

Answer to Question

## Trump's Insistence on OPEC, Especially on Saudi Arabia, to Increase Production and Reduce Oil Prices

(Translated)

**Question:** On the 2<sup>nd</sup> of October, 2018, during the mid-term election rally in the constituency of Mississippi, Trump has threatened Saudi Arabia and showed his supporters that he was dealing with high oil prices: "*...And how about our military deals where we protect rich nations and we don't get reimbursed, how about that stuff "meaning oil"? That is changing too folks...We protect Saudi Arabia. Would you say they're rich? And I love the King, King Salman. But I said 'King — we're protecting you — you might not be there for two weeks without us — you have to pay for your military.'*" (Khaleej Online, 03/10/2018).

My question is not why the rulers of Saudi Arabia remain silent on this insult, rather they remain obedient to America, it is because they are small in their own eyes, and so they grew accustomed to humiliation. But my question is what makes Trump pursue Saudi Arabia aggressively to increase production to reduce the prices; even though America is the largest producer and can control the price reduction alone? So why is he insisting on escalating this now? And finally, why, despite all this American pressure the price of oil has not decreased? And may Allah reward you with the good.

**Answer:** Yes, you said the truth, the one who is humiliated is accustomed to humiliation, Trump's statements about the rulers of Saudi Arabia are enough to destroy the relations with America, if not above that, but that is if they were ashamed of Allah, His Messenger and the believers, but they are not ashamed, and the truthful Messenger of Allah (saw) said: «إِنَّ مِمَّا أَدْرَكَ النَّاسُ مِنْ كَلَامِ النَّبِيِّ إِذَا لَمْ تَسْتَحْيِ فَاصْنَعْ مَا شِئْتَ» **Verily, from what was learnt by the people from the speech of the earliest prophecy is: If you feel no shame, then do as you wish.** [Al-Bukhari]

**As for the answer to your question or questions, it is as follows:**

1. When Donald Trump took office in January 2017, oil prices were around \$57 a barrel. By June 2017, oil prices had fallen to \$45 a barrel, but have since continued to rise. Today, the price of oil is \$86 on Brent crude and some analysts expect oil prices to reach \$100 a barrel!

On 5/7/2018, Trump wrote on Twitter: "***The OPEC Monopoly must remember that gas prices are up & they are doing little to help. If anything, they are driving prices higher as the United States defends many of their members (i.e. OPEC members) for very little \$'s. This (relationship) must be a two way street (i.e we support you in return for a low oil price)...REDUCE PRICING NOW!***" Before that on 30<sup>th</sup> of June 2018 he said in a tweet: "***Just spoke to King Salman of Saudi Arabia and explained to him that, because of the turmoil & disfunction in Iran and Venezuela, I am asking that Saudi Arabia increase oil production, maybe up to 2,000,000 barrels, to make up the difference... Prices to high! He has agreed!***" (Al-Hura: 30/6/2018)

On 25/9/20/2018 the President of the United States of America attacked OPEC in his speech in the UN General Assembly and said: "***OPEC and OPEC nations are, as usual, ripping off the rest of the world, and I don't like it. Nobody should like it. We defend many of these nations for nothing, and then they take advantage of us by giving us high oil prices...we want them to start lowering prices... We are not going to put up with it, these horrible prices, much longer.***" (Sputnik, September 25, 2018), and on 27/9/2018, Trump wrote on Twitter "***We protect the countries of the Middle East, they would not be safe for very long without us, and yet***

***they continue to push for higher and higher oil prices! We will remember. The OPEC monopoly must get prices down now!"***

As it states in the answer to a question on 2/10/2018 in the mid-term election rally in the constituency of Mississippi, Trump has threatened Saudi Arabia and showed his supporters that he was dealing with high oil prices: "***...And how about our military deals where we protect rich nations and we don't get reimbursed, how about that stuff "meaning oil"? That is changing too folks... We protect Saudi Arabia. Would you say they're rich. And I love the King, King Salman. But I said 'King — we're protecting you — you might not be there for two weeks without us — you have to pay for your military.'***" (Khaleej Online, 03/10/2018).

**All this means that Trump is interested, in the current conditions, in increasing production, but from OPEC, especially from Saudi Arabia.**

2. Yes, America is the largest producer, according to the US Energy Information Administration (EIA), the US agency that collects energy statistics. At the end of 2017, the EIA published a timetable for world oil production, which was then 95 million barrels per day. According to the table, the seven largest producing countries are as follows:

The United States: 14.46 million barrels per day of the total world production, Saudi Arabia: 12.08 million, Russia: 11.18 million, Canada: 4.87 million, Iran: 4.67 million, Iraq: 4.48 million, China: 4.45 million.

