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The U.S. Energy Situation and the U.S.-Japan Alliance in the Midst of Global Turmoil

Shoichi Itoh*

Senior Fellow, Energy Security Unit
The Institute of Energy Economics, Japan

It has been more than a year since the second Trump administration took office. President Donald Trump's remarks are causing confusion not only in American society but also in the international community day after day, and are shaking the very foundations of the United States' traditional image.

U.S. energy policy has also recently undergone a dramatic shift. On the day the administration took office, one of the executive orders issued was "[Unleashing American Energy](#)," which reversed the previous Democratic administration's energy policy and set a course toward fully endorsing increased fossil fuel production. In July 2025, the "One Big Beautiful Bill Act" was passed by the U.S. Congress, which is controlled by Republicans in both the House and Senate. The act eliminated or reduced subsidies, loan guarantees, and tax breaks intended to promote decarbonization, such as the widespread adoption of renewable energy and electric vehicles (EVs). The previous administration had used the "Inflation Reduction Act" to promote the adoption of clean energy sources.

However, the executive order "Unleashing American Energy" made a 180-degree turn from the previous Democratic administration's energy policy, steering the country toward fully endorsing increased fossil fuel production. On January 27, 2026, the United States formally withdrew from the Paris Agreement. One month later, the U.S. formally [notified](#) the United Nations of its withdrawal from the United Nations Framework Convention on Climate Change (UNFCCC). On February 17, Energy Secretary Chris Wright [stated](#) that the U.S. might withdraw from the International Energy Agency (IEA) if the IEA persisted with its net-zero goals.

On January 19, the Trump administration [announced](#) that its energy policies had led to record highs in crude oil production (13.6 million barrels per day, record lows in gasoline prices, and continued record highs in natural gas production in 2025. This resulted in a sharp increase in LNG exports, with projections showing that U.S. LNG exports would double by the end of the 2020s.

* This text expresses the author's personal opinions and does not necessarily represent the views held by any organization with which he is affiliated.

Meanwhile, the construction of data centers continues in response to the spread of AI, and electricity demand is gradually rising. Soaring electricity rates are contributing to higher living costs, making it increasingly likely that addressing this issue will become a key campaign topic ahead of the upcoming midterm elections this November. As of January 2026, the Consumer Price Index for electricity prices had increased [6.3%](#) year over year (not adjusted for seasonal variations). By that month, the Department of Energy had issued more than 20 emergency orders based on the Federal Power Act and President Trump’s “National Energy Emergency Declaration” issued in January 2025. The department has worked to stabilize the power grid by increasing electricity generation through every available means, including keeping coal-fired power plants operational that were originally scheduled for suspension or closure. Nevertheless, power shortages frequently occur during heat waves and cold snaps.

During his State of the Union address on February 24, which lasted about one hour and fifty minutes, making it the longest in history, President Trump emphasized that the administration’s signature policy of reciprocal tariffs has paid off. This policy has resulted in an unprecedentedly robust U.S. economy and rising incomes. However, the current economic situation is actually deteriorating. In the fourth quarter of 2025, the [real GDP growth rate](#) was 1.4%, a significant decrease from the previous quarter’s 4.4% increase (preliminary estimate).

According to RealClearPolitics, an election and public opinion data collection site, [President Trump’s approval rating](#) (the average of various polls) was 50.4% shortly after the administration took office on January 27, 2025. However, since March of that year, his disapproval rating has surpassed his approval rating, and the gap has gradually widened. As of February 27, 2026, his approval rating had fallen to 43.1%, while his disapproval rating had risen to 55.3%. Examining the reasons for disapproval, economic policy accounted for 56% on average as of the 18th of that month, with inflation reaching a high of 61% in particular. According to a [public opinion poll](#) conducted by Reuters and Ipsos from February 18 to 23, which surveyed just over 4,600 people, 68% of respondents said the economy had not improved, and 82% said they were feeling the effects of inflation. According to various surveys, a “drift away from Trump” is spreading, particularly among independents. [Survey results](#) released by the Federal Reserve Bank of New York on February 12 indicate that U.S. businesses and consumers bear approximately 90% of the economic costs of tariffs.

On February 20, the U.S. Supreme Court ruled that the Trump administration’s use of tariffs as its primary diplomatic tool—specifically, the imposition of reciprocal tariffs under the president’s authority based on the International Emergency Economic Powers Act (IEEPA)—was unconstitutional. The ruling held that the power to levy taxes and tariffs is vested in Congress under the U.S. Constitution, and the president does not possess such authority in peacetime

without congressional approval. In the Supreme Court, where conservatives hold six of the nine seats, three conservative justices—including Chief Justice John Roberts and the two justices nominated by President Trump during his first term—joined the three liberal justices in upholding this ruling. This reaffirmed that even the president cannot infringe upon the independence of the judicial and legislative branches. It also reaffirmed the “fundamental principle” that the United States is a democratic nation founded on the separation of powers, both domestically and internationally.

President Trump still emphasized that he has the authority to impose tariffs based on laws other than the International Emergency Economic Powers Act (IEEPA). On the same day, he signed a [Proclamation](#) imposing a temporary 10% duty on all imports pursuant to Section 122 of the 1974 Trade Act.¹ Tariffs imposed under Section 122 expire after 150 days without congressional approval. However, the Trump administration has hinted at tariff measures based on other laws, including Sections 301 and 232 of the Trade Act. The future of the Trump administration’s tariff policy is uncertain, yet the Japanese government reportedly plans to proceed with up to \$550 billion in investments in the United States as originally scheduled based on [the Japan-U.S. agreement reached in July 2025](#).

On March 19, 2026, Prime Minister Sanae Takaichi and President Donald Trump held a summit in Washington—the first in five months since the two leaders agreed to build a “[New Golden Age](#).” The Japanese and U.S. leaders announced [the second batch of projects under the Japan-U.S. Strategic Investment Initiative](#), which included the construction of small modular reactors (SMRs) in Tennessee and Alabama, as well as natural gas power plants in Pennsylvania and Texas,² following [the first batch of projects](#), announced on February 18 of that year, which had three agreements addressing infrastructure for exporting U.S. crude oil, a gas-fired power project to supply electricity to AI data centers and other facilities, and a project to manufacture synthetic diamonds. In light of the deteriorating situation in the Middle East, including the de facto blockade of the Strait of Hormuz, the two countries also agreed to cooperate on expanding Japan’s crude oil imports from the United States and establishing a joint U.S.-Japan strategic reserve. Besides, they [agreed](#) to initiatives such as recycling rare earths and launching joint projects involving copper mines, lithium, nickel, and other materials in the United States with an aim to reduce dependence on China for critical minerals³.

Japan has encountered the most severe energy security crisis since the oil crisis of the 1970s due to the outbreak of the U.S.-Iran war. The current situation exemplifies the inextricable link between stable energy supplies and geopolitical dynamics. In light of revisiting Japan's energy security, Tokyo should consider making the best of the potential of the United States as its closest ally to increase energy production and exports, including crude oil and LNG.

Contact: report@tky.ieej.or.jp

¹ There are many exempted items, including energy, energy products, and certain critical minerals.

² On the potential for Japan-U.S. cooperation on nuclear energy, see Shoichi Itoh, “[The Trump Administration Is Striving to Reinforce the U.S. Presence in the International Nuclear Market](#),” July 18, 2025.

³ On the potential for Japan-U.S. cooperation on critical minerals see Shoichi Itoh, “[Securitization of Critical Minerals: Toward Enhancement of Japan-U.S. Cooperation](#)”, November 10, 2025.