Energy policy has strategic significance for economic developments and must form a key focus of foreign policy. Organizations such as the International Energy Agency (IEA) and the International Atomic Energy Agency (IAEA) have tried but been largely unsuccessful in guiding energy decisions. They similarly seem to have had little influence on producer/consumer relations such as OPEC and oil importing nations’ dialogues. Similarly, inclusion of considerations of climate or environmental protection in energy policy making has generally been haphazard or ineffectual, if at all considered.

Energy policy must consider the three pillars of energy supply effectiveness: energy economics, energy security, and environmental protection. In other words, we must find ways to assure economic growth with security while continuing reductions in greenhouse gas emissions and other detrimental environmental impacts. Europe and Japan are much more dependent on energy imports than the U.S. and act accordingly. The U.S. must learn to reduce per capita consumption of energy and from other industrialized countries such as Germany which uses only half the energy per capita for roughly the same per capita economic output and standard of living. The link between economic growth and energy consumption must and can be broken without reducing consumer standards of living.

To achieve this, more competition and rewards must be introduced into the energy markets to assure not only greater efficiency in power generation but also in its distribution and delivery. The objectives must be to use markets and technology to improve energy efficiency and not only force consumers to reduce their demand. This, while encouraging consumers to become smarter energy users. Buildings, for example, can be designed to use 20–40% less energy without impacting on personal comfort. Germany, for example, introduced an eco-tax to improve demand side energy management. There are many new developments that will affect energy policy in future, such as clean coal technology. Competition among networks of energy suppliers or converting monopolistic into competitive markets, similarly offer opportunities for greater efficiency. Overriding though are issues of energy security in physical, economic, and political terms. These cannot be compromised.
in any approach to effective energy policy. In fact, global and energy security have become intimately linked, as terrorists increasingly threaten the use of the oil or energy supply weapon.

Energy deregulation and free market operations can work. Every consumer (residential, commercial, and industrial) would be free to choose not only the supplier but also deliverer of gas, electricity, petroleum, and more. No tariffs need to be set and incentive pricing can readily be introduced. As in many economic sectors, some energy activities may have to remain monopolies such as gas or power distribution networks but by effective vertical separation of monopoly from competitive activities, the benefits of a free energy market can be assured; all this without compromising customer service.

Increasingly important policy issues, in addition to diversification, expansion of the use of renewable and alternative energy sources, and improvements in energy use efficiencies, are the greater use of cogeneration (combining heat and power supply with regeneration) and better use of distribution and supply infrastructure, among others. Similarly, open, transparent energy trading markets at the fuel, energy supply, and distribution capacity level must be encouraged to improve greater capacity utilization and resulting efficiency of energy delivery.

Many countries, including the U.S., have antiquated energy infrastructure and use outmoded generating and distribution technology. Introduction of available, often efficient, renewable energy sources has been painfully slow. Among various approaches to energy security, the U.S. Strategic Petroleum Reserve (SPR) provides some supply assurance. But this approach must be managed to assure its use as a supply security and not price-regulating instrument.

U.S., as well as global, energy policies must be reviewed and brought up to date so as to reflect the realities of supply, demand, environmental, and market characteristics. They must provide meaningful incentives for development and use of efficient alternative fuels and energy conversion methods so as to assure greater security of supply and provide resources for alternative fuel and energy conversion developments and use.

Access to economic and environmentally clean energy is a key to economic development. With more than 76% of the world’s population still living in poverty, pressure is growing to assure greater economic equality which increasingly depends on ready access to reasonably priced energy or fuels.

Some OPEC members have used oil as a strategic and economic threat and continue to assume global dependence on their oil supplies. They fail to recognize that not only has global energy and particularly oil demand leveled off, but renewable energy developments, new sources of oil and gas, and large-scale energy conservation programs resulting from growing concerns with greenhouse effects all contribute to a serious potential decline of demand for and dependence on OPEC oil. OPEC, which primarily represents Middle Eastern and North African producers, has lost significant power and no longer controls or supplies the bulk of global petroleum demands. Access to major energy and particularly petroleum and natural gas supplies has become politicized in recent years. The oil weapon is