

Where is the Oil Tea Party?

Written by Kevin Rosner

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According to a recent US CBS news report, US gas prices are up \$0.27 since September 1, 2010. For every penny increase in the price of gasoline paid by the US consumer, it costs the American economy an additional \$4 million dollars a day in lost revenue, with much of this sent overseas to buy imported oil. So as America digs itself out of a recession (preceded, let's not forget, like every other recession since World War II, by the skyrocketing price of oil reached in July 2008), consumers and businesses alike are being increasingly taxed by a foreign government or governments without due representation. Sound familiar? So where is the oil tea party? Buried in political in-fighting and short-sightedness, the new US Congress, which will convene in January 2011, needs to take up the challenge to rebuild America's future devoid of the partisanship that some (not all) in Congress have self-interestedly wallowed in for so long. The American consumer, whose national identity is intrinsically linked to independence and self-determination, too has an obvious vision problem. According to US budget analysts, half of the US' trade deficit can be attributed to exporting what is an increasingly weaker dollar for increasingly more expensive oil imports. This water-torture has been coined by al-Qa'ida as 'death by a thousand cuts,' demonstrated in the emergency room of the US economy as a massive hemorrhage of US prosperity. As millions of Americans took to the road for the Thanksgiving holiday, the call is not for them to get out of their cars but to diversify what they put into them. Let's hope that members of the new Congress, on both sides of the aisle, think about this in 2011 so that next year thanks can be given for a commitment to breaking oil's monopoly in America's transportation sector.

Over the course of this past month, IAGS members (publisher of the *Journal of Energy Security*) were busy in Paris (at the IEA), Singapore (at the National University of Singapore), and in Baku (at the Center for Strategic Studies under the auspices of the President of Azerbaijan), among other places, participating in global forums to advance the global energy security agenda. In Baku, the key issue was raised on strengthening the European-Caspian link in the gas trade, a key ingredient in Europe's hopes for strengthening its own energy security. Just prior to this, the European Commission released its "Energy 2020 Towards a new Energy Strategy for Europe 2011- 2020" communication, which pours a proposed 1 trillion Euros toward completing Europe's internal market for power and toward linking the often land-locked European Member States who joined the EU after 2004 to break their isolation from one another. At these forums, research based in part on contributions to the

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over the past several issues was shared on the energy security frameworks of several different Central and Eastern European states. The research focuses on the need to diversify European gas imports not only in transit infrastructure, but in the country-of-origin of European gas away from a single, dominant supplier. Not unlike the oil trade, which for the transportation sector experiences a fuel-monopoly, Europe experiences security vulnerabilities driven by its legacy dependency on a single monopoly gas supplier. The monopoly issue was raised and interest was generated. Now, the

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looks forward in the following issues to deepening engagement with Caspian gas producers

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and regional experts on bringing a fresh set of perspectives on Azerbaijan's contribution to European energy security.

At present we turn to our December issue, with continuing attention paid to the water-energy nexus. Steven Solomon, one of the world's most celebrated experts in the field, lays out for *JES* readers his vision of the state-of-play in what can only be considered a drama for communities around the world to concurrently address their own energy and water needs. Solomon points out that energy is the single largest cost-input into the production of potable water. However instructive, it is also unsettling to note, as Mr. Solomon does, that as we look to new renewable technologies to diversify our power mix, many of these technologies are even more water intensive than present generating technologies. Solomon draws some of his observations from work carried out by Mike Hightower, et. al. at Sandia National Laboratories on the water-energy nexus (see the

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issue) and points out how these issues can catalyze already strained relations between states sharing the same water-pathways, such as the Indus river basin.

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contributor Uttam Kumar Sinha at India's Institute for Defence Studies and Analysis bores deep into the India-Pakistan (Indus valley) water-energy conundrum in follow-up to the stage Solomon sets for readers.

Rounding out this issue of the *JES* are several contributions that have sparked attention in the main-stream press as of late. China's decision in October to halt the shipment of some rare earth metals to Japan (China controls over 97% of the world's production of rare earth metals at present) triggered this reporting. Rare earth metals constitute a matter of national security importance to countries around the world, and it will be delved into over March 22-23, 2011 in Washington DC at the **TREM II Conference on Technology**

& Rare Earth Metals

. Additionally, the Arab Gas Pipeline's contribution to Middle East trans-border cooperation is explored in this issue by first time

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contributor Mary E. Stonaker at the Middle East Institute at the National University of Singapore, where, as noted, IAGS made an appearance earlier this month.

Finally, we are happy to welcome back Dr. Donna J. Nincic, Director of the ABS School of Maritime Policy and Management, of California's Maritime Academy at California State University, with her contribution on the possible radicalization of maritime piracy and its implications for maritime energy security. Donna's research points out that maritime pirates in Somalia and other countries are starting to cooperate with terrorist entities, complicating an already complex web of international maritime law and interdiction efforts on the part of many

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around the world (US, Germany, Russia and China just to name a few). This also deepens the complexities of effectively dealing with piracy by national governments in a court of law. As we go to print, ten Somali pirates are ready to stand trial in Germany. If convicted, they may face several years behind bars in the German Republic and then astonishingly be able to apply for political asylum in that country. Concurrently, other reports have surfaced that indicate that pirates may increasingly be looking at the nationality of a flagged carrier before attacking a vessel, as an increasing number of pirates have been shot attempting to board Chinese and Russian vessels of late. Approximately 500 hostages are presently being held in captivity in Somalia for a period of time twice as long as just 18 months ago. This certainly indicates that such hostage-for-ransom activity is on the up-tick. Stay tuned and best regards,

Kevin Rosner, Editor