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Two Princes who endanger the Kingdom

Preface

There are two active princes in Saudi Arabia. They are Crown Prince Mohammed bin Salman and Petroleum Minister Prince Abdul Aziz bin Salman. Their father is King Salman, but they are half-brother of different mothers. Muhammad bin Salman, so-called MbS, was born in 1985. He is younger than Abdul Aziz bin Salman who was born in 1960. MbS, King's favorite son, is now the de facto ruler of the Kingdom.

(See genealogy of King Salman: <http://menadabase.maeda1.jp/3-1-7.pdf>)

Two princes are gambling on the future of the Kingdom. Prince Mohammed gambles on his regime by charging other royal families with treason. Oil Minister Abdul Aziz gambles on oil market without the cooperation of Russia. Despite the apparent deterioration in the world economy and a decline in oil consumption due to the new coronavirus infection, Prince Abdul Aziz ordered to increase oil production aiming to defeat the rivals. Now Saudi Arabia is going to play death match with shale gas and oil producing companies in US. Bets by two princes are extremely risky. If they lose the game, not only their positions will be jeopardized, but also the Saud family and Saudi Arabia itself will be in terrible situation.

Part 1. Crown Prince gambles on his regime



On February 6, three US big newspapers, the Wall Street Journal (WSJ), the New York Times and Bloomberg, reported the arrest of the members of royal family in Saudi Arabia. They are Prince Ahmed bin Abdul Aziz and two sons of late Prince Naif, Prince Muhammad and Prince Nawaf. Prince Ahmed is the younger brother of King Salman. Late Prince Naif was elder brother of King Salman. It means that they are an uncle and cousins of Muhammad bin Salman respectively. Salman, Ahmad and Naif are famous as Sudairi Seven Brothers whose mother was Princess Hassa Sudairi. The eldest son was Fahd who was the fifth king of Saudi Arabia. The second son was Sultan who was the Crown Prince during the reign of the former King Abdullah. Naif succeeded Crown Prince after the death of Sultan. Five of the seven brothers have already passed away. King

Salman and Prince Ahmad are only two survivors.

(See genealogy of King Abdul Aziz and his wives: <http://menadabase.maeda1.jp/3-1-3.pdf>)

Newspapers reports that the reason for the detention was treason and princes were now under house arrest. No follow-up report is available so far. However, nobody believes that Crown Prince Muhammad has nothing to do with the arrest. Crown Prince is now the de facto ruler of Saudi Arabia. Therefore, it is not exaggeration that his power politics has brought troubles and terrors in the Kingdom.

Civil war in Yemen brought the trouble in soundness of Kingdom's finance system. The mass arrest of royal members and powerful business person in charge with corruption in 2017 spoiled the credibility of MbS in domestic society. The murder of Mr. Khashoggi, reporter of Washington Post at the Saudi consulate of Istanbul in Turkey in 2018 worsened the honor of the Kingdom in the international society¹. The reputation of the Crown Prince has fallen on the ground at home and abroad. Vision 2030, the flagship project of Crown Prince, is stagnant now². The listing of Aramco in the overseas market is uncertain. Decline in oil prices might led to a financial crisis. Economic problems have piled up in the Kingdom. (The problem of oil prices will be mentioned in the next paragraph.)

This is not the first time that Crown Prince Mohammad arrests royal family members. In 2017, Prince Alwaleed, a famous billionaire and a cousin of MbS, and Prince Mitteb, a son of the former King Abdullah, were arrested in charge with corruption. It was reported that Prince Alwaleed paid \$ 6 billion on bail. Prince Mitteb was fired from the Commander of National Guard. Most of the suspects including two princes were released before the trial. There was no doubt that the government dealt with suspects. The National Guard, which was the militia of the former King Abdullah, has been merged into the regular army. Crown Prince Mohammad is the Defense Minister. MbS monopolized military powers.

Prince Ahmed had been deputy interior minister until 2012 when his elder brother Naif was its minister. He never appeared on the surface of politics afterwards. But in 2018 when he stayed in London, he appeared on Western TV and criticized the involvement of Saudi Arabia in the Yemeni civil war. King Salman and Prince Muhammad got angry very much, and Prince Ahmed was about to be unable to return to the Kingdom for two and half months. Finally, he was allowed to return home with his apology. He kept low profile since then. Prince Muhammad bin Naif served as Crown Prince under King Salman from 2015 to 2017. But he was dismissed in June 2017 and replaced Prince Muhammad bin Salman, the son of King Salman.

