

Reviewing Biden Administration's Energy and Climate Change Policies

Ken Koyama, PhD
Chief Economist, Senior Managing Director
The Institute of Energy Economics, Japan

On January 20, Donald Trump will be inaugurated as the 47th president of the United States, launching Trump 2.0 officially. I here use the word “officially” because Trump 2.0 has effectively worked through his nomination of key administration officials and his communications through social media since his victory in the November 2024 presidential election. Through the official inauguration of the Trump administration, however, the world will face Trump 2.0 in a full-fledged manner. The current turbulent world will enter a new phase.

While the world focuses on Trump 2.0, the full-scale launch of Trump 2.0 represents a transition from the official end of the Biden administration. I may have various opportunities to discuss Trump 2.0 in the future. So, I here would like to summarize my comments on the Biden administration's energy and climate change policies or the relationship between the Biden administration and energy and climate change issues over the past four years.

Immediately after taking office in January 2021, President Joe Biden identified climate change as a “climate crisis” and made it one of the four top priorities for the just-inaugurated administration. The previous administration, Trump 1.0, had failed to consider climate change as an important issue, implementing policies such as withdrawing from the Paris Agreement. Biden made a 180-degree change in U.S. climate policy. For the Biden administration, climate change has remained a top priority over the four years since its inauguration.

In the domestic domain, the Biden administration set out ambitious targets, such as a 50-52% cut in greenhouse gas emissions from 2005 to 2030 towards carbon neutrality by 2050, shortly after its inauguration, promoting proactive climate change initiatives. In late 2024, when the end of the administration was approaching, it announced a target of cutting GHG emissions in 2035 by 61-66% from 2005. With the aim of promoting the energy transition to achieve such ambitious GHG emission reductions, the Biden administration has promoted legislation such as the Inflation Reduction Act and the Infrastructure Investment and Jobs Act to accelerate investment in clean energy.

The IRA, in particular, is seen as one of the Biden administration's greatest achievements. In August 2024, two years after the IRA's enactment, the administration announced that the IRA had led to \$900 billion in manufacturing investment, including \$265 billion related to clean energy, and created 330,000 jobs. Investment in a wide range of clean energy technologies, including renewable energy, electric vehicles, storage batteries, hydrogen, and CCS (Carbon Capture and Storage), was strongly promoted mainly through support such as tax credits. The IRA is important not only for enhancing decarbonization and climate change measures through clean energy investment promotion but also for promoting industrial policy to strongly support innovation. Another key point of the act is that the industrial policy emphasizes economic security against China.

In addition to the domestic policy of pursuing ambitious GHG emission cuts and promoting clean energy investment, the Biden administration has placed great emphasis on a foreign policy of enhancing climate change measures. Symbolic of such foreign policy was the high level performance of John Kerry appointed as special presidential envoy for climate. The administration as a whole has continued to vigorously lobby for strengthening climate change measures through multilateral and bilateral talks including the conference of parties to the United Nations Framework Convention on Climate Change. It can be said that the Biden administration's energetic climate action efforts have combined with the European Union's leading climate initiatives to greatly promote the momentum for enhancing climate change measures worldwide.

While there has been no change in the Biden administration's emphasis on efforts to strengthen climate change measures at home and abroad, the emergence of various other important issues seems to have relatively weakened the impression of the Biden administration's efforts to combat climate change. The other important issues have included energy problems.

In the second half of 2021, when general energy price hikes in the international energy market became more serious, gasoline price spikes emerged as a serious social, political, and economic problem even in the United States, which had achieved energy self-sufficiency through the shale revolution. The Biden administration, though refraining from introducing energy subsidies like those implemented in Japan and Europe, discussed with Saudi Arabia to call for an increase in crude oil production while US-Saudi relations became soured due to the Biden administration's stance to human rights problems in the oil kingdom, US actually called on oil-producing countries for cooperation to lower crude oil prices. In addition, the Biden administration seemingly recognized the importance of increasing domestic oil and gas production, from which it had been distancing itself, in view of climate change countermeasures. When finding that it was difficult to expect sufficient results from Saudi Arabia and other oil-producing countries in increasing production, the Biden administration decided to release strategic petroleum reserves.

Russia's invasion of Ukraine also appears to have become an important turning point for U.S. energy policy. The United States, which has achieved energy self-sufficiency thanks to the shale revolution as mentioned above, has taken the lead in imposing energy and other economic sanctions against Russia. U.S. LNG has massively flowed into Europe, which has suffered a significant decline in gas supply due to its heavy dependence on Russian pipeline gas, playing an important role in overcoming the European gas crisis. The increase in U.S. oil, gas, and LNG production has contributed to energy market stabilization and supply for U.S. allies in a difficult international energy situation. The Biden administration itself seems to have recognized the importance of U.S. oil and gas and of international energy market stability.

Energy price hikes were an important contributor to the subsequent acceleration of inflation in the United States as well as other countries. The rising cost of living has become an important issue in American society to date, exerting a certain impact on the outcome of the presidential election that led to Trump's victory. Against this backdrop, the United States has also come to recognize the importance of controlling rising costs as much as possible in order to achieve an energy transition toward decarbonization. Facing the gap between reality and the high ideals that should be pursued, the Biden administration seems to have struggled to manage its energy and climate change policies. However, the fact that the administration had to pay attention to the importance of fossil fuels in the face of reality may not have been viewed favorably by those who prioritized environmental issues who supported the administration. In such circumstances, the Biden administration seemingly came up with a pause on LNG export permits for the political or strategic purpose of securing support from those

who prioritize environmental issues in the presidential election.

As for international relations, there were various interesting developments in the Middle East policy under the Biden administration. As mentioned earlier, the administration initially soured relations with Saudi Arabia, which had traditionally maintained special relations with the United States. Considering the importance of addressing crude oil price hikes, however, the administration seemed to try to readjust relations with Saudi Arabia. While sanctions against Iran have continued to exist, oil exports from Iran have increased significantly amid oil price spikes during the Biden administration. How to strike a balance between tightening an oil embargo and avoiding a surge in crude oil prices might have been an important issue not only for sanctions against Iran but also for those against Russia. It should also be noted that although there were no serious energy supply problems after the outbreak of the Gaza crisis, the Biden administration's continuation and enhancement of its pro-Israel policy even in the absence of a solution to the Gaza crisis caused a stir and criticism in American society, developing into a political issue.

The Biden administration is thus ending its four-year term. Based on the impact and results of its domestic and foreign policies, I would like to see how Trump 2.0 will shake the world in the future.

Contact: report@tky.ieej.or.jp

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