

Reaffirming U.S.'s Importance for International Energy Market

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U.S. presidential election campaigns are intensifying as Democratic candidate Hillary Clinton is well expected to race with Republican candidate Donald Trump. Even at present, these campaigns focus on the qualification or quality of these candidates rather than specific or detailed policy debate. In the run-up to the Democratic and Republican Parties' conventions late this month to nominate their respective presidential candidates, policy debate is expected to deepen.

On Clinton's use of her personal email system during her time as secretary of state for official communications, Federal Investigation Bureau Director James B. Comey on July 5 announced his decision to refrain from recommending the Department of Justice to indict Clinton, saying that while Clinton and her colleagues "were extremely careless in their handling of very sensitive, highly classified information," the handling fell short of being illegal. The FBI decision was significant for Clinton who would have plunged into a difficult situation if she were indicted. However, Trump and other Republican leaders harshly criticized the decision and enhanced their attitude of questioning Clinton's qualification as a presidential candidate. While Trump's remarks have surprised the world, recent polls have indicated Clinton's lead over Trump. Future presidential election campaign developments including how the email scandal would develop may attract public attention.

The U.S. presidential election will continue to attract attention because who will lead the world's largest economic and military power in the next four years and what political, economic, energy and environmental policies the leader will adopt are very important. Strictly, as a matter of course, presidential authorities are not limitless. It is insufficient to pay attention only to the president's characteristics and policies. However, who the leader representing the United States would be is significant for the United States and the whole of the world. This is because the United States occupies the most important position in the world. This report reviews the importance of the United States from the viewpoint of the country's position in the international energy market.

The United States is no longer the largest energy consumer in the world. Since China replaced the United States as the world's largest energy consumer in 2009, their energy consumption

gap has steadily widened. In 2015, the United States accounted for 17% of global primary energy consumption, against 23% for China. Behind this situation, however, China has an energy supply and demand structure biased to coal, with coal consumption expansion boosting China to the position of the world's largest energy consumer. China captured 50% of global coal consumption in 2015, far surpassing 11% for India as the second largest coal consumer in the world and 10% for the United States as the third. As for other energy sources including oil, gas, nuclear and renewable energy (excluding hydro), the United States is still the largest consumer or user in the world. Of global consumption of oil as the most important for international energy trade and gas as the second, the United States commanded the respective dominant shares of 20% and 23% in 2015.

The shale revolution has emerged in the oil and gas market where the United States occupies a dominant position. Under the revolution, U.S. oil production almost doubled from 6.79 million barrels per day in 2008 to 12.7 million bpd in 2015, posting a substantial, rapid increase. U.S. gas production also expanded substantially from 511.1 billion cubic meter (BCM) in 2005 to 767.3 BCM in 2015. The United States is now the world's largest oil and gas producer as well. It is the world's top consumer and producer of oil and gas. Its substantial oil and gas production expansion has greatly influenced its domestic supply and demand, and prices, and become a major factor behind the current loose supply-demand balance in the international oil and gas market. Actually, U.S. oil exports have increased substantially. Furthermore, the United States is set to expand liquefied natural gas exports. Recent slack oil prices have triggered a shale oil production cut, which has prompted international oil supply and demand to go in the direction of rebalancing. On the contrary, a recovery in oil prices is expected to trigger a shale oil production increase again to cap oil price hikes, according to some observers. Ultimately, U.S. energy market developments have great presence and influences.

As a matter of course, we should pay attention not only to oil and gas. How coal power plants occupying a central position in the U.S. electricity mix will be replaced with other power plants under President Barack Obama's Clean Power Plan is an unignorable problem beyond the simple energy supply and demand issue, in terms of impacts on greenhouse gas emission reduction policies. Another development attracting global attention is a move to shut down nuclear power plants in the liberalized electricity market in the world's largest nuclear power generating country under the shale revolution that has lowered gas prices.

In this way, how the U.S. energy market as the center of the global energy market will change will become significant for the world. Although the market changes depending on technological and industrial initiatives or the economic logic, relevant policies' influences are important. While domestic U.S. policies exert impacts on the world through those on the U.S. market, U.S. foreign policy and international strategies influence the global energy market as well.

This is because the United States occupies the central position in global energy governance. How the United States views global energy security and acts in international negotiations and discussions on climate change have grave influences on the world's stability and order. Clearly, U.S. foreign and energy policies involving U.S. bilateral relations with Russia, China, Saudi Arabia, Iran and the European Union have greatly influenced the development and stability of the global energy market.

Surely, the gravity center of energy consumption is steadily shifting to Asia. It may be needless to say that the Middle East and Russia are important as oil-producing and resource-rich regions. As described above, however, the United States' importance for the international energy market is remarkably high. Therefore, what the new leadership in the United States will be like is the greatest matter of interest in the energy world.

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