

Reducing Vulnerability to Middle East Energy Shocks: A Key Element in Strengthening U.S. Energy Security

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In recent years, high oil prices, instability in the Persian Gulf, and political tensions between Washington and key oil-producing countries have underscored the cost of heavy reliance on oil from tumultuous regions. The United States and the wider global economy are particularly vulnerable to energy shocks emanating from the Middle East. The region's oil supplies could be disrupted by any number of factors, including terrorist attacks, uncertain political transitions, the spread of Iraqi instability, and confrontation with Iran over its nuclear program. Although some economists argue that oil markets can respond to any supply shock, a sharp rise in prices would almost surely send the global economy into a recession. Such a spiral would profoundly affect the United States, even if it went to the considerable financial, lifestyle, and environmental expense required to cut energy consumption, boost production, and become self-sufficient.

Despite this looming threat, American energy policy has been caught in a political crossfire for some time. Reaching national consensus on energy strategy has proven difficult, making the U.S. energy system even more fragile and dependent on foreign oil. What can be done to break this impasse?

Patrick Clawson and Simon Henderson examine the level of America's dependence on Middle Eastern energy resources, the extent of its vulnerability to regional energy shocks, and the policy instruments at Washington's disposal to limit both the likelihood and potential negative impact of these shocks. Although few policies will reduce vulnerability quickly, this lag should be a reason to act now rather than waiting for the eruption of a crisis in which there are few options and little time to implement them.

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