**America remains the largest oil producer in the world, followed by Saudi Arabia and Russia**

3 – And yes, America can increase production as it wishes, especially when it has a large stock of shale oil, but there is something that stops it from resorting to it:

a -To Maintain its Stock and Reserves

b - There are Ruwaibidha (base vile rulers) who implement its order even if they are insulted in this matter. They even implement this while it is harmful to them, as it is with the rulers of Saudi Arabia!! America is asking Saudi Arabia to reduce oil prices to provide its people the lowest prices after the price of Brent crude reached global benchmark of almost \$ 80 a barrel in the ninth month of this year. "***On 14/9/2018 global benchmark of Brent crude oil increased to become \$ 78.21 a barrel, the highest rise since 22/5/2018***"... (Reuters 14/9/2018). Note that "***OPEC production rose to 32.79 million barrels per day. Saudi Arabia, which had promised a calculated increase in its production, said that the decision will translate into an increase in production by about one million barrels per day***" (Reuters, 31/8/2018). "***When Brent crude was heading towards \$80 a barrel, Saudi Arabia informed the market of an increase in its production last month earlier than the date on which such information was usually disclosed,***" quoted from the source.

The Saudi regime is a strong American agent and in its service. Saudi Arabia has always played a pivotal role in stabilizing the oil market ... Saudi Arabia, needs high oil prices at this time, as its economy is under severe economic pressure since the oil price collapse in 2014. Especially since oil is the main revenue source in Saudi Arabia's budget. It is common knowledge that in countries where oil revenues account for more than half of their revenues, they need oil prices above \$ 80 a barrel to balance their budget – enough oil revenue to cover the budget expenditure - how is it then when Saudi Arabia's budget is totally based on the oil revenues? The suitable price is above \$ 80, even around \$ 100 to balance its budget, and develop its economy, since it is now unstable. However, its ruler agrees to increase production to lower prices, regardless of the harm done to the country to satisfy Trump, who publicly insulted the Saudi ruler, that had it not been for America, his throne would have collapsed!! They ignore this and their crown prince says that Saudi Arabia is ready to compensate for the Iranian shortage! Bloomberg News reported on

6/10/2018 statements of the Saudi crown prince Bin Salman: **He insisted that Saudi Arabia has kept its promise to make up for lost Iranian crude supplies," and he said: "Saudi Arabia is now pumping about 10.7 million barrels a day -- close to a record -- and can add a further 1.3 million if the market needs that..."**

As long as there is an agent of America who is willing to harm himself to achieve Trump's desire of increasing production, why then should America use its reserves?

4- Why is this insistence by Trump on OPEC, and especially Saudi Arabia to increase production and reduce prices? It is because there are two things that constitute an urgent dilemma for Trump that he needs to be solved quickly, otherwise Trump is not affected by the prices increase ... America can absorb the increase by printing new dollars, as it did when the previous oil prices rose to about \$150. We issued previously in the Answer to a Question on 16/5/2009: **"that America can print banknotes, with the approval of the International Monetary Fund or in secret, "even publicly" without its consent, as it has the effective influence in the Fund, and can show false reasons and hide the truth of the matter, and it can get the Fund's support! But the printing of banknotes in this way leads to a devaluation of the dollar, and inflation, i.e. increase in prices. This is why America does not take this step unless it has vested interest. For example, it is reported that America printed between "2 trillion - 4 trillion" during the oil speculation, which caused the price increase to nearly \$ 150 a barrel, "and America was not far from that speculation". America printed these notes to buy the largest quantity of oil directly or indirectly to add it to its stock, it saw it as an interest above the high prices and the decline of the dollar ..."** but because it takes time to arrange the production of this "scenario"! And because the two issues need a quick solution or else Trump will fall in trouble as we mentioned earlier. Thus, Trump was furious with OPEC, and especially with Saudi Arabia ... These are the two dilemmas:

#### **The first: the subject of sanctions on Iran:**

Iran is the third largest producer of crude oil in OPEC after Saudi Arabia and Iraq, its production is around 4 million barrels per day of crude oil. The sanctions will lead to a shortage of Iranian oil exports, especially in November, when sanctions are increasing including Iran as well as oil importers from Iran. America has asked companies to cut down on Iranian oil imports first, and then to cancel their contracts with Iran next November, which could lead to a reduction in Iranian exports. But Saudi Arabia can increase oil production if necessary, meaning it is prepared to compensate for the shortage of Iranian supply. Saudi Crown Prince Mohammad bin Salman said: **"We export as much as two barrels for any barrel that disappeared from Iran recently," the prince said. "So we did our job and more." Saudi Arabia is now pumping about 10.7 million barrels a day -- close to a record -- and can add a further 1.3 million if the market needs that,"** (<https://www.akhbarak.net>, 08/10/2018).