There is one major difference between two royal arrests in 2017 and 2020. Princes detained in 2017 were the sons of prince Talal and The former king Abdullah. Salman, Talal and Abdullah had different mother, and they were half-brother each other. In other words, Crown Prince Muhammad

and detained two cousins has different grandmother. In 2020 case, however, Crown Prince Muhammad and two cousins share the same grandmother, Hassa Sudeiri.

It looks like that MbS convict his relatives regardless of half- or full-blood if they threaten the status of himself or his father, King Salman. There is no sanctuary to eliminate political enemies in his politics. There will be no mercy for fear politics by MbS.

Part 2. Oil Ministers gambles on oil market



On March 5, the OPEC held extraordinary meeting in Vienna, Austria. In December last year, ordinary meeting of OPEC and subsequent meeting with non-OPEC oil-producing countries, the so-called OPEC+ (plus), decided that the production level would be cut by half million B/D furthermore in addition to 1.2 million B/D cut of previous meeting. At the same time Saudi Arabia has announced to cut production by 400,000 B/D voluntarily. As a result, a total of 2.1 million B/D, equivalent to 2% of world crude oil production, diminished from the market. OPEC expected that the oil prices would rise.

However, production increase by shale oil & gas producers in US resulted in to offset the effects of OPEC+ production cuts (see [U.S. Oil Production Trends \(2017-December 2019\)](#)). And the global oil market faces the new enemy; coronavirus infection. China blocked Hubei Province entirely, but it has spread all over the world. The world economy has been paralyzed. Oil prices have plummeted due to both oversupply and weak demand.

Saudi Arabia has determined that OPEC+ should inevitably decrease oil production. They proposed an additional 1.5 million B/D cut in addition to the existing 2.1 million B/D cut. The plan requested OPEC member countries to cut 1 million B / D and non-OPEC countries such as Russia to cut 0.5 million B/D respectively. On March 5, OPEC officially announced that OPEC+ would implement an additional 1.5 million B/D cut by the end of June as proposed by Saudi Arabia³. It was odd that a second press release was issued on the same day that the production cut would be extended till the end of the year⁴. It is unprecedented for a press release to be issued twice after the OPEC meeting. It indicated the disorder inside OPEC. The series of decisions undoubtedly reflected the intentions of Crown Prince Mohammad bin Salman, the de facto ruler of

Saudi Arabia. Petroleum Minister Prince Abdul Aziz bin Salman was worried by Crown Prince, and OPEC members were worried by Saudi Arabia.

Production cut announced by OPEC covered not only OPEC members but also non-OPEC alliances, such as Russia. Therefore, the conclusion at OPEC conference on Mar. 5th should be endorsed at the OPEC+ meeting on the next day. However, Russia had been negative for additional production cut because US has increased shale oil production during the cut of 2.1 million B/D by OPEC+. Russia thought that US has eventually benefited. From the beginning, Russia was against the additional production cut.

Russian Petroleum Minister Alexander Novak returned to Moscow to consult with President Putin when Saudi Arabia proposed additional production cut at a pre-OPEC+ meeting. Abdul Aziz bin Salman unilaterally decided to announce a further production cut by OPEC+ by the end of the year without consent by his counterpart Alexander Novak. Novak returned from Moscow to Vienna in the morning on March 6.

One month ago, King Salman and President Putin confirmed on a telephone call that the oil market should be stabilized⁵. Saudi Petroleum Minister Abdul Aziz bin Salman had no conception about Putin's real intention. He was too simple-minded to believe that Russia would accept the Saudi proposal. Anyhow, his assertive manipulation at the OPEC meeting and lack of foresight might be the cause of the collapse of OPEC+ regime.

Together with the collapse of the OPEC+ regime and the uncertainty of the new coronavirus disease (COVID19), crude oil prices plunged under \$ 30 per barrel. With no signs of economic recovery of the world, oil prices are unlikely to recover for the time being. Saudi Arabia, nevertheless, announced to reduce oil prices⁶ and increase oil production⁷. Saudi Arabia has abandoned its role as a swing producer to maintain prices and changed its oil policy drastically. It is sure that Petroleum Minister Abdul Aziz bin Salman is a mere puppet that moves at the mercy of the Crown Prince.

In any case, Saudi Arabia has shown the intention to expel shale oil & gas producers in US from the market by lowering price and increasing production. But the damage against Saudi Arabia is fatal, too. It is a death match between the United States and Saudi Arabia. Prince Abdul Aziz bin Salman might move about in confusion in the game.

