

Energy Policy under the Trump Administration and Implications



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Donald Trump's "America First Energy Plan" was released on the White House's home page as one of the top issues shortly after his inauguration. This plan reflects Trump's top priorities and aligns with the Trump administration's energy policies. It is highly relevant to Trump's withdrawal from the Paris Climate Agreement, as Donald Trump has been increasingly vocal in his criticism of the previous administration's policies such as Obama's Climate Action Plan. This issue is not a problem confined to the United States, and as such it is necessary for Korea to identify the effects of these countermeasures. The Trump administration's energy and environmental policy can be briefly summarized as follows: 1) to maximize the use of domestic energy resources such as fossil energy sources, 2) to become energy independent, and 3) to reduce and deregulate the previous administration's policies.

The Trump administration is expected to create new jobs by proactively exploring, developing, and exploiting domestic energy resources such as coal, oil, and natural gas. It is likely that the Trump administration will deregulate or simplify policies concerning the use of federal land to promote growth in fossil fuel production.

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A case in point would be the approval of TransCanada's Keystone XL Pipeline, which the Obama administration had rejected because of the threats it poses to the climate.

Trump's administration will seek to expand domestic energy production and to surge oil exports to achieve energy independence from foreign oil. According to the U.S. Energy Information Administration (EIA), America is projected to become a net energy exporter from the year 2020 onwards under the high oil price scenario. In this way, Trump's administration will likely reduce its oil imports severely and intervene much less with geopolitical conflicts in major energy producing regions such as the Middle East. It is also expected that the Trump administration will dismantle the Obama's administration's Clean Power Plan (CPP), which aims to reduce greenhouse gas emissions and expand clean energy.

It has been projected that the United States will demand to renegotiate trade deals toward reducing the U.S. trade deficit. A report by Peter Navarro, White House National Trade Council, claims that Korea is one of the six major countries that cause half of America's trade deficit. The report states that "Trump promises to increase oil and natural gas production in the US and remove any restrictions on U.S. exports." The paper further claims that the change in the supply of domestic oil and gas in barriers of regulation can improve the trade balance with their petroleum-dependent trading nations with a shared interest.

Korea is currently exploring the option to import energy from the U.S. in response to pressure from the U.S. to address the trade deficit. As of 2017, the state-owned Korea Gas Corporation has started to import liquefied natural gas (LNG) from Cheniere Energy's Sabine Pass LNG Terminal. Korea could increase the import of U.S. shale gas after considering various investment criteria. U.S. energy imports could provide an opportunity to alleviate Korea's strong energy dependence on specific regions, provided these imports are price competitive.

President Trump has pledged to cancel support to U.N. climate change programs, and instead plans to improve U.S.'s water environmental infrastructure. Climate finance is a major means of implementing the Paris agreement to support developing countries with respect to both mitigation and adaptation. Therefore the private sector will have an important role in mobilizing climate finance.

Therefore Korea will need to find opportunities based on Trump's energy policies. Korea and the U.S. could find ways to collaborate, such as carbon capture and storage schemes that capture carbon dioxide (CO₂) emissions produced from the use of fossil fuels. Korea also

can diversify its energy trade route and increase cooperation in conventional energy production. **KIEP**