

zerohedge, 10.10.2014 --www.zerohedge.com/news/2014-10-10/why-oil-plunging-other-part-secret-deal-between-us-and-saudi-arabia

Why Oil Is Plunging: The Other Part Of The "Secret Deal" Between The US And Saudi Arabia

Two weeks ago, [we revealed one part](#) of the "Secret Deal" between the US and Saudi Arabia: (1) namely what the US 'brought to the table' as part of its grand alliance strategy in the middle east, which proudly revealed Saudi Arabia to be "aligned" with the US against ISIS, when in reality John Kerry was merely doing Saudi Arabia's will when the [WSJ reported](#) (2) that "the process gave the Saudis leverage to extract a fresh U.S. commitment to beef up training for rebels fighting Mr. Assad, whose demise the Saudis still see as a top priority."

What was not clear is what was the **other part**: what did the Saudis bring to the table, or said otherwise, how exactly it was that Saudi Arabia would compensate the US for bombing the Assad infrastructure until the hated Syrian leader was toppled, creating a power vacuum in his wake that would allow Syria, Qatar, Jordan and/or Turkey to divide the spoils of war as they saw fit.

A glimpse of the answer was provided earlier in the article "[The Oil Weapon: A New Way To Wage War](#)" (3), because at the end of the day it is always about oil, and leverage.

The full answer comes courtesy of [Anadolu Agency](#) (4), which explains not only the big picture involving Saudi Arabia and its biggest asset, oil, but also the latest [fracturing of OPEC](#) (5) at the behest of Saudi Arabia...

Diagram - OPEC's Price Crunch – Estimated breakeven oil price for 2014 government budgets (see below)

... which however is merely using "the oil weapon" to target the old slash new Cold War foe #1: Vladimir Putin.

To wit:

Saudi Arabia to pressure Russia, Iran with price of oil

Saudi Arabia will force the price of oil down, in an effort to put political pressure on Iran and Russia, according to the President of Saudi Arabia Oil Policies and Strategic Expectations Center.

Saudi Arabia plans to sell oil cheap for political reasons, one analyst says.

To pressure Iran to limit its nuclear program, and to change Russia's position on Syria, Riyadh will sell oil below the average spot price at \$50 to \$60 per barrel in the Asian markets and North America, says Rashid Abanmy, President of the Riyadh-based Saudi Arabia Oil Policies and Strategic Expectations Center. **The marked decrease in the price of oil in the last three months, to \$92 from \$115 per barrel, was caused by Saudi Arabia, according to Abanmy.**

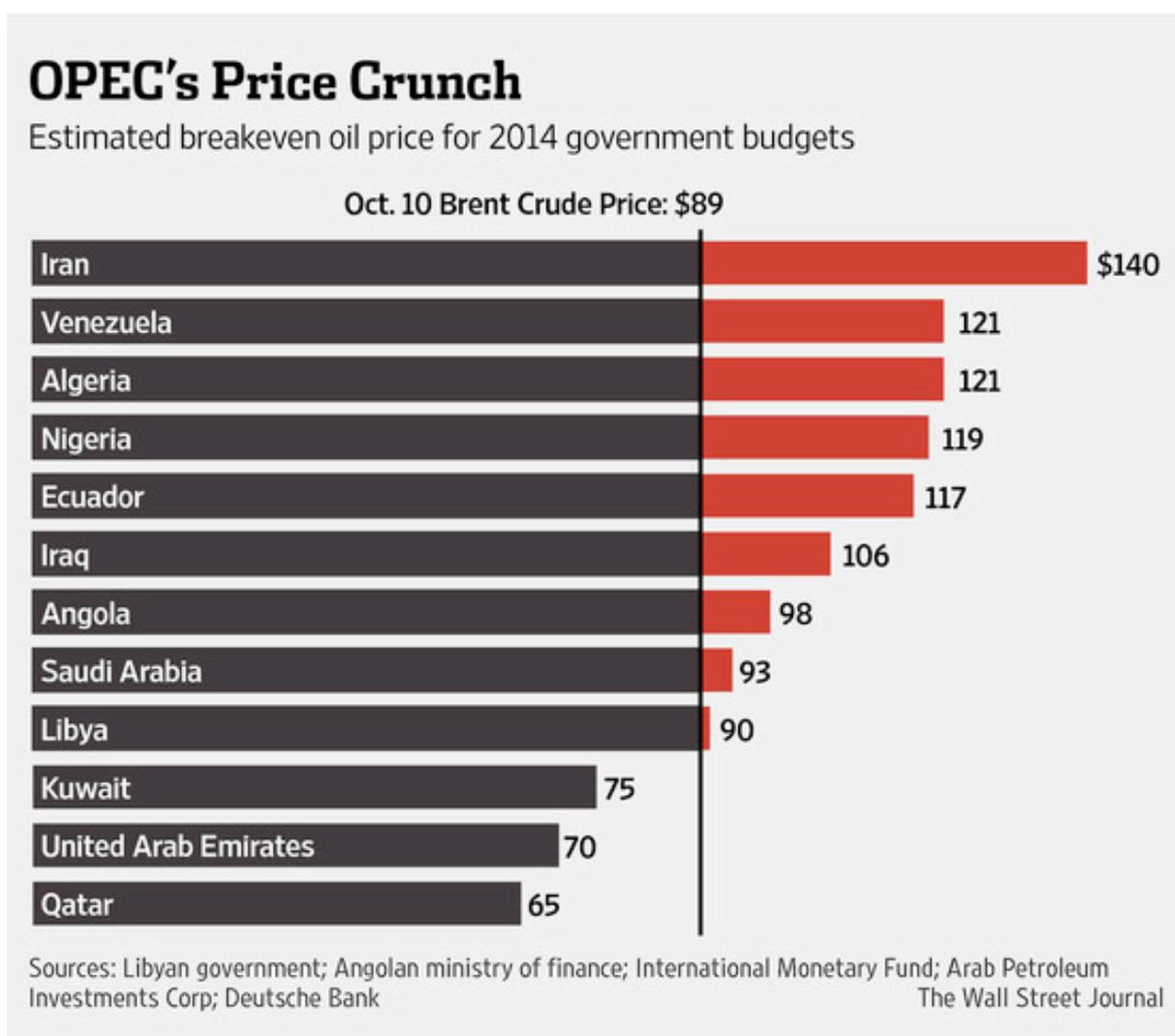
With oil demand declining, the ostensible reason for the price drop is to attract new clients, Abanmy said, **but the real reason is political.** Saudi Arabia wants to get Iran to limit its nuclear energy expansion, **and to make Russia change its position of support for the Assad Regime in Syria.** Both countries depend

