

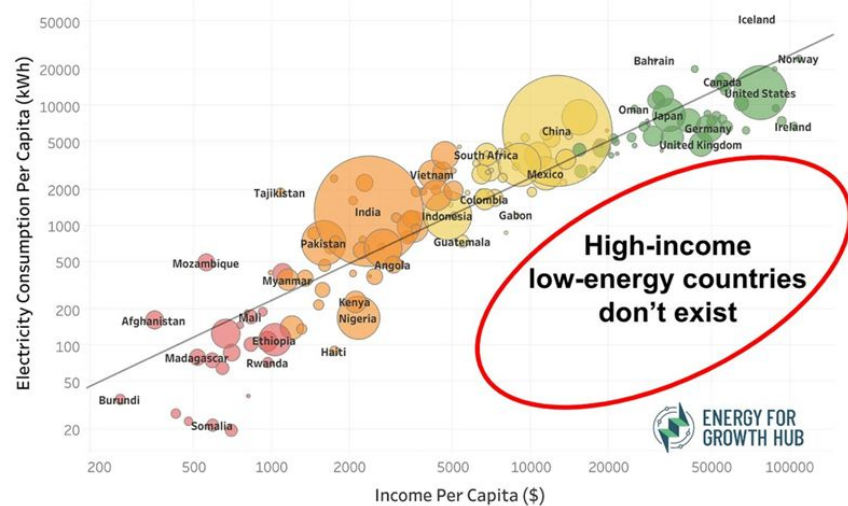


Energy Dominance in a Volatile Trade Landscape: Trump, Tariffs, and the New Geoeconomics of Energy

