and transportation, transport of energy where things are either available, could be expedited, could be accelerated or need redirection.

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I'd be looking at every international oil project offshore, onshore, where there has been a standstill, there's just been a lack of prioritization. There's a conflict that has inhibited parties from moving forward with new production, with new exploitation of resources. There are allies that with more support could expedite and accelerate their own, really provide leadership there on an international basis. And I have thoughts in mind, but I'm sure if you went to all of our majors that operate around the world, all of our IOCs and said, "Hey, what is your project list? What's your wishlist? Where would you have always wanted the US government to come in and help you? And what

... would that capacity look like in the next two, three, four years if we did that? I think you also provide a roadmap there that this would be the moment to ignite. I talked about a pipeline consortium idea, linking the United States, Saudi Arabia, the UAE, other Gulf oil exporters who would want to come into that consortium. I like to call it TransAram or a ram link sort of playing off of Aramco of old. Only now sort of a transportation of energy consortium. You can sign up the Europeans and the Asians for offtake. I think that would be amazing to just announce in the next couple of days if they could put that together. And then on the domestic side, obviously you've seen all the levers being pulled out of the White House. Jones Act waivers now extended another 90 days. EPA regulations where you have relief valve potential on the domestic marketplace, try to continue to put downward pressure as much as you can to mitigate.

I will say, I know it's hard. All politics is local. Nobody wants to pay more for gas. You don't want to see the upward pressure here. People have real hardship throughout the country when you see prices go up like this. But I'm struck by the conversation today. I was a Senate staffer 15 years ago negotiating sanctions on the Central Bank of Iran and trying to drive Iran's oil off the world marketplace back then. And we had strong opposition to the sanctions from the Obama administration. Tim Geithner at the time was just going nuts. You're going into a presidential election year. Brent was \$112 and that was just under normal conditions. And everybody was afraid of spiking oil prices and what's going to happen.

And look at the world today. Venezuela has collapsed under Chavez and then Maduro's regime and sanctions. Russia's under sanctions and heavily pressured. Iran is now collapsed and already had collapsed, but is now cut off from the world. The Strait of Hormuz is effectively closed from traffic. 20% of the world's global supply is just not moving. I back out the third that's reconnected on the oil side, at least from the pipelines. And we're sort of where we were in just normal discussions in normal times in late 2011. I mean, that's an incredible evolution driven by the shale revolution, driven by American energy dominance and those policies. That is heartening. And continuing along that trajectory, trying to push towards additional production, additional export, what do our majors need to have confidence in saying, "I am going to push for more production right now." You look at the futures market and you say, "I don't know. I mean, this thing could be over in a month and two months. Am I really going to commit this much money into expanded production to drive additional oil assets when the price could be very different a year from now?" I understand that risk if you're in a C-suite for one of our majors.

So the question for the US government would be, what else can we do incentivize that because it is great for our national security and you will still make money in the long term. So that's that piece. And then the rest is going to have to be sort of up to the president and Central Command and really sort of pushing forward of if the blockade can work, if you can bring this regime into a point where they have to say, "We're reopening the strait, no tolls, no tax. Here's the enriched uranium. We just want this to stop." The president might get that done via blockade alone, but also if you start feeling like there is upward pressure going on, we want to accelerate the timeline. I want to keep the pressure of the blockade for nuclear dismantlement and other concessions, not just for the Strait of Hormuz, that might lead you to a conclusion of let's tell Central Command, let's get it done. We have the munitions, we have the naval assets in place, we have the insurance, the reinsurance, all the backstops. We have tanker support. Let's go. Let's just drive a path and start having at least some traffic coming out, which will create an immediate downward pressure on prices.

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**DOUGHERTY:** Thanks, Rich. We do have our first question from Carlos Anchondo. He's with E&E News. Carlos, over to you for your question. Thank you.

