

[\(Arabic Version\)](#)

[\(Japanese Version\)](#)

October 2019

Saudi New Oil Minister : Prince Abdulaziz bin Salman (AbS)

1. Saudi prince was assigned to Energy Minister



Prince Abdulaziz bin Salman (hereinafter referred to as AbS) was replaced Al-Falih as Energy Minister in Saudi Arabia¹. The new minister is 59 years old (born in 1960). He is the fourth son of King Salman and the brother-in-law of Prince Mohammad bin Salman (hereinafter referred to as MbS)². The Ministry of Oil and Mineral Resources was established in 1960 when AbS was born. The first

minister was H.E. Abdullah Tariki. Since then the successive ministers were all technocrat; Ahmed Zaki Yamani, Hisham Nazer, Ali Naimi and Khalid A. Al-Falih. AbS is the first energy minister of royal family members. People were surprised by this assignment.

New Minister AbS graduated from University of Petroleum and Mineral Resources (now KFUPM) in Dhahran, Kingdom of Saudi Arabia in 1982. Since then he has been working as a specialist in energy. He had an experience as a director of Arabian Oil Company, a joint venture with Japan, and also worked at the OPEC headquarter. In 2015 he was appointed as deputy minister of Energy. He assisted Minister Al-Falih, who was the schoolmate in KFUPM and lifelong colleague. His 40 years of experience in the oil industry is perfect and he has a wide connection in the oil industry at home and abroad. Nobody could underestimate his career.

However, it would be the most serious and subtle problem for AbS that how to communicate with MbS who is his younger brother-in-law but is now a de facto dictator of Saudi Arabia. The oil matters are now closely related to international political issues; Cooperation between OPEC+ (plus) countries such as Iran of OPEC member, or Russia of non-OPEC colleague. The United States is not only a rival as the world's largest oil producer³ but also US is an indispensable ally. New energy minister AbS has to confront complex diplomatic mechanics.

2. How about the personality of AbS?

When AbS made his first debut as oil minister at the Abu Dhabi Oil Conference last month, he seemed to be moderate gentleman. OPEC Secretary General Barkind appreciated that AbS was well experienced and knowledgeable man and never emotional⁴. However, you should not trust

Barkind's diplomatic appraisal. It was shown at press conference just after his appointment. He mentioned the days with his predecessor Al-Falih in a voice tinge with emotion⁵.



Arab News, leading paper in the Kingdom, favorably reported that AbS remembered his long-time friendship with Al Falih since schooldays. But it might be understood in different ways. He always drove back to Al Falih. In addition he has been standing behind to his career compared with MbS, brother-in-law. MbS is King Salman's most favorite son and 25-years younger than AbS.

AbS often explains his oil policy with pedantic expressions quoting Western literature or topical dramas. For example, at the press conference mentioned above, the prince quoted the popular British TV drama "Upstairs, Downstairs". He said "I would like to serve for the country and the king in the downstairs kitchen." Also, when he was asked that Saudi Arabia would become an energy importer in 2030, he replied that he was not wasting his time to discussing La La Land scenario. And he recently expressed that Aramco has revived like a phoenix against drone attacks to its oil facilities⁶. It was inappropriate for the Saudi oil minister who influences the world energy.

If the prince steadily realizes the oil policy, there will be no problem at all. But when he is not able to perform his responsibility, he will lose his trust at home and abroad. He will fade out if continuing ambiguous and pedantic expression. He should be more pragmatic oil man.

3. Problems confronting in the future

As an energy minister, Prince Abdulaziz bin Salman (AbS) will be assessed his reputation depending on his future achievements. There will be three major problems in front of him. They are (1) The relationship with his brother-in-law, Crown Prince Muhammad bin Salman (MbS), (2) How to manage with OPEC members and/or non-OPEC oil producing countries, so-called OPEC + (plus), and (3) How to tackle with the United States, Russia and Iran in the international political dynamics, where oil and politics are closely inter-related.



AbS is 25 years older than MbS. In common, the relationship between brothers-in-law is very sensitive and troublesome. Within the Saud royal family, once there was a family dispute over the succession to property between the sons of the late King Fahd. And in the North Korea, a ruthless assassination took place on the brother-in-law of

dictator Kim Jong Un. The relation between brothers-in-law is almost always have a lot of problems.

It seems almost certain that the relationship between AbS and MbS may eventually break down sometime in the future unless AbS fully obeys to MbS. Their father, King Salman, is afraid of such nightmare, so he concentrates power on MbS. The reorganization of the Ministry of Energy and Mineral Resources into the Ministry of Energy and decoupling of Aramco from the Ministry of Energy indicate to limit AbS's control to oil policy.