**NGA Executive Conference
September 8th, 2025
Dr. Scott Smitson**

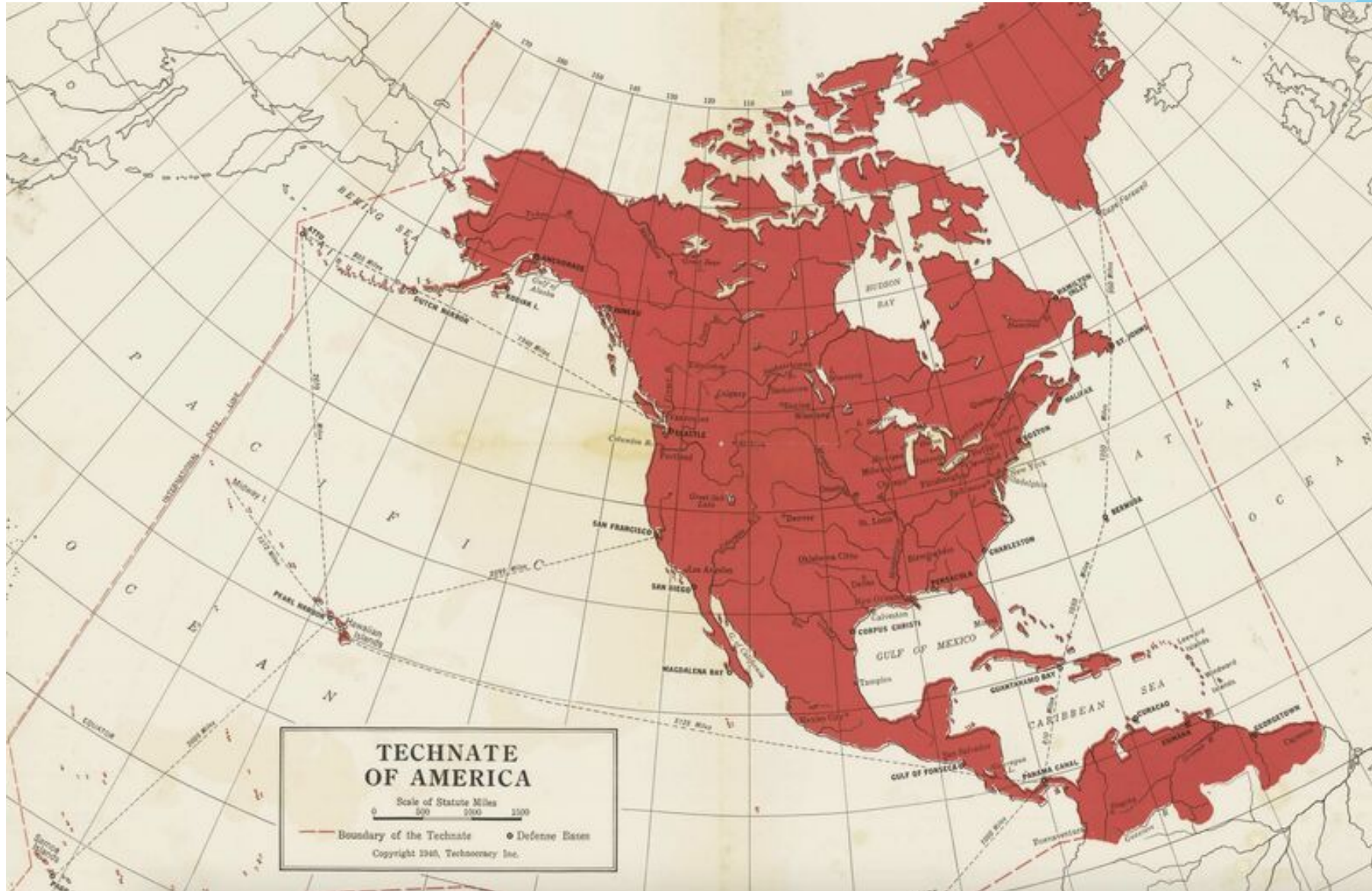


Electricity consumption vs Income per capita, 2022



Sources: Our World in Data/Ember, World Bank
Notes: $R^2=0.83$; both axes logged; data is for 2022; circles scaled to population; colors indicate WB income groups





Consolidating The Hemisphere

- “Buying” Greenland
- Golden Dome
- Border Security
- Cartels as FTOs
- Taking Panama Canal ‘Back’
- ‘Breaking’ the USMCA
- Venezuela-Use of Force
- High Tariffs on Brazil

Trump’s grand MGGGA plan: Make Geography Great Again

DOCTRINE

Trump’s vision for hemisphere



In a throwback to James Monroe’s 1823 State of the Union address, where he outlined the United States’ interests in the Western Hemisphere, President-elect Trump yesterday said he wants to rename the Gulf of Mexico the Gulf of America and said Greenland and the Panama Canal are vitally important to our security.

PAGES 4-5



What is Geoeconomics?

Geoeconomics are where economics meets geography and geopolitics -> it is economics and politics placed on a map.

- Accumulation of labour and capital
- Networks of knowledge and productivity development
- Flows and barriers to flows of goods, and people and capital.
- Violent conquest of territory with or without its population.

Historical behaviors in geoeconomically-motivated great powers

Geoeconomics is the use of a country's economic strength to exert influence on foreign entities to achieve geopolitical or economic goals.

US Energy Profile (Key Themes)

- **Gas is back:** \$83 billion in new investments and the projects coming online
- **Nuclear Renaissance:** SMRs, tech partnerships, and the next wave of advanced reactors
- **Big Tech meets Big Energy:** Google, Meta, and Amazon are reshaping the U.S. grid especially given AI demands
- **Net Zero and “The Energy Transition” are out.** Energy policies that will drive GDP growth and meeting energy’s natural hierarchy of needs are in.
- **LNG Dominance:** Global production expected to grow by 50% by 2030. The U.S. is now the world’s top LNG exporter – what’s next for global markets?