**CARLOS ANCHONDO:** Hey, thanks, Joe. My question is that President Trump has said that the United States is in charge of Venezuela. And so I'm curious, do you think that President Trump should tell Venezuela to leave OPEC? Is the United States effectively an OPEC member if we're in charge of Venezuela? Thanks.

**DOUGHERTY:** Rich and Elaine, I suspect both of you can address that.

**GOLDBERG:** Elaine, if you want to go first or ...

**DEZENSKI:** Yeah, happy to jump in. I think it's an interesting thought. Will that make much of a difference in terms of the OPEC trajectory? I'm not so sure about that. Venezuela isn't contributing much to the process right now. So is that an eventual outcome as we get further into what a transition in Venezuela looks like and what investments might be coming and future engagement with the US government around those oil reserves? Perhaps, perhaps.

**GOLDBERG:** I'll just say if we have some sort of effective control here over the interim government and very direct involvement in the oil sector, you've seen their senior White House staff that's going today on that first flight to Caracas. I think it's already lifted off. They're going to have additional oil, gas, mining, and minerals discussions down there, expanding on what Secretary Burgum's secretary of rights discussions have already been. That's a huge opportunity. We know Chevron isn't waiting. Chevron's been moving fast. There is already increased production, increased export with more anticipated as you continue to go just from Chevron's own activities. If you have additional investment and reinvestment and expanded opportunities there under US auspices in some way, or US alignment in a future, hopefully government that's democratically elected and aligned with the United States. Combined with a freewheeling UAE, combined with perhaps an aligned Saudi Arabia that also is empowered to be freewheeling, I mean, you've really reset the whole order here. I mean, this is a US-led order, at least a US Gulf-led order, and you really have a IRANPEC instead of OPEC.

**DOUGHERTY:** As we wait for the questions to come in, Bernard, I was going to ask you, US-Saudi relations are always interesting, I think is a fair word to say. What does this do for that? And if you had the administration in front of you right now, what would you advise them on?

**HAYKEL:** Well, I mean, I suspect that President Trump, as I alluded, is very happy about this decision by the UAE, and he probably will in discussions with the Saudis say, "Why don't you do the same thing?" Whether the Saudis respond positively to his request, I'm not sure. I mean, the Saudis, there's a lot of symbolism that's also attached to OPEC. It was established in 1960. The Venezuelans and the Saudis were the key kind of drivers at the time. It was a very important organization after the '73 oil in the early 1970s, but especially after the '73 oil embargo. I mean, it represents the power that the producers, the national oil producers took away from the big international oil companies over pricing and supply. So it's laden with a lot of symbolism. I mean, someone like MBS is not beholden to the past, and he could easily break with that tradition. He could make a decision to leave, especially if President Trump insists on it.

And frankly, I don't see what OPEC does for Saudi Arabia anymore. I mean, it used to at one point, but no longer. There's a lot of symbolism and a lot of puffery that's associated with OPEC and very little substance left.

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**DOUGHERTY:** Elaine, your center focuses on economic statecraft between Venezuela, what's happening now in Iran and with UAE and OPEC. What are you seeing and what opportunities are out there for the US and its allies?

**DEZENSKI:** Yeah, that's a great question. Well, we're releasing some new research next week talking about this economic security dynamic and all the tools that the US has available, how those tools can be deployed, where those tools, when those tools should be deployed. What we're seeing in real time though in the strait and elsewhere is the selective use of some of these tools. And actually it's a good segue to a point that I wanted to raise, which is along with UAE's announcement to leave OPEC came some reporting that the UAE had asked the US to extend a swap line to help the UAE defend its currency peg. So the swap line would be, for those of you who don't know what that is, an agreement entitling the UAE to exchange a specified volume of its local currency for dollars. So it would provide a backstop against foreign reserve pressure.

