



## *Energy under the Trump Administration*

### **Opportunities for the U.S.-Korea Energy Partnership under President Trump**

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*By Alan Ahn*

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The U.S. and the Republic of Korea have enjoyed a longstanding partnership in energy, ranging from decades-long civil nuclear cooperation to more recent collaboration on climate change and clean energy technology R&D. Under the Trump administration, opportunities exist for this partnership to expand and evolve in key areas, including oil and gas exports, clean coal technology R&D, and nuclear energy. Although considerable uncertainty remains--Trump has yet to confirm his appointments to energy-related Cabinet positions, such as the Energy and Interior Secretary posts[i]--Trump's campaign stances point to a number of themes that may define the U.S.-Korea energy relationship under his term.

#### U.S. Energy Exports to Korea

President-Elect Trump has vowed to support fossil fuel production in the United States through various means, such as eliminating regulatory barriers and moratoria on oil and gas exploration and drilling on federal lands; his energy plan entails unleashing "\$50 trillion in untapped shale, oil, and natural gas reserves." [ii] If such measures expedite U.S. progress towards becoming a net energy exporter, the U.S. could become a major supplier of oil and gas to Korea, simultaneously addressing the Trump administration's stated trade objectives [iii] (specifically, reducing trade deficits vis-à-vis U.S. trading partners, such as Korea) and strengthening Korea's energy security by diversifying its sources of supply.

Korea is overwhelmingly dependent upon Middle East suppliers for oil and gas--Korea imports approximately 84% of its crude oil and 53% of its liquefied natural gas from the Middle East, according to the latest EIA statistics [iv]--and has been subject to premium prices for these vital energy imports. Seeking alternative energy sources has long been a national strategic

objective for the ROK, and the North American shale boom has fostered optimism that countries such as the U.S. and Canada may ultimately become significant energy exporters to Korea.[v] Facilitated expansion of U.S. oil and gas production, in addition to accelerated development of the attendant infrastructure, would more quickly bring this vision to reality.

Reducing the U.S. trade deficit is a central priority for President-Elect Trump, and his campaign referred to studies indicating that the KORUS FTA has worsened the U.S. deficit with Korea.[vi] Exporting surplus energy to Korea would help alleviate this bilateral trade deficit, without negatively impacting Korea's economic interests in the trading relationship--energy imports from the U.S. would simply displace imports from its traditional suppliers.

#### Clean Coal R&D Cooperation

President-Elect Trump's stated views[vii] on climate change are a conspicuous departure from those of the Obama administration, and would certainly be in stark contrast with the general position of the international community. Nevertheless, given his pro-coal stance and his promise to deploy such energy resources in "a clean and appropriate manner,"[viii] it would appear that he is likely to encourage devoting a greater portion of the country's energy R&D budget to the development of clean coal technologies.

The U.S. and Korea have existing collaborative arrangements on the development of technologies that would capture carbon and other emissions and byproducts from coal-fired generation--in 2015, Atlanta-based Southern Company and the Korea Electric Power Corporation (KEPCO) signed an agreement to explore joint development of such systems[ix]--and early signs suggest that the Trump administration would probably back the cultivation of international partnerships in this area. For Trump, allocating greater attention and resources to clean coal R&D would be a clear manifestation of his support for the domestic coal industry and establishment. For Korea, successful deployment of these clean coal technologies would allow cheap and ubiquitous coal to play a more significant part in its energy mix without sacrificing its carbon mitigation and environmental goals.

Coal and other fossil fuels will remain a significant portion of global electricity generation for the foreseeable future. If joint U.S.-Korea R&D can boost the efficiency and reduce the costs of these systems, it could, perhaps unintentionally, benefit international carbon reduction efforts.

#### Nuclear Power

Nuclear plays an important role in both countries' energy mixes--approximately 20% and 30% of total electricity generation in the U.S. and Korea, respectively--and President-Elect Trump has explicitly stated his wholehearted support for nuclear power: "I'm in favor of nuclear energy, very strongly in favor of nuclear energy."[x]

The U.S. and Korea recently renewed their bilateral civil nuclear cooperation agreement in June 2015[xi] and the Trump administration may be keen on better leveraging this partnership to bolster the competitiveness and global position of the domestic industry, particularly in emerging markets. Common issues, such as spent fuel management, may present opportunities for further deepening this relationship.

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<http://www.nbcnews.com/politics/2016-election/trump-team-honing-high-level-appointments-n682116>.

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- [iii] "Trade," Donald J. Trump Presidential Campaign, last accessed November 10, 2016, <https://www.donaldjtrump.com/policies/trade>.
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- [vi] Robert E. Scott, "U.S.-Korea trade deal resulted in growing trade deficits and more than 95,000 lost U.S. jobs," Economic Policy Institute, May 5, 2016, last accessed November 10, 2016, <http://www.epi.org/blog/u-s-korea-trade-deal-resulted-in-growing-trade-deficits-and-more-than-95000-lost-u-s-jobs/>.
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- [viii] "Voter Guide," Secure Energy for America, last accessed November 10, 2016, <http://secureenergyforamerica.com/voterguide/>.
- [ix] Jordan Blum, "Southern Company and South Korea utility team up on clean coal," Fuel Fix, October 15, 2016, last accessed November 10, 2016, <http://fuelfix.com/blog/2015/10/15/southern-company-and-south-korean-utility-team-up-on-clean-coal/>.
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