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Assessing the Influence of Trump’s Energy Agenda on Global Oil Dynamics and Iran’s Oil Sector

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Highlights

- Analyzes how Trump’s “energy dominance” agenda—characterized by increased fossil fuel production and deregulation—contrasts with Biden’s multilateral trade approach and its subsequent impact on global oil markets.
- Examines the neo-mercantilist framework of Trump’s energy policy, which prioritized domestic production, energy independence, and the rollback of environmental regulations.
- Explores the specific consequences for Iran’s energy sector, detailing how U.S. sanctions and increased American oil production curtailed Iran’s exports, diminished its global market share, and undermined its economic stability.
- Provides insight into the potential future implications of a resumed Trump-era energy policy, particularly regarding global climate goals, international oil price stability, and shifting geopolitical power dynamics within energy markets.

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Abstract

As the world’s leading producer and consumer of oil, the United States exerts significant influence over international oil market dynamics. Consequently, shifts in U.S. presidential administrations and their corresponding energy policies have profound implications for the global oil market, particularly for oil-exporting nations like Iran. This study provides an analytical assessment of the implications arising from this transition of political power, specifically examining the effects of Trump’s energy policies on the global petroleum market with a focus on Iran. Employing a qualitative, descriptive-analytical methodology, this research uses desk research to explore how these policies impacted Iran’s oil exports, market share, and geopolitical standing. The Trump administration pursued an “energy dominance” agenda characterized by increased fossil fuel production, deregulation, and a confrontational stance toward OPEC. This neo-mercantilist approach aimed to bolster U.S. energy security and economic leverage through policies that expanded domestic production, lifted environmental restrictions, and promoted unilateralism in energy trade. These actions contributed to lower global oil prices, which in turn reduced oil revenues and placed pressure on Iran’s market share. Furthermore, the administration’s policy of direct regional confrontation with Iran exacerbated these economic impacts.

Keywords: Petroleum market, Energy policy, Iran energy sector, Trump’s energy plan

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1. Introduction

The United States is not only the world's largest oil consumer, with a daily demand of approximately 19.7 million barrels—accounting for nearly 20% of global consumption—but also a top producer, achieving unprecedented output of 13.49 million barrels per day in 2024 (United States Oil Consumption, 2024; US Crude Oil Field Production, 2024). Despite this prominent role, the energy policies of its two major political parties are sharply divided. The Trump administration championed an “energy dominance” agenda centered on increased fossil fuel production and deregulation, whereas the Democratic Party advocates for clean energy and environmental sustainability (Frisch, 2021). While existing literature broadly contrasts the energy agendas of Trump and Biden, a significant gap remains in understanding the specific consequences of Trump's “energy dominance” policy on the global oil market and, more precisely, on countries like Iran.

This study addresses that gap by analyzing the effects of Trump's energy policies on global oil market dynamics, with a specific focus on implications for Iran—a key OPEC member and a focal point of U.S. foreign policy. Moving beyond the intended outcomes of these policies, this research investigates their *actual* impacts on Iran's oil revenues, geopolitical standing, and market stability. Employing a descriptive-analytical methodology based on documentary and library resources, it provides a comprehensive examination of how Trump's deregulatory, production-focused agenda contrasted with global trends toward sustainability. The study offers a novel perspective by delineating the channels through which his presidency influenced the petroleum market and assessing the subsequent effects on the environment, international trade, and specific nations, with particular emphasis on Iran. The findings contribute to a deeper understanding of the complex interplay between U.S. energy policy, global oil markets, and geopolitics, offering valuable insights for policymakers navigating the ongoing energy transition.

2. Literature review

While analysts in petroleum and financial markets frequently forecast oil market dynamics following a potential Trump reelection, this topic remains largely unaddressed in peer-reviewed academic journals. However, scholarly work from his previous term provides a critical foundation. This section reviews the most relevant academic articles from that era.

Nie (2022) investigates the impact of U.S. presidential policies on oil and gas prices and production from 1977 to 2021, highlighting the stark contrasts between administrations, particularly during the 2020 election. The study concludes that the domestic oil industry is primarily influenced by external geopolitical events, with presidential policies exerting minimal effects on prices and production levels. Although this paper offers valuable historical context, it may oversimplify market complexities. Its focus on external factors potentially downplays the role of consequential domestic policy decisions in shaping long-term industry dynamics. While it raises important questions, a deeper analysis of the interplay between policy and market forces is warranted.

Balafas and Fakiolas (2020) analyze the shift in U.S. energy policy under President Trump, examining the fusion of political and economic objectives in the pursuit of “energy dominance.” They note that the “America First” agenda initiated a new era of energy politics centered on deregulation and prioritizing domestic production. The authors also present critiques that this strategy risked neglecting

environmental concerns and long-term sustainability, potentially undermining global climate commitments. The paper suggests that intertwining political motives with economic goals could complicate policy effectiveness, raising questions about whether the pursuit of energy security sacrifices ecological integrity for short-term economic gains.