The UAE's reserves are strong, but the swap line removes that residual market doubt about the ability to maintain the peg during the Hormuz standoff. So I think it's more market signaling than it is actual necessity, but we'll see. I don't think it's been confirmed that the US will provide that swap line, but I would be surprised if we didn't. This is something we used as well recently with Argentina. We extended a \$20 billion currency swap line in 2025. It was the first time that we had done that with a foreign government since 2002. So to your point, we're in this moment of economic statecraft. And what this OPEC decision and the swap line mean from my vantage point is the UAE aligning much more decidedly towards the US. It doesn't need a Yuan swap line. It needs a US dollar swap line.

**DOUGHERTY:** Copy that. Rich, Bernard, anything to add to that?

**HAYKEL:** No, that's good.

**DOUGHERTY:** Rich, we would be amiss if we did not bring in, especially from your NSC days, latest developments with Iran and the Gulf and what's happening here. So I know that you are tracking it closely. You've been talking with folks. Can you just provide your latest analysis and perhaps tie it in with the changing dynamics with UAE and Saudi Arabia, et cetera?

**GOLDBERG:** Yeah. I mean, listen, I think you have to start at strategic objectives and end state objectives of the campaign where you estimate the president is on his desired outcomes and objectives, and then you can back into what your decision tree is that's left to achieve those remaining objectives and any byproduct issues that have arisen that therefore become strategic objectives that you have to fulfill. Epic Fury was very much based on a nuclear and missile threat. It certainly had aspects of a potential destabilizing attack on the regime to undermine command and control communications, potentially provide in the future the Iranian people an opportunity to take the country back. But as the Pentagon brief from the very start, their strategic objectives in developing the campaign out of Central Command was very different than what Israeli strategic objectives may have been for their target sets and their campaign that they had developed alongside us.

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We clearly from briefings focused on degrading air defense to achieve air superiority and then to be able to move inland from the coast and start hitting at will missile sites up and down the supply chain, active stockpiles, launchers, and then of course the construction manufacturing plants, the components for the manufacturing, the entire industrial base for their missile program, long range space launch vehicle program for their ICBM program undercover. And then additional aspects of their nuclear supply chain of various aspects, both which is overt and that which was covert clearly being targeted by the Israelis throughout the campaign that included research and development locations at universities, nuclear scientists, additional nuclear sites that perhaps either survived or which weren't hit during the 12-day war last year.

And that sort of leaves sort of the question of, okay, once you've gotten to the point where you've hit everything that's above ground that you can hit, you've attacked and reattacked that which is below ground with the munitions and platforms that you believe you would need to hit those, you evaluate whether or not there are additional targets and whether there is diminishing value on reattacking those targets if you haven't been able to penetrate an underground missile city or a command and control bunker. And then you say, "Okay, we have achieved enormous success and gains in setting back the

Long range and medium range ballistic missile programs, cruise missile programs, space launch vehicle program, nuclear program, et cetera. What is left there? And today, Iran could not race to make a nuclear bomb. They could not, and they probably could not for several years. That doesn't mean that having the possession of enriched uranium inside tunnels of Isfahan is not a threat that we need to address for purposes of reconstitution. If they reconstitute a centrifuge program, they move it into an underground facility that has not been targeted last year or this year, which we call Pickaxe Mountain, pretty close to where Natanz was. Deeper, more hardened than Fordow. You could imagine a crash program of they get some centrifuges, they move them into Pickaxe. They move the enriched uranium material over there. They have a breakout of several nuclear weapons worth of material, not necessarily nuclear weapons.

Could they build a dirty bomb? Could they do something else? All of that's possible. They obviously sponsor terrorist organizations. You just wouldn't want this regime having loose nuclear material or fissile material at any point in the future. So that I think tells you why the president continues to focus on getting the enriched uranium, getting the material out of Iran. And Pickaxe Mountain, I would say, is also, I think, has to be on the list of what are clearly illicit planned-for-nuclear-weapons-making-type activities, planned to be impenetrable for military strike deep underground. Why would you have a new enrichment facility like Pickaxe Mountain? There's no other reason to build such a site, just like there was no other reason to have a Fordow facility. So those would be the two sort of remaining things if you were on a strategic objective list for the nuclear program.

