

Next Japanese and U.S. Administrations and Their Energy Policies

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In the second half of last week, I visited Washington where I had the opportunity to exchange opinions with the government officials, think tank researchers, and experts in the town. The main theme of our talks was how to view the next U.S. administration and its energy and climate change policies in light of turbulent developments surrounding the U.S. presidential election over the past month. Due to the unexpected news that Japanese Prime Minister Fumio Kishida announced that he would not run in the presidential election of the ruling Liberal Democratic Party in September, however, a lot of interest was given during the talks in Japan's next administration and its policies regarding the formulation of the Seventh Strategic Energy Plan. In the following, I would like to summarize the impressive points of the talks, focusing on the issues surrounding the next U.S. administration.

Regarding the U.S. presidential election, dramatic developments have come since July. The shooting of former President Donald Trump at a campaign rally in Pennsylvania on July 13 was shocking news that shook the United States and the world. There was a huge surge of support for Trump, who was returning to his election campaigns from a situation where he was a hair's breadth from death. He suddenly gained the upper hand, while support for incumbent President Joe Biden was greatly shaken. A widespread view then was that Trump's victory in the presidential election was almost certain.

However, things took an even bigger turn later. On July 21, President Biden announced his withdrawal from the presidential race and clarified that he would support Vice President Kamala Harris as the Democratic presidential candidate. After subsequent coordination within the Democratic Party, Harris was officially nominated as the Democratic presidential candidate on August 6. Thus, the presidential election has shifted dramatically from Biden vs. Trump to Harris vs. Trump.

Until the Trump shooting incident, as noted above, Trump had a slight lead over Biden in polls within the so-called margin of error. After the incident, there was a situation in which Trump expanded his lead over Biden. As the Democratic Party made progress toward nominating Harris as its presidential candidate, however, support for Harris gained momentum. At present, Harris has a lead within the margin of error over Trump. While Trump's move has seemed somewhat lackluster, Harris's choice of Minnesota Governor Tim Walz as her running mate has successfully helped her to gain momentum further. When the race was between Biden and Trump, it was pointed out that there were double haters who disliked both. As Harris has replaced Biden as the Democratic presidential candidate, however, support for the Democratic presidential candidate might have expanded mainly among young voters such as those double haters, according to analysts.

However, what I felt during my talks in Washington was that the outcome of the election is still unpredictable or that the race is evenly contested. It is true that there was a reversal in which

Harris took a slight lead over Trump. However, it is important to note that Harris's lead is within the margin of error and that it remains to be seen how long the surge in support for Harris will last. Regarding support for Harris, there was an interesting view that the high level of interest in and attention to Harris just after her abrupt emergence as a presidential candidate has had a positive impact on her popularity ratings in a honeymoon period in the absence of her negative points. As she announces more specific policies and faces media questions through the Democratic Party's national convention starting on August 19, how to view her performance will attract attention. Under these circumstances, Trump's counteroffensive and his debate with Harris will become worthy of attention.

While nationwide approval ratings for the presidential candidates are important, the key point is that the presidential election outcome depends on which candidate wins the so-called swing states. In the course of my talks in Washington, Pennsylvania was cited frequently as the most important swing state. While Harris and Trump engage in a fierce battle mainly in Pennsylvania and other swing states in the future, the election outcome is expected to remain unpredictable until the last minute.

If Trump wins the presidential election, he may emphasize the attitude of reversing the Biden administration's energy and climate change policies. In a symbolic manner, Trump may withdraw the United States from the Paris Climate Accord. Trump may also give priority to expanding oil and gas supply and secure the United States' energy dominance through deregulation to enhance the U.S. economy and industry, irrespective of how his policies would contribute to increasing U.S. oil and gas production. Harris, if winning the election, may continue the Biden administration's energy and climate change policies. As Harris is yet to provide details on her policies, the extent to which Harris-style policies will be introduced will attract attention in the future. Given her career and experience, some people expect that Harris will give priority to environmental conservation. However, other people expect her to adopt pragmatic policies based on reality. So, her future announcement of policies and key appointments will attract attention.

I was also strongly impressed by the extremely high level of interest given in Japan's trends during my Washington talks. The surprise news that Prime Minister Kishida would not run in the LDP presidential election came immediately after my arrival in Washington, exerting a great impact on my talks there. It is also important to note that there was a high level of interest among local energy stakeholders in how the next Strategic Energy Plan is considered in Japan, a U.S. ally, and what the direction of discussions on the plan would be. In recent years, the ideas of the prime minister and the Prime Minister's Office have exerted a growing influence on the formulation of the Strategic Energy Plan, contributing to U.S. energy stakeholders' rising interest in discussions on the plan. In a symbolic development, the Prime Minister's Office took leadership in setting the target of a 46% reduction in greenhouse gas emissions by 2030 for the formulation of the energy mix for the current Sixth Strategic Energy Plan.

As an unprecedentedly large number of LDP lawmakers have indicated their willingness to run in the LDP presidential election, Japan as well has a chaotic situation in which it is very difficult to predict future developments. Before coordination and bargaining unfold within the LDP in the run-up to the presidential election scheduled for September 27, it is impossible to predict who will be the next LDP president to become the next prime minister. Depending on the outcome of the LDP presidential election, the direction of Japan itself will be affected greatly in various policy areas including energy and climate change. Who will be the next LDP president and prime minister of Japan may exert various effects on the ongoing formulation of the Seventh Strategic Energy Plan? It is not surprising that a high level of interest was indicated in Washington in Japan's Strategic Energy Plan.

Who will be the next LDP president is extremely important for Japan as well.

Both Japan and the United States face important elections to choose the next leaders. How to deal with energy and climate change issues is important for national interests. Who will be the next leaders in Japan and the United States is an important issue that cannot be overlooked for each of the countries, their relations, and their global influence.

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