Razavi and Pirani (2019) contend that the divergent energy policies of U.S. political parties precipitate substantial shifts in global energy markets. They frame Republican strategy under Trump as adhering to neo-mercantilist principles in trade, which stands in direct contrast to the multilateral and cooperative trade approaches typically advocated by Democrats. These fundamentally different philosophies, they argue, have significant implications for international energy dynamics and governance.

Selby (2019) outlines the direct market consequences of the Trump administration's energy agenda. The article notes that the significant ramp-up in U.S. oil and gas production positioned the nation as the world's leading exporter of Liquefied Natural Gas (LNG) and a key driver of growing global oil supply, thereby exerting a substantial influence on international market dynamics.

Borovsky (2019) argues that Trump's energy policy, with its emphasis on global energy dominance, significantly increased U.S. oil and gas exports, thereby altering global supply dynamics. This shift pressured traditional exporters like Russia, intensified market competition, and enhanced the U.S.'s ability to exert geopolitical influence, ultimately impacting global petroleum demand and pricing. The author contextualizes this within a radical transformation of the American energy industry since the mid-2000s, propelled by the shale revolution and technological gains. This transformation dramatically reduced U.S. reliance on imported hydrocarbons and enabled its transition into a major energy exporter.

Similarly, Davtyan (2018) states that the Trump Energy Policy's focus on energy independence, fueled by the "shale revolution," increased U.S. oil production. This reduced American reliance on OPEC and exerted a direct influence on global oil prices, thereby altering the fundamental supply and demand dynamics of the international petroleum market. The study suggests that the continued success of the shale revolution was expected to secure U.S. energy independence from OPEC while maintaining its influence on global pricing.

Anderson et al. (2017) provide an early analysis, noting that the Trump Administration's "America First" energy policy strongly emphasized deregulation and prioritized American jobs and businesses. The authors observe that the administration's initial executive orders aimed at rolling back regulations reflected a bold governance approach. However, they highlight criticism that this strategy prioritized immediate economic gains over environmental considerations, risking long-term ecological damage. The study concludes that the complexity of reversing established regulations may hinder the policy's effectiveness, suggesting its ambitious goals may not be easily achievable and raising significant concerns about environmental sustainability.

Apart from the work of Razavi and Pirani (2019), the studies reviewed have primarily focused on the specific details of Trump's or other U.S. presidents' energy policies. Consequently, a thorough examination of the foundational *principles* of this policy represents a neglected area in the literature that requires addressing through the analysis of existing data and statistics. Furthermore, the direct impact of this policy on Iran's energy sector has received insufficient attention in these studies—a gap this research aims to fill.

3. Economic neo- nationalism as a theoretical framework of Trump's program

Economic neo-nationalism serves as the foundational framework for Trump's policy program. As defined by Gingrich and Banks (2006), neo-nationalism represents the re-emergence of nationalism

under contemporary global and transnational conditions, characterized by nationalist notions of kinship and ‘sameness’ in its rhetoric. This approach prioritizes the relationship between economic activity and national power, with its primary objective being to strengthen state authority through interventionist policies (Salehi, 2021). Tracing its rise, Eger and Valdez (2015) demonstrate that while politicians began making nationalist claims between 1970 and 2010, the platforms of the 1970s and early 1980s largely supported free enterprise. They conclude that contemporary radical-right parties are best described as ‘neo-nationalist,’ a classification that aptly describes the ideological underpinnings of the Trump agenda.

Neo-nationalism in the economic sphere involves the revival and adaptation of nationalist ideologies to address contemporary global conditions. It advocates for policies that protect domestic industries from foreign competition—a practice known as economic protectionism. This ideology promotes national sovereignty, seeks to reduce dependency on international institutions and agreements, and endorses measures that safeguard the national economy and domestic companies.

A significant relationship exists between neo-nationalism and neo-mercantilism in economic thought. Mercantilism can be defined as the establishment of economic nationalism as state policy, and neo-mercantilism represents its modern incarnation (Kurt, 2021). Both ideologies share common themes, particularly their emphasis on state intervention, protectionism, and the prioritization of national interests over global cooperation.

The term “mercantilism” was first used in the 1750s by the French physiocrat Victor de Riqueti, Marquis de Mirabeau (Kurt, 2021). While classical mercantilism focused on accumulating precious metals through trade surpluses, neo-mercantilism emphasizes enhancing national wealth and power by promoting industrial and technological advancement, securing strategic energy resources, and maintaining favorable trade balances (Hettne, 1993). Its primary goals are to maximize national wealth, reduce foreign dependency, and strengthen global competitiveness (Mahdi, 2022).

The key principles of neo-mercantilism, as a form of economic nationalism, are state intervention, energy security, and trade protectionism. These policies align with the core feature of neo-mercantilism—economic nationalism—by emphasizing national economic sovereignty and prioritizing domestic economic goals over international cooperation. Such a focus can result in policies that favor domestic producers and consumers, even at the potential expense of international relations (Zhou, 2022).

