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The Post-OPEC Era And Geopolitical Quakes: Bangladesh's Energy Hardship

Four months have passed since May 1, 2026—the historic date when the United Arab Emirates (UAE) formally severed its decades-long membership in the Organization of the Petroleum Exporting Countries (OPEC). What some quarters initially saw as a calculated bluff or an isolated institutional dispute has now crystallized into the most disruptive structural transformation of the international energy architecture in half a century.

Today, five months into this post-OPEC era, the global oil landscape has entered uncharted territory. The confluence of Abu Dhabi's unilateral production drive, an entrenched regional war involving the United States and Iran, and protracted maritime disruptions across the Strait of Hormuz has permanently dissolved the illusion of cheap, centrally stabilized fuel. For import-reliant emerging economies like Bangladesh, the past 123 days have confirmed our worst apprehensions: the global buffer has broken, and the cost of war is exacting an unbearable toll on the national balance of payments.

The Fractured Cartel

When Abu Dhabi walked away from OPEC, the primary objective of the Abu Dhabi National Oil Company (ADNOC) was clear: unfreeze billions of dollars in upstream capital and monetize its 5 million barrels per day (mbpd) production capacity before global decarbonization accelerates. Four months on, the structural consequences of that exit are fully visible:

The Fall of the Market Balancer: For over sixty years, OPEC functioned as a de facto central bank of oil, adjusting quotas to smooth out demand and supply shocks. With the UAE charting an independent course, supply coordination has fundamentally fragmented.

Prevalence of National Revenue Priorities: Individual producers in the Gulf and beyond have increasingly abandoned collective price stabilization in favor of maximizing sovereign revenues while benchmark prices remain elevated.

Unanchored Volatility: Free from quota discipline, oil pricing is no longer cushioned by coordinated market intervention; instead, it swings wildly at the mercy of geopolitical rivalries, shipping chokepoints, and algorithmic speculation in international financial hubs.

Saudi Arabia's ability to enforce discipline across remaining members has significantly diminished. As Abu Dhabi demonstrates the fiscal viability of bilateral, sovereign-to-sovereign dealmaking, other key producers are facing growing domestic pressure to question Riyadh's quota mandates. The era of coordinated market defense is effectively over.

The Strait of Hormuz

The structural divorce inside OPEC has been amplified by the ongoing conflict involving the US and Iran, turning the Persian Gulf into a high-risk maritime arena.

Although the UAE gained the freedom to produce outside OPEC bounds, it could not bypass regional geography. While Abu Dhabi's Habshan–Fujairah pipeline carries crude directly to the Indian Ocean, its throughput remains physically constrained and cannot substitute for the broader maritime traffic through the Strait of Hormuz.

With maritime blockades and exorbitant war-risk insurance premiums continually choking shipping corridors, over 10 million barrels per day remain vulnerable to sustained transit disruptions. Brent crude has consequently cemented its position above the $110–$111 per barrel threshold. The initial hope that an unconstrained UAE would rapidly cool international spot markets has been neutralized by the physical realities of maritime warfare.

Bangladesh's Compounding Crisis

For Bangladesh, the past four months have translated global supply fragmentation into tangible domestic economic stress. With the national budget previously predicated on crude oil trading in the $70–$80 corridor, persistent prices above $110 per barrel have triggered cascading shocks across every major economic pillar.

1. Fiscal Strain and Balance-of-Payments Pressure:

The Bangladesh Petroleum Corporation (BPC) faces daily shortfalls in the hundreds of millions of Taka as it attempts to cushion domestic consumers from international market parity.

Table-1:

Economic Domain	Mechanism of Shock	Real-Economy Impact
Balance of Payments	Enormous increase in the monthly fuel import bills for BPC.	Foreign exchange depletion and acute pressure on commercial LC openings.
Power Sector	Unaffordable spot LNG, furnace oil, and diesel.	Forced generation curtailment and industrial load shedding.
RMG & Industry	Gas shortages and expensive captive diesel backup.	Rising unit production costs and threatened export competitiveness.
Agriculture & Food	Elevated diesel costs for 1.2M+ irrigation pumps.	Escalating production costs for Boro crops and downstream food inflation.

Passing these import costs entirely onto the market risks fueling broad-based inflation, while subsidizing them drains the national treasury and rapidly depletes hard-won foreign currency reserves. Commercial lenders in Dhaka continue to face hurdles in opening Letters of Credit (LCs) for raw materials, compounding difficulties across the wider manufacturing supply chain.

2. The Power and Industrial Chokehold:

The national electricity grid, structurally dependent on liquid-fuel-fired plants for peak capacity, has been forced into operational cutbacks. Industrial zones across Gazipur, Narayanganj, and Chattogram face scheduled power rationing. Ready-Made Garment (RMG) exporters—already operating on thin margins—have seen production overheads soar due to constant reliance on expensive diesel generator backup, jeopardizing delivery schedules in sensitive Western markets.

