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Saudi Arabia's Growing Presence under Trump 2.0 Foreign Policy

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Trump 2.0 domestic and foreign policies continue to shake the United States and the rest of the world. On the domestic front, Elon Musk's Department of Government Efficiency (DOGE) is restructuring the federal government significantly, startling federal employees. DOGE is a temporary organization established under an executive order issued on President Donald Trump's Day 1. It is rapidly closing down government agencies and reducing staff with the aim of promoting efficiency and spending cuts. Musk has vowed to reduce federal spending by $1 trillion.

For example, almost all of the around 10,000 employees at the U.S. Agency for International Development (USAID) for overseas aid and humanitarian assistance have been instructed to take leave of absence, with a plan given to reduce the number of its employees by 1,600. In addition, Joint Chiefs of Staff Chairman Gen. Charles Brown and other senior military leaders have been dismissed, indicating a personnel reduction at the Department of Defense. Plans have been announced to cut defense spending by 8% per year over the next five years. In a headline-making action, Musk sent an email instructing all federal employees to show their achievements over the past week.

These actions may represent an unprecedented federal government restructuring. However, it will be interesting to see whether spending cuts and efficiency enhancement will really progress in a way that truly enhances the federal government's performance. On the other hand, concerns have been raised that the defense budget cut could lead to a decline in U.S. military power and a negative impact on national security. Furthermore, some have pointed out that the large-scale restructuring may seemingly represent the Trump administration's intention to take control of the federal bureaucracy and instill Trumpism in the federal government. At any rate, the world will be watching to see what consequences the earthquake within the U.S. government will bring to the United States and the rest of the world.

Similarly, Trump 2.0 foreign policy has rattled the world. The most symbolic example of this would be Trump's approach to Russian President Vladimir Putin over the course of the war in Ukraine. Trump, who has set a goal of ending the Ukraine war as soon as possible, surprised the world on February 12 by announcing his telephone talks with Putin and a plan to start negotiations to end the fighting in Ukraine. The announcement came without his making of sufficient prior consultations and coordination with Ukraine or Europe, which continues to support Ukraine and is geographically close to Russia. Ukraine and Europe have grown alert to the development that indicates that the U.S. and Russian leaders could negotiate the fate of the Ukraine war.

On February 18, high-level talks between the United States and Russia were held in Saudi Arabia, indicating the possibility of a U.S.-Russia summit meeting. In fact, no one can predict the results of future U.S.-Russia negotiations and complex coordination where Ukraine and Europe as well as the United States and Russia will be involved. The outcome of the war in Ukraine remains uncertain. However, it is certain that the start of talks between the United States and Russia under

Trump 2.0 has moved things. Whatever the outcome, it is highly likely that security measures against Russia will be more important than ever for Ukraine and Europe.

Under these circumstances, Trump 2.0 still retains anti-Russia economic sanctions as a card for exerting pressure on Russia. The anti-Russia sanctions introduced and strengthened after the start of the Ukraine war have been designed to reduce Russia's ability to wage war. The most important among various and numerous Western anti-Russia economic sanctions led by the United States have been those targeting oil exports, which account for most of Russia's export revenue and represent the artery of the Russian economy. Due to the flexibility of the international oil market, however, Russian oil has continued to be exported to India and China at discount prices even under the Western embargo on Russian oil, allowing Russian oil exports to remain unchanged without decrease. Crude oil price hikes have prevented Russian oil export revenue from slipping below the levels seen before the war.

In order to reduce Russia's oil export revenue at present, the Western bloc may have to cut oil prices and Russian oil export volume as far as the revenue is the product of prices and quantity. In this sense, Trump's request for the Organization of the Petroleum Exporting Countries to increase production to reduce oil prices on January 23 was precisely aimed at lowering Russia's oil revenue through oil price cuts, irrespective of the feasibility of OPEC's acceptance of the request. Furthermore, tightening the stranglehold on the so-called "shadow fleet" of oil tankers for shipping Russian oil, known as an important part of the loophole in the anti-Russia sanctions, is a means of reducing Russian oil export volume. Three years after the start of the war, new efforts are apparently being made to reduce Russia's oil revenue in terms of price and volume.

However, there are concerns that the reduction of Russian oil export volume may serve to push up oil prices. Paradoxically, it can be said that the fact that Russian oil exports have not declined even under Western sanctions has reflected the true intention of the United States and the West to avoid oil price hikes. Western countries know that if Russian oil disappears from the international market due to stricter sanctions, oil prices may inevitably rise to their disadvantage. If attempting to reduce Russian oil exports by toughening measures against the "shadow fleet," Western countries will have to take measures to prevent oil prices from rising.

Saudi Arabia will hold the key to reducing Russian oil exports while avoiding oil price hikes. If Saudi Arabia were to increase production to cover the decline in Russian oil exports, oil price hikes would be avoided. As a result, Russia's oil revenue could fall significantly. In this regard, Saudi Arabia's presence and influence may be greatly highlighted for both the United States and Russia, as well as for the world as a whole, through the stability of the international energy market.

In fact, this also applies to Trump 2.0's tightening of sanctions against Iran. Under an executive order to restore "maximum pressure" on Iran, the Trump administration will focus on reducing Iran's oil exports and revenue. If Iran's oil exports continue to decline sharply, as was the case during the first Trump administration, upward pressure on oil prices will increase. But such development may not be what President Trump wants. In that case, Saudi Arabia's production expansion would be key to reducing Iran's oil exports and revenue while keeping oil prices from rising. In this sense, too, Saudi Arabia's presence is significant for the United States, for Iran, and for the international oil market.

Although the United States has achieved energy self-sufficiency through the shale revolution, it is still not immune to the negative impact on people's lives and the economy caused by soaring prices in the international energy market and the resulting surge in domestic gasoline prices. Rising energy prices are a problem that not only the United States but also all energy-consuming countries want to avoid at all costs. Under such circumstances, Saudi Arabia, which holds the key to stabilizing the energy market, is greatly increasing its influence and presence.

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