

**Vulnerabilities of the  
Global Energy  
Infrastructure to  
Middle Eastern Politics  
By Patrick Clawson**

# Energy infrastructure vulnerable to hostile states, terrorists

- Disruption could come from any direction
  - Witness hurricanes Katrina, Rita
- Middle East has 2/3 oil reserves, 1/3 output
- M.E. disruption affects U.S. no matter import level
  - Integrated world market means all hit by price shock
    - Even if U.S. energy independent

# I. Al-Qaeda attacks on oil facilities

- Bin Laden encourages
  - Calls “the most powerful weapon against the United States”
- Disrupting key facilities would affect traders, might affect physical supply
- Not clear Gulf states have “best practices” against terror attack danger
  - Need something like U.S. National Strategy for the Physical Protection of Critical Infrastructures and Key Assets.

## II. Domestic Instability, e.g., Saudi

- Serious problems
  - 82 year old king, 81 year old successor
  - Huge youth unemployment
  - Vibrant religious extremism, often hostile to foreigners
- Instability could cause
  - Fear of terrorism
  - Domestic unrest
  - Worry about sudden change in regime policy
- Potential for sudden exodus of foreign oil workers
  - Could disrupt output

## III. Spillover of Iraqi instability

- Sunni-Shia relations under strain throughout Middle East
- Saudi oil-rich Eastern Province has Shia majority
  - Shia have deep historical grievances against Riyadh
- Kuwaiti citizens one-fourth Shia
- Both countries in past had sectarian-based terror attacks

## IV. Escalating tensions with Iran

- 1980s: Iran attacked tankers in Gulf
- Its leaders threaten to disrupt Gulf oil supplies if pressed
  - Explicit threats if UN steps up sanctions
- Ahmadinejad: confident, not inclined to compromise, militant
- Defense Intell Agency: “We judge Iran can briefly close the Strait”
- Expect more deterrent steps vs Iran threat to shipping

# Invest in Reducing Vulnerability of Markets to Sudden Swings

- Increase role of strategic reserves – not just the size
- Explicitly factor security into energy policy process
- Improve the poor data about oil supply, demand
- Plan for energy conservation measures to complement reserve use in a crisis