

Energy Policy Under a New Trump Administration: Global Implications in a Fragmenting World

Andrew Cates

Senior Economist, Haver Analytics



The return of Donald Trump to the White House brings with it a reassertion of economic nationalism, policy unpredictability, and a renewed emphasis on “America First” energy strategies. While campaign rhetoric often leaned on boosting fossil fuel output and rolling back climate-related regulations, the reality now unfolding is more complex. Energy policy is no longer just about production volumes or emissions targets; it is increasingly entangled with the broader thrust of US trade and geopolitical strategy. These developments signal not just a change in tone, but a strategic pivot that could reset the global energy landscape.

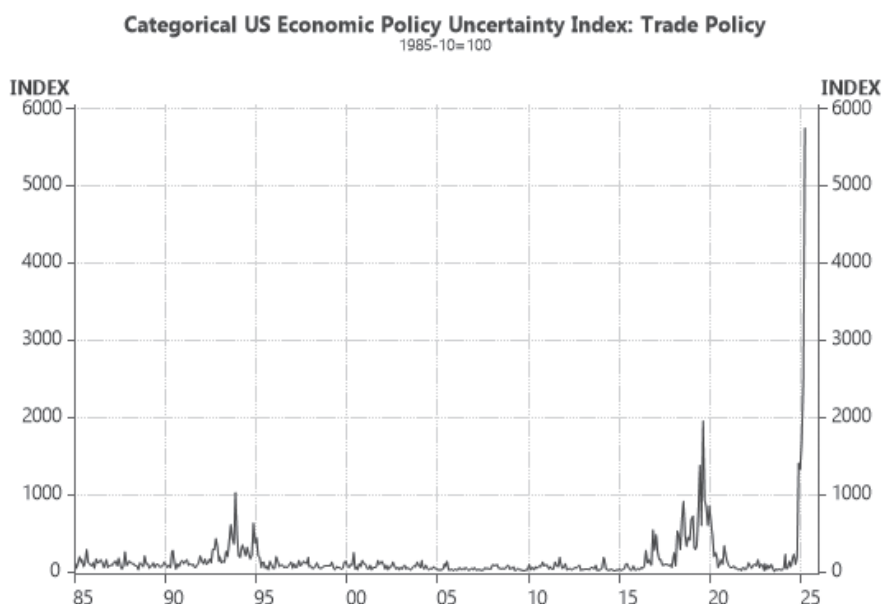
Trade Policy Shock and Energy Implications

This became unmistakably clear on April 2nd, when the Trump administration announced sweeping new tariffs on a wide range of imports from key trading partners, including the European Union, China, and Japan. These measures, aimed at reviving domestic manufacturing and rebalancing the US trade deficit, also had immediate implications for global energy markets. The tariffs, which were broader and steeper than markets had anticipated, rattled investor confidence, triggered sharp responses in equities, bonds and currencies, and reignited fears of a sustained global trade conflict. In doing so, they underscored the deep interconnectedness of

trade and energy policy and raised pressing questions about how countries will respond to a rapidly evolving global economic environment.

These trade measures are likely to have profound implications for the world economy, particularly as they interact with energy dynamics. Higher trade barriers raise input costs, reduce global efficiency, and may disincentivize clean energy deployment across borders. Many advanced and emerging economies rely on internationally integrated supply chains for solar panels, wind turbines, batteries, and other low-carbon technologies. Tariffs on these components could delay decarbonisation timelines and raise the cost of green transitions. If such trends persist, they risk entrenching divides between countries that can afford to maintain

Chart 1: Uncertainty about US trade policy has climbed to multi-decade highs



Source: PolicyUncertainty.com/Haver Analytics

momentum in their energy transitions and those that cannot.

The Competitiveness Gap: Energy Prices and Industrial Strategy

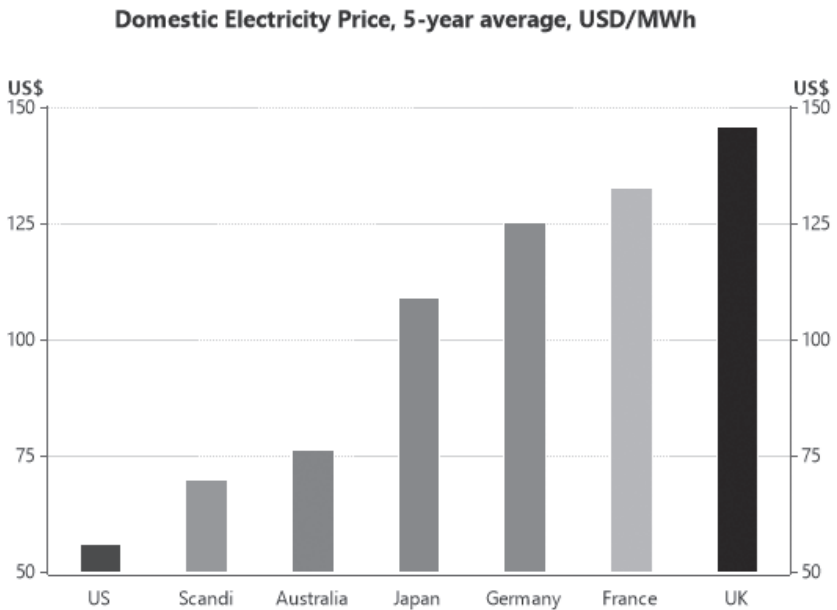
The competitiveness of industrial sectors is increasingly shaped by relative energy costs. In recent years, US industrial electricity prices have remained significantly lower than those in Europe, a factor that has given American manufacturers a competitive edge—especially in energy-intensive industries like chemicals, steel, and fertilizers. European producers, on the other hand, have struggled with high energy costs exacerbated by tight gas supplies, carbon pricing, and supply chain disruptions stemming from the war in Ukraine and broader structural constraints.

