In its May Oil Market Report the International Energy Agency announced that it expected oil demand for 2009 to be down on average some 200,000 barrels a day over 2008 year on year demand. It has also predicted that global electricity demand will be down 3.5% in 2009- the first time that demand for power will have fallen since 1945. Yet oil prices have been increasingly steadily on world markets the last four months followed by accelerated retail gasoline prices in anticipation of the US summer driving season. It is admittedly easy to get lost and confused in this flurry of contradictory numbers. The real question that needs to be asked is whether the underlying fundamentals of what drove $147 a barrel oil in July 2008 have changed? The answer is a resounding no.

We are clearly not yet out of the woods in terms of the global economic recession. What fundamentally drove historically high retail gasoline prices in 2008 was prolonged global economic growth which was a good, not a bad, thing. Price inelasticity and the ability of consumers to absorb an increasingly higher cost for transportation fuels maintained demand against a faltering and partially manipulated supply picture. Less visible but more insidious has been the global lack of adequate investment in new upstream oil activities, tightening global reserve: production ratios, high and enormous speculation in oil futures' contracts, political turmoil and its cascading impact on oil prices all which contributed to what we saw in July, 2008.

Unless the medium term future of the world is predicated on a collapsed Chinese economy, declining demographics in India, prolonged decade-long demand malaise in the United States and Europe, the end of the role of speculation in global commodities markets, and the sudden emergence and acceptance of alternative fuels in the transportation sector, oil prices will return with a vengeance. In short, the present global economic recession is but a painful blip on the screen of an ugly oil future for consumers characterized by upward and severe oil price shocks.

In this issue of the Journal of Energy Security we tackle some of these issues head on. Captain (retired) David David L.O. Hayward tells us why China's commitment to economic growth, which demands huge new quantities of oil, will continue unabated and what the global security implications are for its growing oil dependence. As demand for global energy resources rebounds, Gal Luft highlights what the policy implications may be for India, Pakistan and other powers on the potential development of the Iran-Pakistan-India pipeline. Again the IPI pipeline demonstrates the broad policy implications of energy well beyond its logical framework of power and transport. Interestingly, the IPI pipeline could also be of benefit to the Russian Federation as it continues its quest for wholesale domination of the European gas market. Here, Camilla Hagelund, of the Henry Jackson society provides an outstanding analysis of empowered Russia

in an update of its activities in Europe; Phillip Cornell of the NATO School and Jochen Kleinschmidt have collaborated on energy and the security implications of the High North again involving Russia and other Arctic littoral states.

Drexel Kleber of the United States Department of Defense takes us through the DoD's holistic approach to its own energy security with, under particular circumstances, the necessity of 'islanding' its own installations from the US electricity grid; finally, Jude Clemente talks about the new Smart Grid and how the introduction of this new technology brings with it a host of its own security concerns.

As always, we welcome your questions and comments.

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