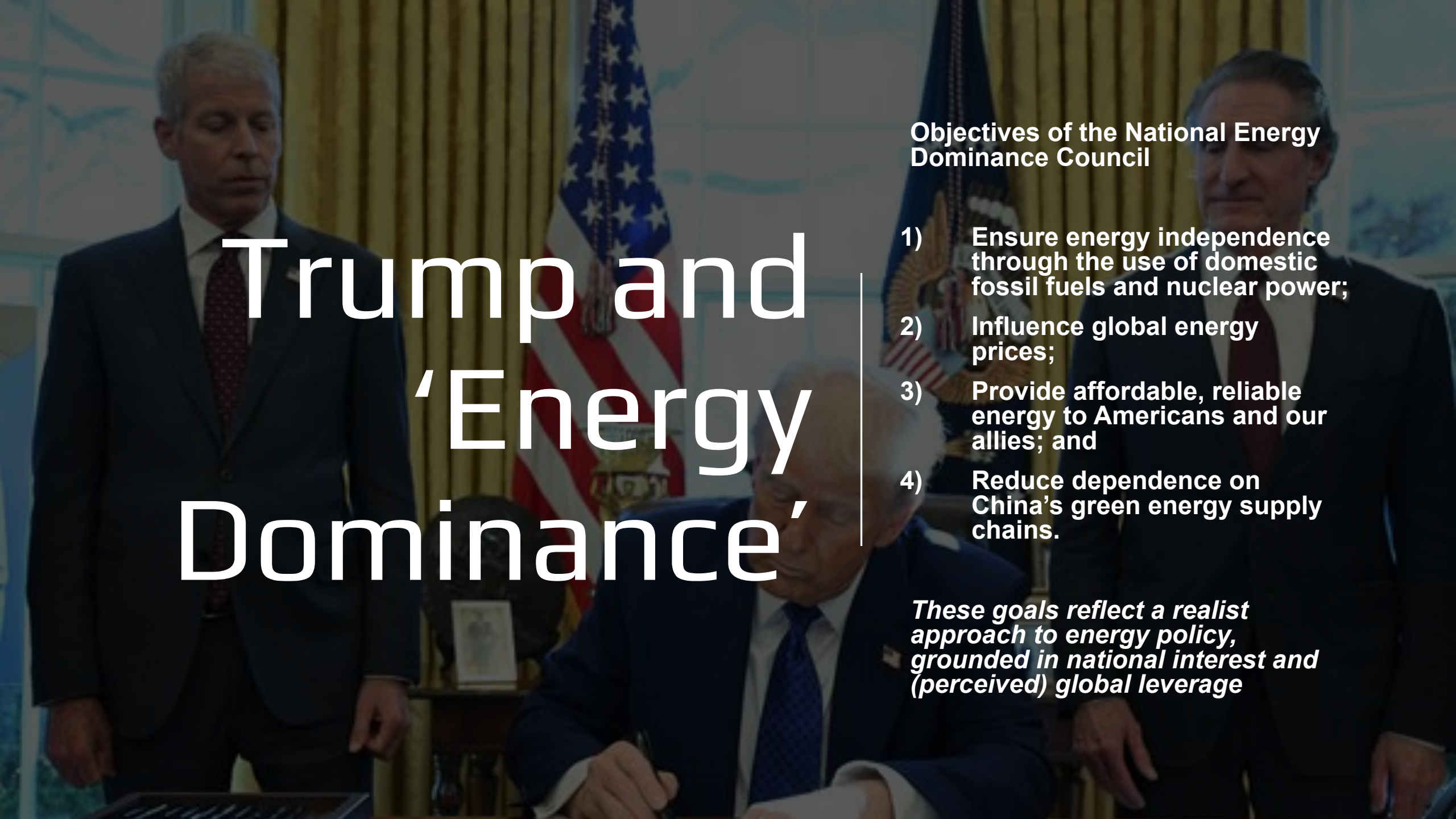




*“Even considering tariffs alone, one may thus **detect a confluence of various elements**: an **economic goal** (i.e., better terms of trade), **foreign policy considerations** (economic security), and a **political agenda** (fairness and distribution). An **element of cultural protest against intellectual elites** may be at play as well, alleging that they have defended neoliberal systems and the resultant extreme inequality on the grounds of economic efficiency.*

***Tariffs** may thus be seen as a manifestation of a broad, transversal movement involving **economics, diplomacy, politics, and culture**. In this light, discussing U.S. policy solely in terms of tariffs is too narrow an approach. **A more holistic perspective on the policy** is needed.”*

Deputy Governor of the Bank of Japan, Himino Ryoza (September 2, 2025)



Trump and 'Energy Dominance'