(Reference report) [Saudi New Oil Minister: Prince Abdulaziz bin Salman](#) (October 2019)

Afterword



Saudi Arabia recognizes Al-Saud family as the legitimacy of governance and tyrannical monarchy. Prince Muhammad bin Salman is gambling on absolute rulership. He relentlessly detains the royal family members who are against him. His overseas reputation has fallen drastically due to involvement in civil war in Yemen and the murder case of journalist Mr.

Khashoggi. The reason for suppressing princes is to hinder the spread of bad publicity inside the country and to establish his strong image as political leader. It is nothing but arrogance. The bet of Crown Prince is even so far.

On the other hand, the bet of Petroleum Minister Prince Abdul Aziz bin Salman, who is gambling on a massive increase in crude oil production and discount sales, is in a very disadvantageous situation due to the imminent global recession triggered by the new coronavirus infection. New oil policies might backfire on the Kingdom itself. It is true that Saudi Arabia's oil policy is determined by Crown Prince Muhammad, and Abdul Aziz is nothing more than a puppet. If the oil policy fails, the return will be back to MbS. But the person who bear the primary responsibility is Prince Abdul Aziz.

If the result is terrible, Prince Abdul Aziz has to shoulder the responsibility. In the past, it was hard to imagine that prince of Saud family had taken responsibility for the results. That was the reason why technocrats like Ahmad Zaki Yamani and Ali Al-Naimi were assigned to the oil minister. Technocrats took full responsibility when the Kingdom's oil policy came to a deadlock. No royal family members were asked their responsibility.

But the ruthless manner of Crown Prince Muhammad is no exception even to his half-brother. When Prince Alwaleed was detained on charges of corruption, blood relation with MbS were not so close. And when Prince Ahmad and two other princes were detained on charge of treason, their blood relation with MbS were much closer because both of them were members of Sudairi Seven.

Muhammad bin Salman might not hesitate to fire his half-brother. MbS would hesitate only for his father, King Salman. MbS will not be rude while King Salman is alive. But when his father passed away and MbS became king, it is not sure whether his half-brother Abdul Aziz is safe or not. (Of course, it is another matter that whether MbS can reach the thrown). The fact that they are half-brothers might result in tragedy.

Nowadays MbS seems to be lonely and skeptical. The detention after detention of princes tells it. When he will reign as king, a storm of purges strikes in Saudi Arabia, and Prince Abdul Aziz may be the victim same as Kim Jong-nam of North Korea. (He is a half-brother of Kim Jong-un.)

Will MbS continue to play wolf in sheep skin in international arena, especially in front of US President Donald Trump? Will MbS makes effort to monopolize political power and strengthen fear politics in domestic arena? However, as long as MbS flatters on US President, he has to suffer from the contradiction against his low-price and large-scale production oil policy which aimed to erase shale oil and gas industry in the US. And if he strengthens fear politics in the Kingdom, economic stagnation may be inevitable. Not only moderate royal family but also the ordinary citizens will turn into his enemies. Ultimately Islamic extremists may take over and jeopardize the Kingdom of Saudi Arabia, the Saud dynasty in Arabia.

(Reference report) '[The day when Saudi Arabia changes its name](#)' (May 2019)

End

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¹ How Saudi Arabia can manage the murder case of Jamal Khashoggi? (APR. 2019)
<http://ocininitiative.maeda1.jp/0464KhashoggiCaseApr2019English.pdf>

² Red signal on the Saudi Vision 2030: Private sectors wary of the Crown Prince
<http://ocininitiative.maeda1.jp/0458Ocin201901MbsEnglish.pdf>

³ OPEC 178th (Extraordinary) Meeting of the Conference concludes
2020/3/5 OPEC Press Release
https://www.opec.org/opec_web/en/press_room/5865.htm

⁴ OPEC Heads of Delegation hold further consultations
2020/3/5 OPEC Press Release
https://www.opec.org/opec_web/en/press_room/5866.htm

⁵ Saudi Arabia's King Salman and Russia's Putin agree to ensure oil market stability: Kremlin
2020/2/3 Arab News
<https://www.arabnews.com/node/1622371/saudi-arabia>

⁶ Saudi Arabia slashes oil prices after collapse of OPEC+
2020/3/9 Arab News
<https://www.arabnews.com/node/1638781/business-economy>

⁷ Saudi Arabia ramps up oil production to record level
2020/3/11 Arab News
<https://www.arabnews.com/node/1640036/business-economy>