3. Agricultural Costs and the Food Security Nexus

In the rural heartlands, oil pricing directly governs the agricultural calendar. Diesel remains the core fuel powering the nation's mechanized irrigation network and farm-to-market haulage. The sustained price shock has translated into steep increases in production expenses for seasonal staples, driving an inflationary cycle that disproportionately burdens lower- and fixed-income households.

Strategic Imperatives: Breaking the Dependency Trap

The events of the past four months prove that relying on traditional Middle Eastern supply channels and short-term spot purchases is an unsustainable long-term strategy. The Ministry of Power, Energy, and Mineral Resources (MPEMR) must move from emergency rationing to an aggressive, multi-pronged energy resilience plan.

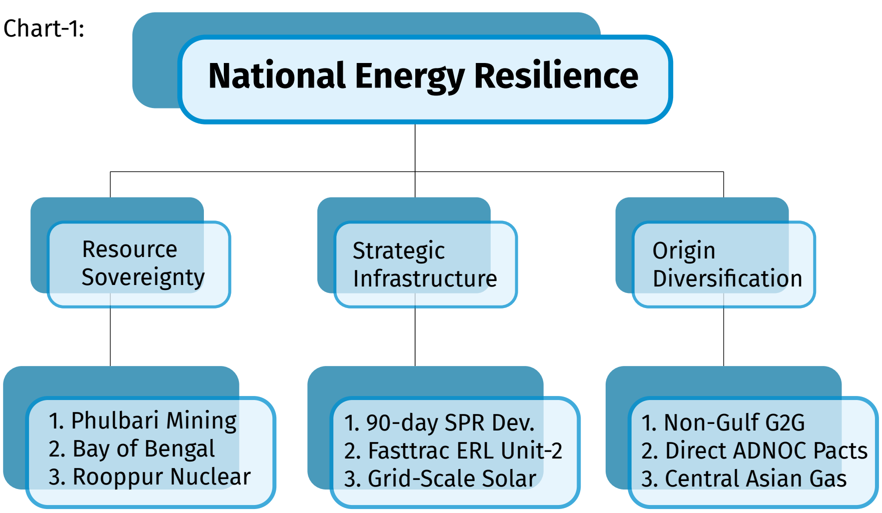
1. Unlocking Domestic Coal Sovereignty with Modern Safeguards

The ongoing foreign exchange drain necessitates an immediate re-evaluation of untapped indigenous reserves. The high-grade bituminous coal deposits at the Phulbari Coal Mine represent a substantial domestic asset capable of generating reliable, low-cost baseload power. Utilizing this domestic reserve with modern, eco-friendly mining technology and comprehensive water management systems would provide a vital baseload alternative. Tapping into indigenous coal provides an immediate structural hedge against $110+ crude, insulating the industrial economy while preserving critical foreign exchange reserves.

2. Direct Bilateral Energy Diplomacy

Because the UAE is now independent of OPEC quotas, Dhaka must pursue direct, multi-year Government-to-Government (G2G) supply frameworks with ADNOC. Offering guaranteed offtake agreements in exchange for fixed-discount pricing

Chart-1:



can protect Bangladesh from open-market price surges. Simultaneously, Dhaka must broaden import origins to include Central Asian and transatlantic suppliers whose routes do not navigate the vulnerable Hormuz chokepoint.

3. Expanding Strategic Petroleum Reserves (SPR)

Bangladesh's current 30-to-45-day storage capacity leaves the country vulnerable during major geopolitical escalations. Fast-tracking the Eastern Refinery Unit-2 (ERL-2) modernizations and developing specialized underground storage facilities are essential to build a minimum 90-day strategic reserve. This buffer would allow the state to absorb maritime supply disruptions without imposing immediate rationing on the domestic economy.

4. Accelerating Domestic Gas Exploration and Clean Transitions

Relying indefinitely on volatile spot LNG markets is no longer feasible. The government must update Production Sharing Contracts (PSCs) to incentivize top-tier international oil companies to explore untapped offshore blocks in the Bay of Bengal. Domestically, fast-tracking the full commissioning of the Rooppur Nuclear Power Plant and offering targeted tax holidays for industrial rooftop solar installations will systematically substitute expensive imported hydrocarbons with secure domestic generation.

Navigating the New Normal

The structural realignment triggered on May 1 was not a passing market fluctuation. Four months later, the fracturing of OPEC, the normalization of $110+ oil, and persistent volatility across Gulf shipping routes have established a new baseline for the global economy.

For Bangladesh, the lesson is unequivocal: reliance on external market stability is a strategy fraught with risk. Surviving this new energy order demands decisive policy shifts, prioritizing indigenous resource development, diversifying supply routes, and building strategic reserves. The choices made in Dhaka over the coming months will determine whether the country faces protracted economic vulnerability or builds a resilient, self-reliant foundation capable of weathering future global shocks. EP