A core tenet of neo-mercantilism is the state’s active role in directing economic activity. This involves implementing protective policies for domestic industries—such as tariffs, subsidies, and regulatory measures—to ensure that economic development aligns with national security and strategic interests (Collins & O’Brien, 2022).

Energy security is another critical element. Energy resources, particularly oil and gas, are viewed as vital to national security. Neo-mercantilist policies therefore advocate for reducing foreign energy dependency by boosting domestic production and securing access to energy supplies, thereby insulating the nation from global market volatility and geopolitical risks (Jakupec, 2017).

Furthermore, neo-mercantilism supports protectionist trade measures to shield domestic industries from international competition. This includes imposing import tariffs, renegotiating trade agreements to favor national interests, and employing non-tariff barriers, all with the goal of reducing trade deficits and enhancing the global competitiveness of domestic industries (Collins & O’Brien, 2022).

From a neo-mercantilist perspective, energy holds a pivotal role analogous to that of gold in classical mercantilism. The constant demand from major consumers increases its market value, prompting neo-

mercantilist powers to secure access to new hydrocarbon reserves through substantial investments. Simultaneously, they work to boost prices and stimulate demand. The primary objective is to strengthen their strategic position by ensuring unimpeded access to markets and resources, often by actively promoting state-owned energy enterprises to enhance national prosperity (Razavi & Pirani, 2019).

This study analyzes Trump's energy program through the interconnected theoretical frameworks of economic neo-nationalism and neo-mercantilism. Neo-nationalism, as defined by Gingrich and Banks (2006), describes the resurgence of nationalist ideologies under modern global conditions, emphasizing national identity and the prioritization of domestic interests. When applied to the economic sphere, this ideology advocates for protectionist measures and national economic sovereignty. Neo-mercantilism complements this by providing a policy-oriented framework focused on state-led industrial and technological advancement, the strategic securing of energy resources, and the maintenance of favorable trade balances. Its key tenets include state intervention to protect domestic industries, a focus on energy security to reduce foreign reliance, and the use of trade protectionism to enhance global competitiveness.

While neo-nationalism supplies the ideological bedrock, neo-mercantilism offers the practical blueprint for understanding Trump's energy policies, demonstrating how they coalesced into the "America First" energy strategy. This approach aligns with core neo-mercantilist principles through its drive for energy independence, its deregulation of domestic fossil fuel production, and its challenge to international agreements perceived as counter to U.S. interests. By employing this combined theoretical lens, this study moves beyond a mere description of events to deliver a structured analysis of the motivations, strategies, and consequences of Trump's energy agenda, particularly its impact on the global oil market and targeted nations like Iran.

4. Key elements of trump's energy policy

The Trump administration's energy policy embodied neo-mercantilist principles through its pursuit of "energy dominance." This strategy prioritized increasing domestic oil and gas production, deregulating the energy sector, and challenging international agreements considered detrimental to U.S. interests. By promoting energy independence and bolstering national security, the policy aimed to reduce foreign oil dependency and strengthen the U.S. geopolitical position. This approach is ideologically consistent with economic neo-nationalism, with its key elements being energy dominance, a non-binding stance on climate change, a focus on energy security, and widespread deregulation.

During his administration, Trump pursued "energy dominance" by aggressively expanding fossil fuel production and dismantling regulatory barriers. This involved rolling back numerous environmental protections and promoting extensive offshore drilling. His agenda consistently emphasized fossil fuels as essential for economic growth and energy independence, outlining plans to expand drilling on federal lands and significantly reduce federal oversight of energy production (Delaney, 2024).

These policies were designed to bolster the U.S. energy sector, despite ongoing debates surrounding their environmental and economic implications. Critics contend that the strategy exacerbated climate instability by increasing greenhouse gas emissions, a concern intensified by the administration's withdrawal from the Paris Climate Accords and other international agreements. Proponents, however, argued that the policies enhanced U.S. energy security and economic leverage, particularly against geopolitical rivals like Russia, by reducing foreign oil dependence through increased domestic production. To achieve these goals, the administration rescinded several regulations, including methane emission standards and offshore drilling safety measures. While these rollbacks aimed to reduce

operational costs for the oil and gas industry, they concurrently raised significant environmental and safety concerns (Klass, 2021).