Maybe the United States would have a different calculation of, hey, yes, we'll monitor the Isfahan tunnels. If they try to get after that, we'll bomb again. Maybe you could try to bury Isfahan, see if you can't attack with B-2s right at the tunnels and see if you bury that material more there. It could be an option set that hasn't been utilized.

Ideally, you would want to go and get it, whether through special operators or by agreement, which is more expeditious and safer, the Iranians handing it over, and then also dismantling that remaining site. The missile program, obviously you have destroyed that which you can destroy. If Iran were to suddenly say, "Yes, we'll let you into all the missile cities, you can destroy the rest of our stockpiles," that would be great. I don't expect this regime to do that, but we have achieved major gains already for our national security when we think about immediate risks in the foreseeable future for their long-range missile program.

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At that point, you say, "Okay, that's the remaining strategic objectives here. Maybe the Israelis have more plans on command and control and the people and what can be done to accelerate that." Certainly, we have transitioned into this blockade now away from active military operations and more into what we call economic fury instead of epic fury, using the blockade to start squeezing and destabilizing the regime from within, trying to create a cash crisis by drying up their revenues, also denying them inputs into the economy on the import side. We're already starting to see fractures leaking out from different parts of the regime. So there's a big picture there.

And then that last question is, okay, so what is that driving at? That's driving at the bigger strategic picture of, can you use that leverage to get them to give over their uranium? Can you use that leverage to get them to agree to dismantle Pickaxe?

And as I said, there are evolving strategic objectives and that is the Strait of Hormuz. And I think the point where we're at right now in the White House is they've probably presented the president with the plan to reopen the Strait of Hormuz by force, whether it starts defensively and if attacked here would be the plan to respond. And the president now has to weigh whether or not you stay in blockade mode for another week, two weeks, see how that economic pressure alone builds and creates concessions, both on the Strait and the nuclear-remaining strategic objectives, or go to what I call blockade plus. And that is try to maintain the economic pressure of a blockade and then use the Navy to reopen a path through the Strait on your own terms, understanding the risks and retaliatory effects and military threats that the regime would pose.

That's the question in front of the president now. And I think all that we talked about before of the domestic interest, the price impacts, all of that I think then enter the conversation of what's the time, when do you have to choose this or the other? At what point do you decide, okay, it's time for blockade plus, not just blockade.

**DOUGHERTY:** Thanks, Rich. Bernard, I've got a question for you from Tom Watkins at The National, but before we get to that, I know that Elaine, you have to leave us. Wanted to give you 30 seconds to kind of summarize your thoughts before we go.

**DEZENSKI:** Thanks, Joe. So again, I think it's a pretty fascinating moment. It is a big moment. I think we're now seeing one of the final nails in the coffin for OPEC. We're seeing alignment from the UAE towards the US, which is, I think, part of a broader economic statecraft play, which is interesting and useful. And hopefully we'll all be feeling the effects in the not too distant future with lower consumer prices. So we'll see. But thank you very much for including me.

**DOUGHERTY:** Thank you, Elaine. Bernard, Tom Watkins at The National asks via the chat, "One of your experts said the UAE's move was a quote, 'Slap in the face to Saudi Arabia.' Are there any concerns KSA will feel pressure to respond in a way that triggers an escalatory cycle of tensions with the UAE?"

**HAYKEL:** Right. So that's a very good question. And the simple answer is, or the most straightforward answer is that the Saudis are unlikely to do anything against the UAE as long as this war is ongoing. They're both facing the same threat from Iran. Of course, the UAE has been hit much harder than the Saudis have, but still at this moment, they're both in combat mode and they're worried about a further escalation of the war should the ceasefire break down. And so I don't think the Saudis are likely to do anything towards the UAE until the war is over. Once that war is over though, yes, I do expect and anticipate that the real competition between the UAE and Saudi Arabia will resume and it's a structural competition that has to do with differences on oil policy, differences on regional policy. The UAE supports a faction in the war in Sudan that the Saudis are against.

