

Importance of U.S. in the Global Energy Situation under the next Administration (1)

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While the U.S. presidential election has yet to be called even one week after voting in an unusual situation, the United States is dominantly expected to have a new administration. Even at present, there are some states for which U.S. media have yet to report the winner in the election. However, as media reported Joe Biden as the winner in Pennsylvania, one of the battleground states in the election, on November 7, the Democratic challenger has won a majority of presidential electors. On the night of the day, Biden declared his victory in a speech in Wilmington, Delaware, vowing to “work to be a president who seeks not to divide but unify.”

Usually, a U.S. presidential election is called when a declaration of victory by a candidate winning a majority of electors is followed by the other candidate’s declaration of defeat. This time, however, President Donald Trump has indicated no readiness to admit his defeat and has retained an attitude of resorting to the court over what he claims to be illegal votes. There is a possibility that in states where the election fails to be called by the deadline, state assemblies or governors could elect presidential electors. Another possibility is that the U.S. House of Representatives could finally elect the president, with one vote given to each state. There are some uncertainties about the final U.S. presidential election results. In fact, however, the tide is moving towards Biden’s victory and the inauguration of a new administration. Biden’s transition team has named about 500 people to prepare a new administration.

Though with some uncertainties left, Biden is growing likely to become the 46th president of the United States and form a new administration. Democrats may thus win back the U.S. executive branch from the Republicans. The United States is the most important and strongest superpower in the world. Changes in its leader and policies are not only important for the United States itself but also a grave matter that could dramatically change global political, economic and security environments. This is the same case with the global energy situation and environmental issues. U.S. energy and environment policies and developments in the U.S. energy market exert strong influence on the global energy situation. In this and subsequent reports, I would like to discuss the importance of the United States for the international energy situation in anticipation of a new U.S. administration’s inauguration and its policies.

First, I would like to reaffirm the importance of the United States for the international energy market based on data. In 2019, the United States featured the world’s second largest primary energy consumption after China’s. Its share of global primary energy consumption stood at 16%, far smaller than 24% for China. Their gap has been widening. But the reality is that the reason China is the world’s largest energy consumer is that coal accounts for as much as 58% of its energy consumption. Regarding energy sources other than coal, the whole picture is different. Particularly important is that the United States is the world’s largest consumer and producer of oil and gas, the largest and second largest internationally tradable energy goods in the world. Shale revolution

progress in recent years has led to rapid growth in U.S. oil and gas production, dramatically boosting the United States' international presence and influence regarding the two important energy sources. The United States also boasts the world's largest nuclear power generation capacity and output. It emitted 4.96 billion tons in energy-related CO₂ in 2019, accounting for 15% of global CO₂ emissions. The United States is the world's second largest CO₂ emitter after China.

Another reason the United States exerts great influence on the international energy situation is that it is a superpower boasting dominant positions in international politics and the global economy and the world's strongest military power. As most key energy issues are international and susceptible to international relations and geopolitics, U.S. foreign policies exert grave influence on global energy and environment issues including international energy security and climate change. Ideas and policies on energy and environment issues of the leader of the United States having great influence on global energy markets and the international energy situation naturally attract attention as one of the most important factors that greatly impact the international energy situation. Particularly, the replacement of the U.S. leader, a government change and subsequent policy changes attract global attention naturally.

A Biden administration, if inaugurated, would take energy and environment policies that would be far different from those of the Trump administration. Previous U.S. President Barack Obama's policies have been reversed by President Trump and would be restored under the Biden administration. One of the most attention-attracting changes would be a climate change policy transition. President Trump has had little interest in climate change countermeasures and withdrew from the Paris climate change agreement that Obama had tried to achieve. Biden has vowed to come back to the Paris Agreement. He has also proposed a target of decarbonizing the power sector by 2035 and the whole of the United States by 2050, indicating his attitude of proactively tackling climate change countermeasures. The Biden administration's policy message on climate change would have great impacts, prompting us to pay attention to U.S. energy market changes and the direction of the United States' relations with the European Union, China, and Japan regarding climate change.

Next, the Biden administration's stance on the shale revolution, which has supported U.S. economic prosperity and promoted U.S. national power over the past more than 10 years, would be a key matter of concern to the world. President Trump has proactively promoted the shale revolution and emphasized its "energy dominance" strategy taking advantage of the shale revolution achievement for the United States' diplomatic capabilities. Biden for his part has indicated his attitude of giving considerations to the environmental impact of shale resource development in dealing with environmentalists within his Democratic Party. He has also mentioned a potential ban on drilling and fracking in federal concessions. While any impacts of such measure on the whole of shale resource development, which I would like to detail in my following reports, are likely to be limited, oil and gas stakeholders in the world are interested in potential policy changes regarding the future appointment of relevant cabinet members, shale resource development, and exports.

Also attracting global attention among energy-related foreign policies would be those on the Middle East including Iran. President Trump has unilaterally withdrawn from the Iran nuclear deal as one of previous President Obama's legacies and promoted an anti-Iran policy. As it has been pointed out that Biden would come back to the Iran nuclear deal, how the United States' relations with and sanctions on Iran and oil exports from Iran would change has become a focus of attention. Developments during the Trump administration period have complicated the Iran issue. Given that

any change in Washington's relations with Tehran would exert great impacts on the entire Middle Eastern situation, the Biden administration's policy regarding Iran would attract much attention. Regarding foreign policies, the Biden administration's policy on China would become a decisively important point for analyzing the entire international situation and have great impacts on the international energy situation.

In my coming reports, I would like to detail all the above-mentioned points.

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