4.1. Environmental implications of trump's energy policies

The environmental implications of Trump's energy policies posed a significant obstacle to climate change mitigation. His administration's promotion of fossil fuel development, coupled with its systematic deregulation and withdrawal from the Paris Agreement, exacerbated existing global challenges. A central feature of this agenda was the dismantling of environmental regulations, many of which had been established under previous administrations, including those of Barack Obama. While the subsequent Biden administration has prioritized reducing greenhouse gas emissions by incentivizing renewable energy, Trump's focus remained on maximizing the development of domestic oil and gas fields. In this context, extensive regulatory rollbacks were a predictable outcome, though they reignited serious environmental concerns. These policy shifts encouraged increased fossil fuel extraction, notably through hydraulic fracturing—a method associated with significant ecological risks (Ladd & York, 2017). According to an analysis by Climate Analytics and the Climate Action Tracker, Trump's policies could result in cumulative U.S. emissions being 2–4 billion tons of carbon dioxide higher by 2030 than they would otherwise be, depending on the scale of cuts to Inflation Reduction Act (IRA) funding. If sustained, this trajectory could potentially raise global temperatures by several tenths of a degree Celsius, underscoring the profound global impact of a U.S. retreat from its climate commitments (Bowen, Corbeau, Johnston, & Kaufman, 2025).

During his first term, Trump's decision to withdraw from the Paris Agreement undermined global climate cooperation and signaled a retreat from collective action. This move prolonged the viability of the U.S. fossil fuel industry and contributed to a slower, less ambitious global response to the climate crisis (Saad, 2018). A renewed Trump administration would likely further delay critical greenhouse gas emissions reductions, making it increasingly difficult to meet international warming targets, particularly the 1.5°C limit, thereby exacerbating the impacts of climate change (Schlesinger & Becker, 2017). Cuts to climate-related funding under his administration also weakened support for vulnerable communities and adaptation projects, intensifying climate-related risks (Saad, 2018). While some argue that local and non-state actors could mitigate the impact of federal inaction, the overall trajectory of a Trump administration represents a significant setback for global mitigation efforts.

The environmental implications of these policies for oil production and exploration were particularly controversial. The push to open over 90% of the continental shelf to offshore drilling raised major concerns about marine ecosystem degradation, as it largely bypassed safeguards established by the Outer Continental Shelf Lands Act and the National Environmental Policy Act (Miller & Persons, 2019). Furthermore, the emphasis on hydraulic fracturing and the revival of fossil fuel infrastructure exacerbated risks associated with unconventional extraction, contributing to climate inaction and creating potential socio-environmental hazards (Ladd & York, 2017).

Trump's pro-fossil fuel, anti-regulation agenda led to increased oil production and exports at the expense of environmental protections, with significant consequences for public health and the environment (Gamper-Rabindran, 2022). A shift back to coal for electricity generation, coupled with slower adoption of electric vehicles, would increase air pollution. Increased combustion of coal and gasoline is projected to contribute to a higher incidence of respiratory and cardiovascular diseases, potentially causing several thousand premature deaths annually by 2030 (Bowen, Corbeau, Johnston, & Kaufman, 2025). Collectively, these policies reflect a broader trend of deregulation with dire consequences for public health and ecological stability.

4.2. Energy independence for the United States

Trump's "America First" energy strategy aimed to achieve energy independence by boosting domestic hydrocarbon production and reducing reliance on foreign oil imports. Proponents argued this would enhance national security by mitigating vulnerabilities in global supply chains and geopolitical tensions (Shepard & Pratson, 2022). The existing "shale revolution" had already positioned the U.S. to lessen its dependence on OPEC, a shift seen as a potential stabilizer for oil prices and a bolster to economic resilience (Davtyan, 2018). However, achieving true energy independence is complex; even with rising domestic output, the interconnected nature of global energy markets means that international events, such as the Russia-Ukraine crisis, can still significantly impact U.S. energy security (Shepard & Pratson, 2022). Consequently, while these policies sought to foster greater energy autonomy, they also required careful navigation of international relations to fully realize their intended benefits.

A central tenet of this agenda was prioritizing self-sufficiency in oil, gas, and coal, with the dual goal of decreasing imports and increasing fossil fuel exports. To reduce production costs and further expand supply, the administration pursued the elimination of regulatory restrictions, including numerous environmental protections. As illustrated in Figure 1, U.S. oil production demonstrated a significant upward trend during Trump's first term, moving toward greater energy independence, with the subsequent decline primarily attributed to the economic impacts of the COVID-19 pandemic.

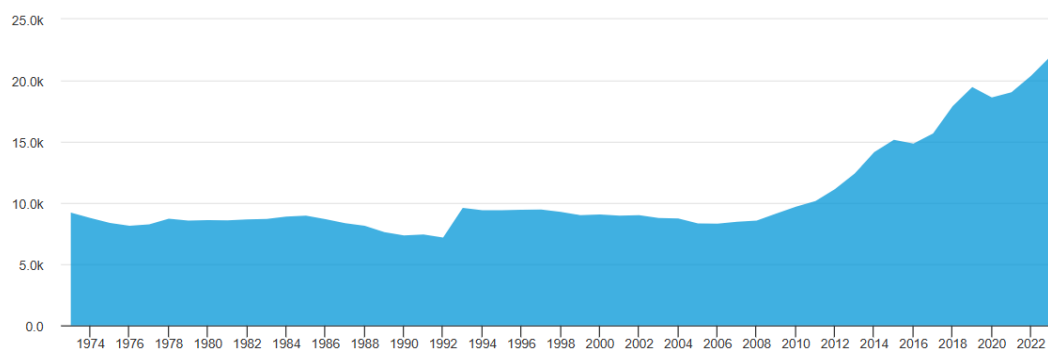


Figure 1

U.S. Total Petroleum and Other Liquids Production Trend (U.S. Energy Information Administration (EIA))

