

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.