On 4/11/ 2018, the United States plans to step up sanctions against Iran, targeting oil exports and pressuring governments and companies around the world to comply and reduce purchases from Iran. This means that the supply of oil will fall in the global market. As the statement of the seven largest oil producing countries mentioned above, Iran was producing more than 4 million barrels of oil per day "and this has now declined." Half of the oil is produced, China and India and Turkey, receives from it nearly 2 million barrels. Trump expects the sanctions measures will remove these two million. America wants to compensate it through Saudi Arabia and other OPEC countries to compensate for the expected shortfall, so that America can address the issue of Iran away from Europe, Russia and China after announcing its withdrawal on 8/5/2018 from the nuclear agreement signed three years ago with these countries. It offers an agreement with Iran alone. The US president has announced his readiness to hold such an agreement, but the conditions must be created within Iran. This may take time ... Trump wants to compensate for this

shortfall until he can arrange an agreement between America and Iran without involving Europe, if the shortage remains without compensation and then prices rose, this will put him in trouble. Because he built the sanctions on the grounds that the lack of Iranian oil as a result of the sanctions will be compensated by his threats to OPEC, especially Saudi Arabia ... In other words, America wants to address the issue of shortage of oil supplies and ensure that it does not rise until these problems are solved with Iran, because this may not be fast.

Thus, Trump insists on OPEC and primarily Saudi Arabia to compensate for the Iranian supply shortage, which will be evident on 4/11/2018, in addition to the shortfall caused by the sanctions on 21/05/2018 imposed by Trump on Venezuela, even if it is less influential. Its current production is 1.5 million oil barrels per day.

### **The second is the American elections:**

Rising oil prices creates a problem for Donald Trump, who will run the mid-term elections in November. High oil prices will keep his supporters in office, especially as most opinion polls show that the Democrats will control the House. To show the US voter that he puts America first, he puts the blame and pressure on Saudi Arabia and OPEC members to increase production. At the same time, The Trump administration is forcing China, India and Turkey to break ties with Iran and look for crude oil elsewhere. Rising oil prices also affect how much US consumers pay for petrol. With the US mid-term elections, this will not be a winning factor. The American people are sensitive to the rise in fuel prices, and cannot accept that their government is going to raise oil prices, so President Trump is blaming high prices on the Gulf States and OPEC and attacks them to show the American people that he is defending his interests and is able to pressure Saudi Arabia and OPEC to reduce the price. He is interested in lowering the price, especially in the US election period. This is necessary today for the US president and his Republican party's need to get the votes of the American voters in the November 6th, 2018 mid-term elections, especially as opinion polls give preference to Democrats.

**5-** Why do oil prices continue to rise despite the threat of Trump and its pressure and the response of Saudi Arabia? The reason is that there are other parties in OPEC that follow Europe and in conflict with America, and there is Russia also, and these parties, especially those linked to Europe, are not easy to respond to America except to the extent that does not achieve Trump's ambitions as quickly as he wants it. Saudi Arabia is America's main instrument within OPEC, but there are others in OPEC with certain interests, including those who follow large European countries, and may not obey America easily, as well as there are partner countries of OPEC as a Russia with certain interests. America cannot fully impose its will.

In an attempt to lower prices, the president asked for increased production. However, OPEC and its producer allies did not reach an agreement in their meeting in Algeria on 23/9/2018 on an additional increase in oil production, contrary to Trump's call.