As illustrated in the figure, the United States experienced a significant surge in energy production during Donald Trump's first presidential term (2017-2021), largely driven by advancements in shale gas and oil extraction. The administration's "America First" energy policy sought to achieve energy independence by lifting restrictions on the domestic energy sector, promoting American energy exports, and rolling back environmental regulations, including by granting permits for pipeline construction. These efforts contributed to record highs in crude oil production, which increased by approximately 38% compared to 2016 levels. Consequently, in 2019, U.S. energy exports surpassed imports for the first time in 67 years.

In 2023, the United States sourced petroleum from 86 countries, with total gross imports averaging approximately 8.51 million barrels per day (b/d). These imports included crude oil, hydrocarbon gas liquids (HGLs), refined products like gasoline and diesel fuel, and biofuels. Crude oil constituted the largest share, accounting for approximately 6.48 million barrels per day, or about 76% of total gross petroleum imports (EIA, 2024). These data are presented in Figure 2.

As the data shows, despite a substantial increase in domestic production and exports, the United States continued to import significant volumes of crude oil and petroleum products. In 2020, U.S. imports

averaged approximately 7.9 million barrels per day. The nation remained heavily reliant on Canada, which supplied 51% of these imports in 2021. In 2023, approximately 60% of U.S. crude oil imports originated from Canada, with a further 7% coming from Mexico. This dependency presents a potential vulnerability; many U.S. refineries are specifically configured to process these particular crude types and would struggle to replace them if tariffs were imposed. In such a scenario, seaborne imports from Canada and Mexico could be rerouted to other global markets, forcing the U.S. to seek alternative, and potentially less optimal, supplies.

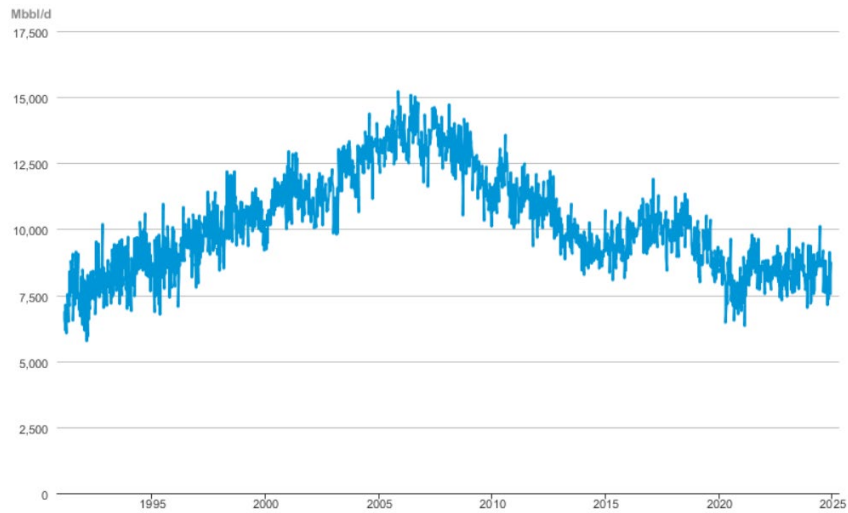


Figure 2

U.S. Imports of Crude Oil and Petroleum Products (U.S. EIA)

In 2023, the United States exported approximately 10.15 million barrels per day (b/d) of petroleum products to 173 countries and 3 U.S. territories (American Samoa, Puerto Rico, and the U.S. Virgin Islands). Crude oil exports constituted about 4.06 million b/d, or 40% of total gross petroleum exports. The difference between total exports and imports resulted in a net petroleum export surplus of 1.64 million b/d, solidifying the United States' status as a net exporter for that year (EIA, 2024). These data are presented in Figure 3.



Figure 3

U.S. exports of crude oil and petroleum products (U.S. EIA)

As illustrated in the accompanying charts, U.S. petroleum imports have declined in recent years while exports have risen concurrently. This shift has resulted in a significant reduction in net imports, thereby decreasing the nation's dependence on foreign oil. This trend is summarized in Figure 4.

