

# Free article review about relationship of us and saudi arabia over global oil pri...

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Saudi Arabia is currently encouraging the global oil prices to reduce. The likely result of the reduction move is a strained relationship with the US. Saudi Arabia hopes that the likely damage in the shale industry of America will be solved through the economic or geopolitical prizes that are offered to the US. Saudi Arabia has taken the major approach of influencing global oil market, and reducing the finances of the struggling shale companies. The reducing of oil price ensures significant cuts in tax level of US consumers. If oil price reduction is sustained, it will negatively affect the economies of Russia and Iran. The move also increases Washington's economic pressures on the two countries. Saudi Arabia influence on the oil prices is viewed by economist and political scientists as an economic and political strategy. The strategy ensures economic challenges for rivals like Iran and Russia. However, the strategy does not alienate allies like the US.

Saudi Arabia is comfortable with the oil price of approximately \$80, instead of the appropriate \$100. Saudi Arabia is very influential in determining oil prices. This is despite new oil production in America and globally. The reduced oil prices can result in a budget deficit, and this will raise issues on the political stability of Saudi Arabia. However, economic analysts illustrate that the kingdom will adequately withstand the budget deficit, due to the great foreign exchange reserves. With the reduced rate of global economic growth, the reduced oil prices favor the weakening economies like China and Europe. These economies represent the biggest customers of Saudi's products. Despite the shale boom, America is the greatest oil net importer. Lower global oil prices have negative outcomes for the shale production

sector in America. One negative outcome is a reduction in capital spending, by the shale producers.

## **Works Cited**

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