heavily on petroleum exports for revenue, and a lower oil price means less money coming in, Abanmy pointed out. The Gulf states will be less affected by the price drop, he added.

The Organization of the Petroleum Exporting Countries, which is the technical arbiter of the price of oil for Saudi Arabia and the 11 other countries that make up the group, won't be able to affect Saudi Arabia's decision, Abanmy maintained.

The organization's decisions are only recommendations and are not binding for the member oil producing countries, he explained.

Today's Brent closing price: \$90. Russia's [oil price budget for the period 2015-2017? \\$100](#) (6). Which means much more "forced Brent liquidation" is in the cards in the coming weeks **as America's suddenly once again very strategic ally, Saudi Arabia, does everything in its power to break Putin.**



Notes:

(1) **A Look Inside The Secret Deal With Saudi Arabia That Unleashed The Syrian Bombing** -- zerohege, Sept 25, 2014 – URL: www.zerohedge.com/news/2014-09-25/look-inside-secret-deal-saudi-arabia-unleashed-syrian-bombing

(2) Deal With Saudis Paved Way for Syrian Airstrikes -- Talks With Saudi Arabia Were Linchpin in U.S. Efforts to Get Arab States Into Fight Against Islamic State – WSJ, Sept 24, 2014 – URL:

http://online.wsj.com/articles/deal-with-saudis-paved-way-for-syrian-airstrikes-1411605329?mod=WSJ_hp_LEFTTopStories

(3) zero hedge, Oct 10, 2014 – URL: www.zerohedge.com/news/2014-10-10/oil-weapon-new-way-wage-war

(4) Saudi Arabia to pressure Russia, Iran with price of oil - Saudi Arabia will force the price of oil down, in an effort to put political pressure on Iran and Russia, according to the President of Saudi Arabia Oil Policies and Strategic Expectations Center --

Anadolu Agency, Oct 10, 2014 – URL:

www.aa.com.tr/en/economy/402343--saudi-arabia-to-pressure-russia-iran-with-price-of-oil

(5) Oil-Price Slump Strains Budgets of Some OPEC Members - Oil-Producing Countries Face Steep Deficits If Price War Continues -- WSJ, Oct 10, 2014 – URL:

<http://online.wsj.com/articles/oil-price-slump-strains-budgets-of-some-pec-members-1412952367>

(6) For Putin, Oil Decline Worse Than Obama's Sanctions -- Forbes, Oct 9, 2014 – URL:

www.forbes.com/sites/kenrapoza/2014/10/09/declining-oil-hurting-putins-economy-more-than-u-s-sanctions