This divergence in energy pricing has had tangible macroeconomic consequences. Countries with lower energy costs—such as the US, Australia, and parts of Scandinavia—have tended to see stronger improvements in living standards, measured by GDP per capita. In contrast, nations burdened by high energy prices, particularly Germany and other parts of continental Europe, have struggled to generate similar gains. As shown in Charts 2 and 3, energy input costs are not just a matter of industrial competitiveness—they are increasingly a core determinant of national economic performance.

In this context, Trump’s expected energy policy shift—away from green subsidies and toward expanded fossil fuel production—takes on added significance. It is not just a political pivot; it represents an attempt to reinforce

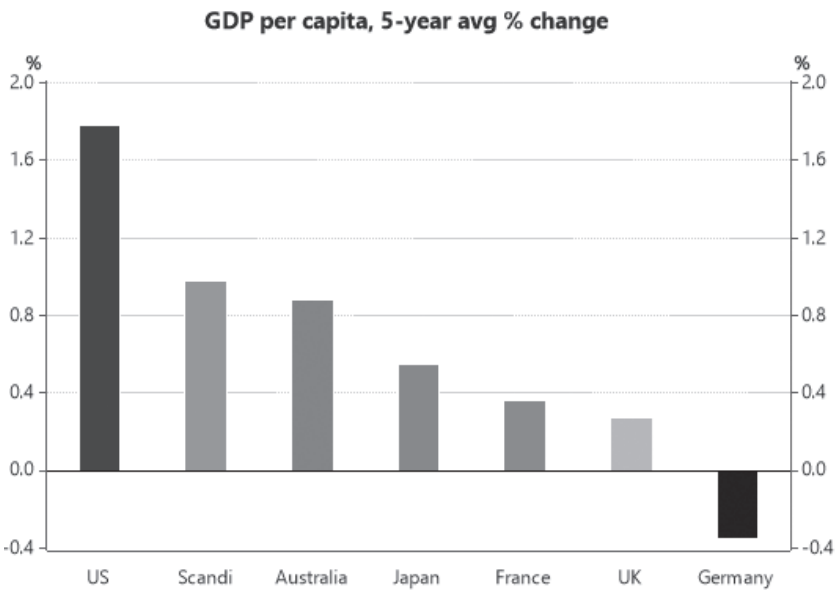
the US’s structural energy advantage at a time when other economies are facing headwinds from higher costs and uncertain transition strategies. Whether this approach enhances or undermines long-term resilience is the subject of intense debate—but its short-term implications for competitiveness and macroeconomic stability are clear.

Chart 2: Domestic electricity prices in selected advanced economies



Source: Energy Intelligence/Haver Analytics

Chart 3: Growth rates in GDP per capita in selected advanced economies



Source: BEA/H, DSt/H, ABS/H, CAO/H, INSEE/H, ONS/H, Bbk/H/Haver

Toward Domestic Resilience or Global Fragmentation?

Conversely, the same disruptions, coupled with the broader efforts by the US administration to tax world trade, could prompt countries to double down on domestic energy resilience. We may see renewed industrial strategies aimed at localising energy technology production, increasing domestic fossil fuel extraction, or fast-tracking grid infrastructure projects insulated from geopolitical risk. In this context, energy policy becomes a proxy for broader debates around national security, technological self-sufficiency, and economic sovereignty. This shift could lead to significant capital reallocation, as public and private sectors alike adjust to a world in which cross-border flows are less certain and more politically charged.

US Policy Realignment: Deregulation Meets Industrial Strategy

For the US, the new approach is likely to combine deregulation of oil and gas production with subsidies or tax incentives to secure domestic energy infrastructure. While this may lower short-term energy costs and appeal to voters, it also risks entrenching fossil fuel dependence at a time when global peers are accelerating climate action. A Trump administration may also scale back US involvement in multilateral climate agreements and reduce funding for clean energy R&D, further isolating the US from emerging global standards. These moves could undermine long-term competitiveness in clean technology sectors and cede leadership to rivals such as China and the EU.

Global Reactions and Strategic Shifts

In parallel, the administration is expected to use energy exports as a geopolitical tool. The US remains a leading producer of oil and gas, and Trump is likely to pursue policies that expand LNG export capacity and reduce restrictions on overseas sales of hydrocarbons. This could deepen strategic alliances with energy-importing countries while complicating relations with others seeking to transition away from fossil fuels. Such actions will have implications for global energy flows, pricing dynamics, and the structure of long-term supply agreements.