As for Russia, America succeeded in 2017, and until today to use Saudi Arabia to pressure Russia and embarrass it and respond to it in increasing production and then reduce prices ... For the first time a Saudi king visits Russia to attend a meeting in October, 2017 between OPEC and non-OPEC members, especially Russia, In October 2017, king Salman visited Russia and attended the OPEC meeting. Oil prices then began to stabilize above \$ 60 a barrel before rising since mid-year of 2018, as discussed earlier. However, Saudi Arabia and Russia struggled to meet the requirements of 2 million barrels per day requested by Trump. In fact, independent analysts as well as the International Energy Agency (IEA) suspect that Saudi Arabia and Russia could add 2 million barrels a day. The International Energy Agency (IEA), a Paris-based group representing consumer country, recently estimated what it called "short-order supplies" from the Middle East, including Saudi Arabia, at 1.14 million bpd.

Russia could add up to 400,000 barrels a day, analysts say. In the end, under constant pressure from the United States, Saudi Arabia reached a secret agreement with Russia in September to boost oil production. **"The agreement asserts that Russia and Saudi Arabia are increasingly deciding on oil production policies before consulting other OPEC members,"** the sources said that Saudi Energy Minister Khalid al-Falih and his Russian counterpart Alexander Novak agreed during a series of meetings on lifting The production from September to December, with the price of crude oil at about \$ 80 a barrel. The source said: **"The Russians and Saudis agreed to increase oil pumping to the market quietly, so as not to appear to be acting on the orders of Trump by pumping more Oil."** Another source said: **"The Saudi minister told the US Secretary of Energy Rick Perry that Saudi Arabia will increase production if its customers demand more oil."** (www.reuters.com).

But perhaps one wonders why does Russia join America to curb high oil prices, even though high oil prices are in Russia's interest? To answer this question, the scrutiny of this fact shows that Russia supports the price of oil at \$65 a barrel, because this is the price of the balance of the Russian oil industry, high prices will make many importing countries unable to afford to buy it eventually leading to a collapse in the demand side, which would harm the Russian oil industry.

In any case, Russia is not a big risk in this equation, but what really affect this equation is the pro-European OPEC members. It is not easy to implement what Trump is asking for except with greater pressure ... However, prices are unlikely to rise to 100, since importing countries cannot handle it, and the demand will fall and then the rise stops and falls... Trump is interested in reducing prices during the election period and its annexes, i.e. by the end of the year when it is not unlikely that the subject of the nuclear agreement would have begun to move towards a new bilateral Iranian-American agreement without Europe, and America's pressure on increasing production will end and so prices will revolve around \$80 a barrel ...

What is painful is that foreign forces use the resources of the Muslim world to play games against each other, while our rulers the Ruwaibidha are blindly following these policies and without any respect for the dignity of the Ummah. Note that most of the world's oil reserves are stored in the Islamic lands, whether in the Arab countries, Iran, in Africa, like Nigeria or Central Asia such as Kazakhstan, Turkmenistan or the Caucasus, like in Azerbaijan, but the country's oil imports do not belong to its people, most of whom suffer poverty and destitution. The rulers, their families and their entourage plunder it and smuggle the money abroad. When America asked Saudi Arabia last year during Trump's visit to Saudi Arabia on 21/5/2017, the sum of 460 billion dollars the Saud family were ready to meet his demand and pay the amount. Therefore, Muslims are not saved from this tragic situation except by the guided Khalifah (Caliph) like Al-Farouq, Omar Ibn al-Khattab who distributes wealth to people fairly, and starts with the poorest people and ends with the Khalifah (Caliph), who is the last to take and eat. The Prophet, the truthful (saw) said: **«كُلُّكُمْ رَاعٍ وَكُلُّكُمْ مَسْنُونٌ عَنِ رَعِيَّتِهِ الْإِمَامُ رَاعٍ وَمَسْنُونٌ عَنِ رَعِيَّتِهِ»** **"Each of you is a shepherd and each of you is responsible for his flock. The amir (ruler) who is over the people is a shepherd and is responsible for his flock"** [Bukhari]

He who deceives his people, his torment is severe as the Prophet (saw) said in the Hadith narrated by At-Tabarani in Al-Kabeer: **«مَا مِنْ عَبْدٍ يَسْتَرْعِيهِ اللَّهُ رَعِيَّةً، يَمُوتُ يَوْمَ يَمُوتُ غَاشًّا لِرَعِيَّتِهِ إِلَّا حَرَّمَ اللَّهُ عَلَيْهِ الْجَنَّةَ»** **"There is no person whom Allah has put in a position of authority and he dies on the day he dies cheating those under his authority, but Allah will forbid Paradise for him"**

These are the Ruwaibidha rulers; little do they think and comprehend!

**11 Safar Al-Khair 1440 AH**

**20/10/2018 CE**