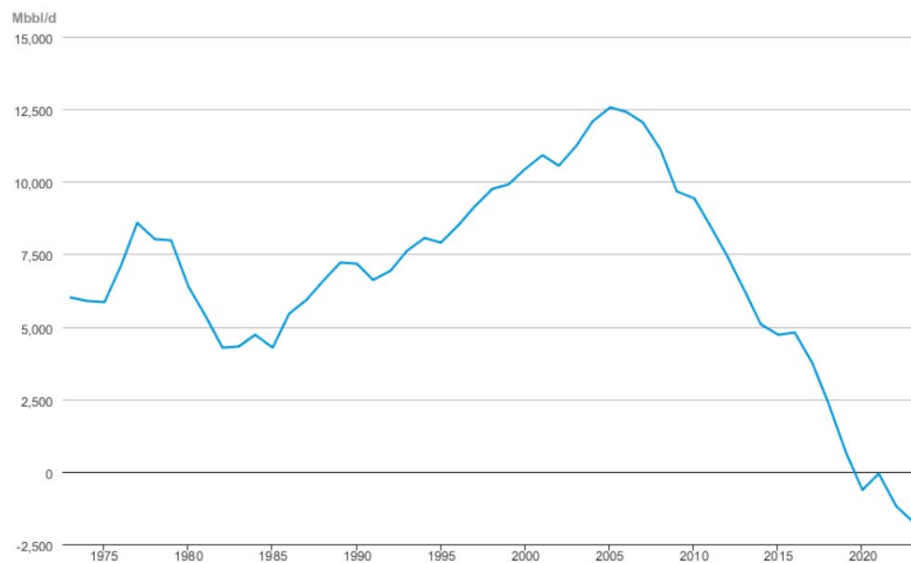


Figure 4

U.S. net imports of crude oil and petroleum products (U.S. EIA)

Statistical data indicate that U.S. net oil imports have decreased in recent years, a trend that has continued during the Biden administration. It is crucial to note, however, that the drivers of this reduction differ significantly between administrations. Under President Biden, the decline is largely attributed to policies supporting renewable energy and initiatives aimed at reducing overall energy consumption. In contrast, the reduction during President Trump's term was achieved alongside an unprecedented increase in domestic oil production, particularly from unconventional shale sources.

The Biden administration has sought to manage oil production levels, especially for shale oil, by enforcing environmental regulations on oil and gas drilling operations and proposing fiscal measures that increase costs for producers. Data reflecting the growth rate of shale oil production across various U.S. fields indicates a modest and slowing growth trajectory during Biden's presidency (Razavi & Pirani, 2019).

Should Donald Trump return to the presidency, his stated policies of boosting fossil fuel production, reversing drilling bans, and declaring a national energy emergency could place downward pressure on oil prices. However, his parallel proposal to impose tariffs—including a potential 25% levy on goods from key trading partners like Mexico and Canada—raises concerns about subsequent price increases and a potential reduction in domestic oil demand. Despite the significant political attention these policies attract, many market analysts predict that such regulatory changes would have a limited impact on the broader, globally-driven oil market.

4.3. Impact of trump's energy policies on the global oil market and OPEC's countries

Trump's energy policies exerted significant influence on the global oil market and OPEC's strategic decisions by advancing U.S. energy independence and expanding its role as a major oil exporter. During his first term, the "America First" agenda actively bolstered traditional energy sectors, capitalizing on the shale boom to position the United States as a net exporter—surpassing Saudi Arabia in combined

oil and gas exports by 2018 (Guliyev, 2020). The surge in U.S. shale production substantially reduced American reliance on oil imports from the Middle East and other regions. This increased supply from the U.S. and other non-OPEC producers contributed to lower global oil prices, thereby threatening the fiscal revenues of traditional oil-exporting nations. Furthermore, as the U.S. competes with established producers for market share in Europe and Asia, it has concurrently tightened sanctions on competitors like Iran and Venezuela, potentially employing coercive diplomacy to protect its expanding energy export interests (Guliyev, 2020).

In response, OPEC was compelled to adapt its strategies. It successfully implemented the OPEC+ agreement to stabilize prices against the dual pressures of rising U.S. production and external shocks like the COVID-19 pandemic. This demonstrates how Trump's policies not only reshaped U.S. energy strategy but also forced OPEC to recalibrate its approach to maintain market stability. As Bokov (2023) notes, OPEC's primary objective has been to stabilize world oil prices, as exports are the main source of revenue for its member states. The analysis determines that the OPEC+ agreement has been successfully implemented with several non-OPEC nations, including Russia, Mexico, Sudan, and South Sudan—key regional oil market players—committing to coordinated production cuts.

4.4. Trump's energy policy and financial markets

Trump's energy policies have generated significant short and long-term effects on global financial markets. In the short term, his administration's emphasis on deregulation and energy independence initially bolstered investor confidence, particularly within the fossil fuel sector, as reflected in increased consumption of natural gas and oil (Mukanjari & Sterner, 2023). A critical distinction must be made between fossil fuel and renewable energy firms; Trump's election provided a boost to fossil fuel stocks while negatively impacting renewable energy equities. However, this initial market optimism was tempered by rising policy uncertainty, which increased risk premiums for energy-related businesses (Giberson, 2016).