King Salman thinks that Crown Prince MbS should be the next king, and then the throne will be succeeded to the son of MbS. This is the prevailing rule of male direct inheritance of other monarchies in the world. He was eager to maintain the stable dynasty by the Saud royal family, effectively by his descendants. King Salman also thinks that MbS, nevertheless he is deemed as unfavorable person (*persona non grata!*) at home and abroad due to his dictatorship, seems to be more suitable to maintain the monarchy system than AbS, who is emotional and pedantic. Salman got the throne by means of power struggle inside the Saud family using maneuver and craft. Therefore, it is sure that Salman thinks MbS, father-like son, would be most suitable successor for throne. The energy minister will soon switch to young generation of oil technocrats whom MbS can control (or possibly MbS's full brother Khalid bin Salman). In any case, it seems to be obvious that the half-brother AbS will have no chance to survive in power struggle.

The next problem for AbS is how to manage the oil matters with OPEC members and non-OPEC oil producers (so-called OPEC+). Oil price is currently around \$ 60 / barrel (Brent crude oil). It looks like that production adjustment by OPEC+ shows good performance. But if looking at the actual production level of each OPEC members, decrease of production is due to not only by adjustment but also by other factors. Iran's production was actually sluggish due to US embargo. Venezuela faces the US Economic sanctions and domestic turmoil. In Libya, civil war is the main factor of production cut. On the contrary, Iraq has increased its production, and it is true that non-OPEC Russia has intentionally delays committed reductions.

Overlooking the global supply and demand, the United States has continued to increase shale oil and gas production, and is now the world's largest hydrocarbon producer (see BP Statistical Review of World Energy 2019). On the other hand, there is a sign of a recession in the global economy due to trade friction between the US and China, and there are many predictions that oil prices will fall in the future. Saudi Arabia, OPEC's biggest producer, is expected to lead other oil producers. But it is a question whether AbS can show such strong leadership.

Oil and international politics are closely related each other. Nowadays Saudi Arabia tries to maximize oil revenues, which is the only source of finance. At the same time, Saudi Arabia has to tackle the complicated relations with the United States, Russia and Iran. Sometime, it may lead to the conflict of interest. Saudi Arabia cannot win a proxy war with Iran over Yemen without US

military support. Russia is an ally of Saudi Arabia to maintain oil prices in OPEC + group. But at the same time, Russia is troublesome for Saudi Arabia taking into consideration the inseparable relation with US. Saudi Arabia suffers from how to deal with Russia. Against religious state Iran, Saudi Arabia is desperate to maintain the absolute monarchy.

In terms of energy market, Saudi Arabia shares interests with Russia and Iran. Oil-producing countries keep a close eye on US oil industry. In terms of military diplomacy, Saudi Arabia simply and obediently follows the United States. In Yemen, Saudi Arabia fell into a mad swamp. Saudi Arabia plays the leader of sanctions against Iran, but lost its foothold in Syria where Russia and Iran keep their position.

Saudi Arabia changes the partnership with the United States, Russia and Iran from time to time. Saudi Arabia is forced into tightrope diplomacy. Now it looks like that Saudi Arabia is isolated in the region.

In the energy field, AbS is unable to be outsider to these dilemmas and trilemmas. Problems cannot be solved even AbS makes pedantic speech at an international conference. He will give himself away sooner or later. AbS will give up his post in the near future.

Your comment on this matter would be highly appreciated.

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¹ Prince Abdulaziz bin Salman appointed Saudi Minister of Energy

2019/9/8 Saudi Gazette

<http://www.saudigazette.com.sa/article/576685/SAUDI-ARABIA/Prince-Abdulaziz-bin-Salman-appointed-Saudi-Minister-of-Energy>

² Refer to genealogy of Salman bin Abdulaziz Al Saud

<http://menadabase.maeda1.jp/3-1-7.pdf>

³ レポート「石油・ガスの生産と消費で米国が四冠：BP エネルギー統計 2019 年版石油+天然ガス篇」参照。

<http://mylibrary.maeda1.jp/0479BpOilGas2019.pdf>

⁴ Saudi Prince Abdulaziz bin Salman's oil diplomacy makes mark at Opec+ meeting debut

2019/9/13 Gulf News

<https://gulfnews.com/business/energy/saudi-prince-abdulaziz-bin-salmans-oil-diplomacy-makes-mark-at-opec-meeting-debut-1.66398765>

⁵ Oil output deal is here to stay, new Saudi minister vows

2019/9/9 Arab News

<https://www.arabnews.com/node/1551986/saudi-arabia>

⁶ Saudi energy minister says oil output to be fully restored by end of the month

2019/9/17 Arab News

<https://www.arabnews.com/node/1555711/saudi-arabia>