Internationally, the response is already taking shape. Europe is preparing a counter-package of tariffs, alongside industrial support for its green tech industries. This reflects an effort not only to defend economic interests but also to preserve climate leadership in the face of rising protectionism. The European Commission has indicated it will accelerate its Green Deal industrial strategy, boosting investment in domestic manufacturing of solar panels, wind turbines, and batteries. Additionally, the EU is exploring new partnerships with emerging economies to diversify trade relationships and reduce exposure to US-centric supply chains.

The China Factor and the Emerging Market Challenge

China, meanwhile, is likely to boost state support for its energy exporters and clean tech giants, reinforcing a shift toward geopolitical industrial policy. With an already dominant position in the global supply of rare earths, solar panels, and battery components, China may capitalize on US withdrawal from multilateral frameworks to deepen influence in Asia, Africa, and Latin America. Chinese policymakers are also expected to promote the Belt and Road Initiative as a platform for exporting clean energy technologies and securing access to critical resources, thereby offsetting disruptions caused by US tariffs.

Emerging markets face a more complex set of challenges. Many are highly dependent on both imported energy and access to advanced clean technology. Tariffs that raise the cost of these goods could hinder development objectives and exacerbate energy poverty. At the same time, these economies are under pressure to align with one or another geopolitical bloc, raising the stakes of their energy policy decisions. In response, some may pursue energy diversification strategies, including expanded use of regional renewables, domestic gas resources, or nuclear energy. The ability to attract investment in such projects will hinge on the broader financial and geopolitical climate, which remains volatile.

Monetary and Market Implications

Central banks and international financial institutions are also adjusting their frameworks to accommodate this new world. Trade fragmentation and shifting energy strategies

introduce inflationary pressures, especially as supply chains are rewired and domestic production is scaled up. These dynamics complicate monetary policy, particularly for countries already grappling with elevated debt burdens and fiscal constraints. In response, we may see more central banks incorporating climate and energy risk assessments into their policy models, particularly as the economic impact of extreme weather events becomes harder to ignore.

Financial markets, for their part, are increasingly sensitive to the signalling effects of energy and trade policy. Investor sentiment has become more volatile, as illustrated by recent sharp swings in equity valuations, commodity prices, and exchange rates. Capital is likely to flow toward perceived safe havens and sectors with strong policy backing—such as US oil and gas or EU green tech—while retreating from markets seen as vulnerable to trade disruptions or regulatory uncertainty. This shift could reshape global capital allocation patterns and influence the pace of energy transition across regions.

Conclusion: Energy at the Geopolitical Core

The broader message is that energy policy cannot be viewed in isolation. It is now deeply intertwined with trade, capital flows, industrial strategy, and national security. Whether countries respond by accelerating their green transitions or leaning into fossil fuel self-sufficiency will help determine the future path of global inflation, investment, and cooperation. As global institutions struggle to mediate the fallout, the energy system may become one of the key battlefields in the reordering of the international economic architecture.

In short, under a new Trump administration, energy policy is not just back in the spotlight—it may become one of the main theatres through which geopolitical and macroeconomic tensions play out. Governments, investors, and businesses alike will need to navigate this complex landscape with clear-eyed pragmatism and strategic foresight. As the dust settles, it may be that the countries that most effectively integrate energy policy into a broader framework of resilience and innovation that emerge strongest in the years to come.

Andrew Cates

Andy Cates joined Haver Analytics as a Senior Economist in 2020. Andy has more than 25 years of experience forecasting the global economic outlook and in assessing the implications for policy settings and financial markets. He has held various senior positions in London in a number of Investment Banks including as Head of Developed Markets Economics at Nomura and as Chief Eurozone Economist at RBS. These followed a spell of 21 years as Senior International Economist at UBS, 5 of which were spent in Singapore. Prior to his time in financial services Andy was a UK economist at HM Treasury in London holding positions in the domestic forecasting and macroeconomic modelling units. He has a BA in Economics from the University of York and an MSc in Economics and Econometrics from the University of Southampton.

Haver Analytics

Haver Analytics is a global leader in time-series data and analytical software offering flexible delivery tools that meet the highest standards of economists, analysts and data scientists.

At Haver Analytics, productive research with quality data and sophisticated tools is our foundation. Data drives the global economy, and it has been our firm's sole focus for four decades. Our global data offering is unparalleled in terms of coverage, quality and organized for economists, strategists and data scientists alike.

We are a premier provider of time series data for the global strategy, research and quant communities, offering primary-sourced databases, a wealth of key survey and forecast data from our industry partners, and a robust offering of archive databases that drive machine learning for big data applications. All data we deliver runs through robust quality processes overseen by highly experienced economic database managers who are specialists in the content they manage, develop and support.

Haver Analytics' state-of-the-art software platforms and delivery options enable our clients to access data, as they need it, when they need it, and where they need it. We support database feeds, client server or cloud-based delivery and RESTful API. We continuously display up-to-the-minute data from over 2500 government and private sources via integration with Microsoft Office and all leading statistical packages through our DLX® software and platform-independent HaverView™ site.