In the long run, the rhetoric and policy unpredictability associated with Trump's agenda are projected to introduce volatility and destabilize financial markets. This is particularly true in Europe, where heightened uncertainty and potential trade protectionism could precipitate a recession (McKibbin, 2017). Furthermore, while countries with strong financial linkages to the U.S. experienced some transient benefits from aligned regulatory expectations, the aggregate international market impact of his election was negative, reflecting a complex interplay of localized gains against broader global economic destabilization.

5. Trump's energy policies and Iran

In 2023, Iran solidified its position as a major player in the global energy market, ranking as the fourth-largest crude oil producer among OPEC members and the third-largest global producer of dry natural gas in 2022. The country's significance is further underscored by its vast hydrocarbon reserves; as of 2023, it held the world's third-largest proven oil reserves and the second-largest natural gas reserves. Iran's oil reserves are particularly substantial, accounting for nearly a quarter (24%) of the total reserves in the Middle East and 12% of the global share by the end of 2023. Figure 5 highlights Iran's pivotal role in the international energy landscape and its considerable potential to influence global oil and gas markets (EIA, 2024).

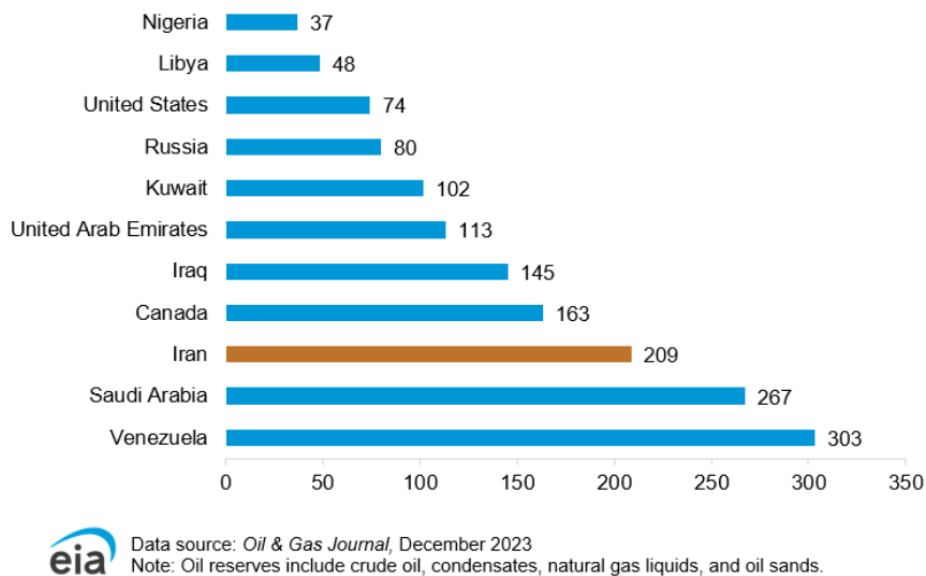


Figure 1

Largest proved reserve holders of total oil, 2024

Despite its vast hydrocarbon reserves, Iran's total liquids production has been constrained by years of underinvestment and international sanctions targeting its oil sector. Nevertheless, the country managed to increase crude oil exports significantly in 2022 and 2023, primarily to China. Between 2020 and 2023, Iran boosted its crude oil output by approximately 1 million barrels per day (b/d), with exports to China growing by nearly 870,000 b/d during this period. In response to this surge, the United States expanded its sanctions regime in April 2024, targeting ports, vessels, and refineries involved in purchasing Iranian oil (EIA, 2024).

Trump's energy policies, particularly the imposition of stringent sanctions and the promotion of increased U.S. drilling, significantly impacted Iran's energy independence and economic growth. These measures curtailed Iranian oil exports—a critical source of state revenue—thereby exacerbating economic challenges and constraining growth. Although the Iranian government has made concerted efforts to diversify its economy, resulting in a more varied structure than many oil-producing peers, petroleum exports remain a crucial source of government income. This duality reflects both the progress of Iran's development strategies and the persistent importance of its hydrocarbon resources. A study indicated that a 50% reduction in oil exports could lead to a 4.6% decrease in GDP and a 20.2% cut in government spending (Haqiqi & Bahalou, 2013). The reinstatement of sanctions under Trump's administration severely restricted Iran's export capacity, causing a substantial decline in oil revenue (Sineok & Gribanich, 2021).

Furthermore, these policies have undermined Iran's energy independence by isolating it from global markets, increasing its reliance on non-oil sectors and foreign partnerships, particularly with China (Hu, He, & Cui, 2021). While some argue that sanctions could incentivize a long-term shift away from oil dependency, the immediate effects have been overwhelmingly detrimental to Iran's economic stability and energy sovereignty.

