

## **CHAPTER V**

### **CONCLUSION**

Based the previous chapters, it could be concluded that Saudi Arabia's political strategy towards the declining world oil price in 2014-2015 was to maintain their oil market. As a huge oil producing country that has oil as their natural resources as well as their most capital incomes are come from oil production, Saudi Arabia itself was too dependent on the oil production as the first priority in fulfilling their country's income. Furthermore, oil also has made Saudi Arabia become a more developed country. From other big countries' point of view, Saudi Arabia will always maintain their strong presence.

Arab Saudi's strategy in managing declining the price of their world oil market is a strategy that could be considered a harmful strategy to the country due to the cost of large production. Furthermore, their oil market itself, which was previously a Saudi Arabia's oil market, already have switched to using shale oil even produce shale oil, but nonetheless Saudi Arabia still implements its strategy. The market strategy of them is lowering the price of oil, and do not want to cut their production, which is economically it is rational to say that supply and demand will not be met in the case of Saudi Arabia's strategy.

They insisted to stay afloat from the crisis caused by their own strategy because Saudi Arabia has a big savings country income. Their income are from the sale of oil production before the crisis happened, the income of the pilgrimage

visit, and other incomes, so they think that it can cover any losses resulting by their oil market strategy.

Their strategy to maintaining as the global oil market producer is very risky because they have gained a great loss and debt from the impact of declining oil prices and the savings income of their country will constantly be used to cover all their losses in declining oil prices. Therefore, Saudi Arabia has a second strategy as a back-up plan when their first strategy does not meet their expectations (Glada & Stevens, 2011), which is with :

1. Reducing government subsidies, including on fuel, electricity, and water.  
This was carried out by raising the cost of fuel consumption. These efforts as well as a means to reduce fuel subsidies, so that it can be utilized for the development of productive sectors outside the oil sector.
2. Reducing dependence on petroleum. Through the National Energy Efficiency Program (National Energy Efficiency Programme/ NEEP) which was launched in 2002, sought to encourage efficient consumption of energy resources.
3. Developing business outside the oil sector and training the available labor to work in these sectors including women.
4. Selling shares to the PIF (Public Investment Fund) and foreign countries for the national oil company (ARAMCO) up to 5% and adding new and renewable energy resources.

This second strategy seems like they want to move from making oil as their first priority in a longterm way. Although it will be likely so hard to become

a country that not too depending on oil for Saudi Arabia, they realize that too depending on their oil is a bad habit for them.

Saudi Arabia chose to turn the economy away from petroleum dependency by their Vision 2030. Saudi Arabia now realizes if natural resources are not everything. Attention to the quality of human resources is more important. During this time, the concept of the old country in Arab culture has created obstacles to the progress of the country such as unemployment. Saudi Arabia under the leadership of King Salman is now heading for a new rhythm. This applies not only to foreign policy and international relations but also to the ambition of domestic economic growth that is expected to be a positive reality.

At the end, lesson to be learned is, through policy reform and change the public mindset in the utilization of natural resources and energy resources, is expected to overcome or at least reduce the negative impact of the crisis. Through this thesis, it may able to give a positive academic contribution, especially for the students of International Relations for the subject of Strategic Studies, International Relations in Middle East and International Political Economy.