

# The effect of changing crude oil prices on Iran-Saudi relations and the Middle East

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## Why the Middle East?

The Middle East is seemingly always in turmoil. I wanted to find a way to stabilize the region.

Through my research I found that Saudi Arabia and Iran have the largest effect on the region, and I concluded that there is a quasi-cold war brewing between these two nations.

## Iran and Saudi Arabia are really close



GDP: 439.5B\$(19th)  
POP: 26.81 million  
Crude extraction cost:  
8.98\$/Barrel



GDP: 683.3B\$ (27th)  
POP: POP: 73.14 million  
Crude extraction cost:  
9.08\$/Barrel

→ Saudi Arabia needs to limit Iran both economically and politically.

## Historical incidents between Saudi Arabia and Iran

### 1979: Iranian Revolution

→Saudi leadership fears that the revolution would spread.



### 1995-2007: US and EU put sanctions on Iran.

→During Iran sanctions, oil price generally rise and reach 115\$/Barrel in December of 2007.



### 2014: Crude oil prices suddenly fall all around the world.

→Saudi Arabia and other oil producing nations economies plummet into crisis.

### 2015: Iran sanctions lifted

→Slowly recovering oil prices start to fall again.

→Iran begins to expand influence in Middle East,

### 2016: Saudi Vision 2030

→MBS starts to invest in diversifying the Saudi economy.

Saudi Arabia needs a high oil price to sustain the "Vision 2030".

### 2017: Qatar Sanctions

→Saudi Arabia and other Arab nations place a blockade on Qatar

→Iran provides food and other aid to Qatar → Iran gains a base on the border with Saudi Arabia.

### 2018: Iran sanctions reinstated

→Oil prices begin to rise again.

## Solutions to improve Middle Eastern stability

1.US must stop aiding the Saudis in Middle East politics. The US is now the largest crude oil producer in the world. **America is not as dependent on Saudi oil as it was in the past.**

- **Iran is an opportunity!** It has a large, well educated young secular population and its government is **the most moderate it has been** in a long time.
- **Iran already has a diverse economy**, with industries such as banking, insurance and manufacturing.

2.**Increasing diplomatic and economic relations** between Saudi Arabia and Iran.