The impact of Trump's energy policies on Iran can be analyzed across short-term and long-term horizons. While sanctions may successfully reduce Iran's export volumes in the short term, rising global oil prices could paradoxically allow its oil revenues to remain stable. In the long term, however, a sustained increase in U.S. oil production is likely to depress global prices, particularly in North America.

Furthermore, the development of new infrastructure could facilitate the export of even more North American oil to global markets, intensifying competition.

A renewed “maximum pressure” campaign under a second Trump administration would aim to curb Iranian oil exports entirely, a move that could eliminate nearly half of the government’s revenue. During his first term, this policy successfully drove Iranian exports down from 2.5 million barrels per day (bpd) in 2017 to roughly 350,000 bpd by 2020.

However, following governmental changes in both Iran and the United States, Iran’s oil exports have notably increased despite ongoing sanctions. Under President Ebrahim Raisi, crude exports rose significantly, reaching approximately 1.32 million bpd by December 2023—a sharp increase from 900,000 bpd in December 2022 and a substantial recovery from the 2020 low. This resurgence reflects Iran’s strategic efforts to circumvent sanctions through discounted sales to key buyers like China and other covert measures.

Correspondingly, Iran’s export revenues have grown. In 2022, oil exports generated \$55.4 billion, up from \$38.7 billion in 2021. This revenue is critical, as oil and natural gas account for over 82% of total export earnings. China remains the primary destination, absorbing nearly 36% of Iran’s crude exports, followed by Iraq and Turkey.

Beyond crude oil, Iran has expanded exports of refined petroleum products like liquefied petroleum gas (LPG) and fuel oil (mazut). In 2023, product exports surpassed 1 million bpd, up from about 820,000 bpd in 2022. This diversification has been instrumental in helping Iran maintain a steady inflow of foreign currency despite restrictions on its crude sales.

While these short-term gains are notable, Iran faces persistent long-term challenges. The global energy landscape is undergoing a significant transition toward renewable sources, concurrent with a continued rise in U.S. domestic production. Increased U.S. output could suppress global oil prices, thereby placing further pressure on Iran’s primary revenue stream. Furthermore, the ongoing enforcement of U.S. sanctions—particularly those targeting the shipping networks and financial institutions facilitating Iranian oil trade—poses a continuous risk to sustaining current export levels.

The ultimate success of a renewed sanctions strategy under Trump hinges significantly on China’s cooperation. As the leading importer of Iranian oil, China accounts for over 10% of its total oil imports, representing an annual trade value of approximately \$40 billion. Although China officially rejects the legitimacy of U.S. sanctions, it has demonstrated a degree of pragmatic compliance in the past, such as by barring sanctioned vessels from its ports.

The potential impact on global oil prices is another critical consideration. Historically, efforts to curtail Iranian exports have contributed to supply shortages and price surges. Removing a substantial volume of Iranian oil from the market constricts global supply, which typically exerts upward pressure on prices. However, the net price effect is contingent on the response from other major producers, such as Saudi Arabia and the United Arab Emirates. If these nations increase their own production to offset the lost Iranian barrels, they could effectively mitigate the price increase.

6. Conclusions

The Trump administration’s energy policy was fundamentally neo-mercantilist, pursuing “energy dominance” by prioritizing three key areas: a significant increase in domestic oil and gas production, extensive deregulation, and a confrontational stance toward international trade agreements. This strategy was designed to achieve energy independence and bolster national security by minimizing reliance on foreign energy. Key policy actions included lifting restrictions on the domestic energy sector, fast-tracking pipeline infrastructure projects, and actively

promoting U.S. energy exports. The administration's "America First" policy explicitly sought to boost fossil fuel output by systematically rolling back environmental regulations, a commitment epitomized by the withdrawal from the Paris Agreement.

Key Implications for Iran:

- **Revenue Pressure:** The U.S. policy of boosting its own oil production contributed to lower global oil prices, directly reducing the primary source of revenue for oil-exporting nations like Iran.
- **Sanctions Leverage:** The combination of lower oil prices and higher U.S. production created a permissive environment for imposing stricter sanctions on Iran to achieve political objectives, risking a catastrophic decline in its oil income.
- **Economic Contraction:** Sanctions severely constrained Iran's economy by limiting access to international finance and foreign exchange, discouraging investment, and fueling unemployment and inflation, leading to a broad economic slowdown.
- **Forced Diversification:** A potential, though challenging, long-term effect is that sanctions may force the Iranian economy to reduce its dependence on oil, thereby improving domestic production capacity and reducing its vulnerability to external oil market shocks.
- **Global Market Realignment:** The long-term impact hinges on how global partners adapt to forceful U.S. unilateral action, which could further reshape energy alliances and market dynamics. The administration's confrontational trade and sanctions policies continue to exert a significant influence on the structure of the global energy market.

Nomenclature

AI	Artificial intelligence
CGE	Computable General Equilibrium
EIA	U.S. Energy Information Administration
GDP	Gross Domestic Product
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
OPEC	Organization of the Petroleum Exporting Countries

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