

## **Trump Administration to Kick Off January 20**

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On January 20, Donald Trump will become the 45th U.S. president. The world is greatly interested in how new President Trump will lead the United States, the only superpower boasting the world's largest economic and military power, and deal with the rest of the world.

A ceremony to mark a new president's inauguration is usually filled with a celebratory mood where hopes grow on the new leader and the new age. For the honeymoon period lasting for 100 days after the inauguration, citizens warmly watch the new president and administration while placing big hopes on the new leader. However, Trump's presidential inauguration is likely to differ somewhat from such usual one. His radical, controversial remarks and rhetoric during the presidential election campaign have widened a divide between Trump supporters and opponents, creating a serious rift between Americans. As other countries cannot anticipate how the new administration's policies would affect them, the world seems filled with anxiety.

Favorability ratings for new President Trump are as low as 40%, according to CNN and other polls. The ratings are unusually low for a new president, compared with 84% for Barack Obama in 2009, 61% for George W. Bush in 2001 and 63% for Bill Clinton in 1993. About 60 Democratic lawmakers have vowed not to attend the presidential inauguration ceremony. Both Trump supporters and opponents have announced plans to stage large-scale demonstrations on the inauguration day. Irrespective of the accuracy of favorability ratings doubted by the new administration side, the Trump administration is making an unusual start.

The philosophy and basic attitude of the leader of the United States, the most important country in the world, for dealing with difficult problems at home and abroad in foreign policy, national security, economic and trade areas are important for shaping the future course of the world as well as the United States. Details of policies based on the philosophy and basic attitude remain uncertain. I am really hoping that the new U.S. administration will make sufficient arrangements and a good start during the start-up period.

I am naturally and greatly interested in the energy and environmental policies of the new U.S. administration. This is because the United States is the most important player regarding global energy and environmental problems, because U.S. domestic policies and conditions directly and indirectly shake the international energy situation and because U.S. foreign and national security policies exert great influences on the stability of the international energy market and the fate of climate change.

However, the whole picture or specifics of energy and environmental policies remain unknown. They have been little openly discussed. Information on energy conservation, nuclear energy and renewable energy policies is very limited. The whole picture of consistent policies in fossil fuel and environmental areas has yet to be developed. So far, however, some “key words” have indicated some policy directions or outlines.

One key word is “anti-Obama.” Trump has indicated negative stances on the Paris Agreement, the Clean Power Plan and the Iran nuclear agreement known as the legacy of the Obama administration in energy and environmental areas. The keyword, “energy dominance,” used for energy policies may have to be considered along with other keywords including “priority on fossil fuels,” “America first” and “make America great again.”

The new administration’s attitude and policies on U.S. and foreign climate change measures cannot be predicted precisely at present. In their testimony at Congress, state secretary nominee Rex Tillerson and Environment Protection Agency administrator nominee Scott Pruitt (reported as skeptical about global warming), have admitted that global warming exists. However, Pruitt criticized the Obama administration’s enhanced climate change measures as affecting the industry sector and emphasized the significance of combining economic growth and environmental protection. The key point for the future is how the U.S. federal government, state governments, the industry and citizens would voluntarily work for the Paris Agreement and the Clean Power Plan. At the federal government level, new environment policies may differ far from those under the Obama administration.

Meanwhile, the new administration may clearly promote the expansion of shale and other oil and gas production. It will ease or repeal relevant regulations and promote pipeline and other infrastructure development projects, including those the Obama administration disapproved. The Trump administration will also open federal land for oil and gas development and production. In this respect, interior secretary nominee Ryan Zinke in his congressional testimony has vowed to review regulations on federal land and expand areas for oil and gas development. How oil and gas production will increase under policies of the new administration remains unknown. Some experts deny any major effect on oil and gas production. At least, however, new policies will contribute to expanding oil and gas production as a direction. While oil prices have remained weak, U.S. shale oil producers have lowered costs and enhanced their resistance to weak oil prices. Therefore, they could expand production further under the new administration. This possibility could be priced into the market to affect crude oil prices. I would like to pay much attention to actual policies and their impacts.

Even under the new administration’s priority on fossil fuels, however, the market environment for coal will remain severe. The market mechanism rather than policies has dominant influences on the U.S. energy market in some respects. It may not be easy to revive coal that has lost price competitiveness to gas under the shale revolution.

Specific foreign policy developments will also be very important. These developments could exert direct influences on the energy market. At present, however, any consistent foreign policy framework is unpredictable. In his congressional testimony, defense secretary nominee James Mattis indicated some support for the Iran nuclear agreement but described Iran as a destabilizer in the Middle East in a manner to hint at his stern attitude against Iran. Views on Russia and China have also been taken up in congressional confirmation hearings, indicating that new President Trump and his major nominees do not necessarily have the same views. Their remarks have led observers to pay more attention to details of policies. In the start-up period, every action of the new administration will attract global attention.

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