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They also support a group in Yemen or now surreptitiously, which again, the Saudis are against. So there are some very significant differences between the UAE and Saudi Arabia, and those will reemerge once the war is over.

**DOUGHERTY:** Thanks, Tom. Appreciate that question. And if you or Carlos or any other journalists on the call have a question, you can do the raise hand feature or you could submit it via chat. As we have nothing in the works right now, I think we can wrap up the call. And before I ask Richard and Bernard to give a 30-second to a minute summary of their key thoughts today, first of all, I wanted to thank all the reporters that are on the call. We know that you're busy and you could have been several other places today and you chose us. So thank you for that.

Thank you to Ellie Bufkin and the FDD comms team for their great work behind the scenes. You could find all of FDD's research at [fdd.org](http://fdd.org). If you would like to schedule a conversation with Richard or Bernard or Elaine separately, I'm happy to arrange that. Please reach me at [press@fdd.org](mailto:press@fdd.org) and we will work on that right away.

And a reminder, I'll get the video link of this conversation out to you within the next 15, 20 minutes or so and the transcript as soon as possible tomorrow morning. Okay. Richard, over to you for a summary, and then we'll go to Bernard.

**GOLDBERG:** Listen, I think my bottom line is I think it's an exciting development for both the region and for the United States and our opportunity to lead and cooperate. I think when you look at a member of OPEC attacking other members of OPEC and trying to destroy their own oil export capacity and production capacity to hold down hostage the Strait of Hormuz, that already becomes sort of ridiculous. If we look at what is happening right now and the domino effects, the US already in a leadership role aligned obviously with our northern neighbor of Canada, our ability now to have major sway and involvement in the Venezuelan energy sector cooperate directly with the UAE outside of any OPEC type role. If we can use this moment in this crisis, and especially through Economic Fury to pry the Iraqi oil ministry out of the Iranian regime's cold, dead hands, that will be a major victory as well.

And the Saudis, as they have historically continued to cooperate with us, whether symbolically in OPEC or not, we have an incredibly strong pro-American, American aligned energy coordination bunch.

And so long-term, that's very good for the United States. It's very good for our interests. You're already seeing the impact of the crisis with other partners and allies coming to the United States, coming to our partners looking to replace supply. I think that will lead to long-term off-take agreements will lead to additional increased long-term production and export capacity for the United States and for other partners. And in the end, we still have a short-term disruption that has to be resolved to alleviate prices in the United States, and that is largely still in the hands of Central Command of the president and how the next few days and weeks play out with the blockade and blockade plus.

**DOUGHERTY:** Thank you, Rich. Bernard.

**HAYKEL:** Okay. I think, again, my bottom line is that this is a big, big event. The fact that the UAE has left OPEC means that it will likely produce all out, and that has, in the long-term, very serious implications for oil prices and for the diminishing power of OPEC and OPEC+. So we will see once the war is over and supplies are back to pre-war levels, we're going to see much lower prices of oil as a result of this decision.

The other point that I'd like to make is that it is nonetheless a move that signals a deep division between Saudi Arabia and the UAE, and not just on oil, but on other differences. And this will place a very heavy burden on the United States to have to manage these two allies and how they relate to one another.



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And we're going to have to act as a kind of buffer and as a bumper between them to mitigate their differences as much as possible and to keep them coordinated and with their eye on the larger project, which is that of stability and security and prosperity for the Middle East and the containment of Iran if this regime survives.

**DOUGHERTY:** Gentlemen, thank you for your analysis, and this concludes today's call. Thank you.

**HAYKEL:** Thank you.