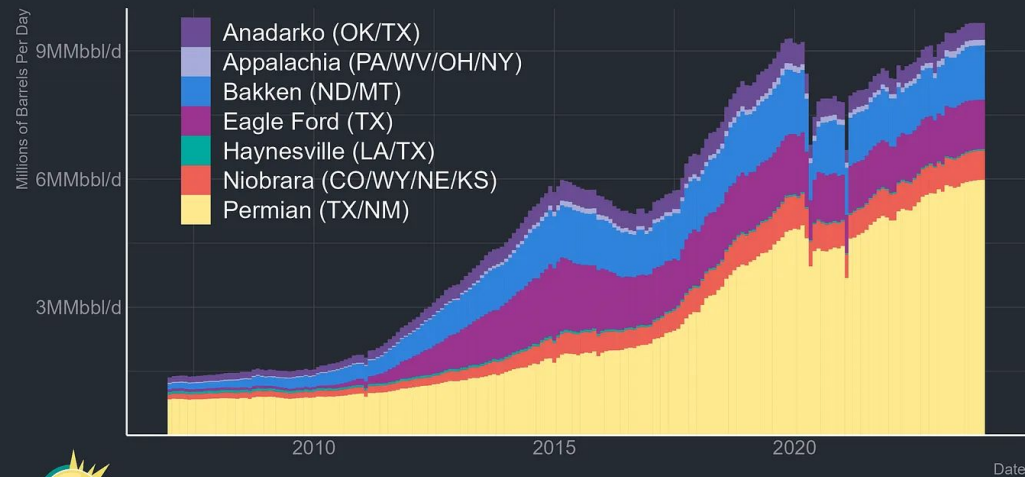
Objectives of the National Energy Dominance Council

- 1) Ensure energy independence through the use of domestic fossil fuels and nuclear power;
- 2) Influence global energy prices;
- 3) Provide affordable, reliable energy to Americans and our allies; and
- 4) Reduce dependence on China's green energy supply chains.

These goals reflect a realist approach to energy policy, grounded in national interest and (perceived) global leverage

Oil Production in Key Shale Regions

Booming Tight Oil Production in the Permian Has Driven US Oil Production Growth



Graph created by @JosephPolitano using EIA data

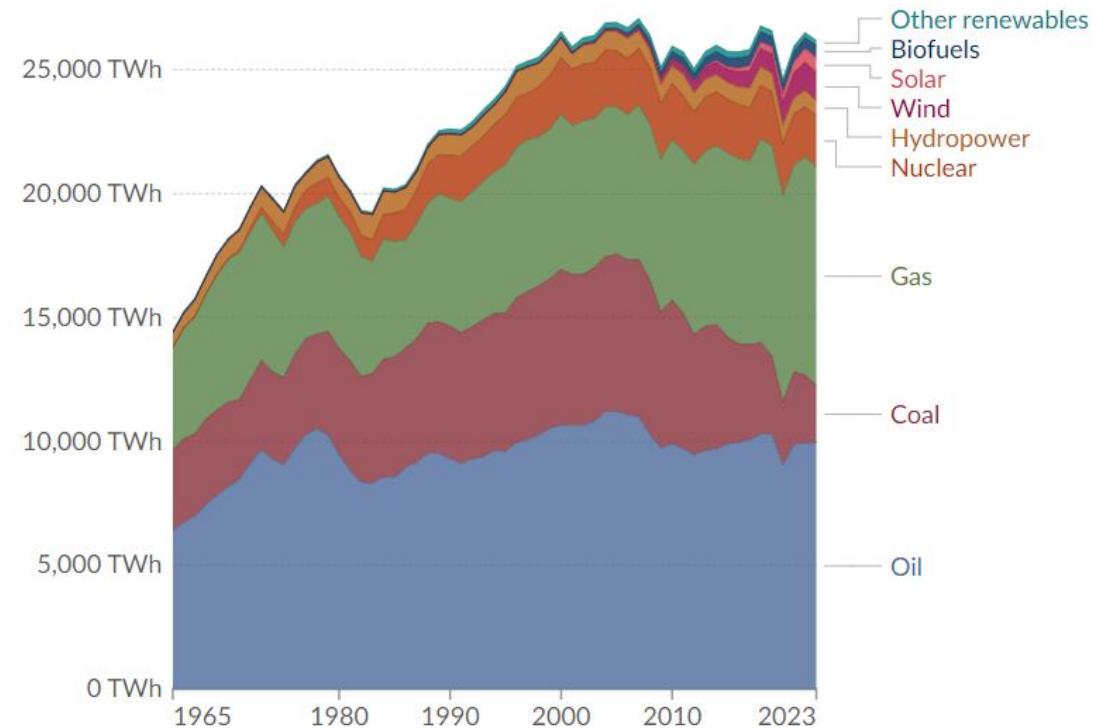
Energy consumption by source, United States

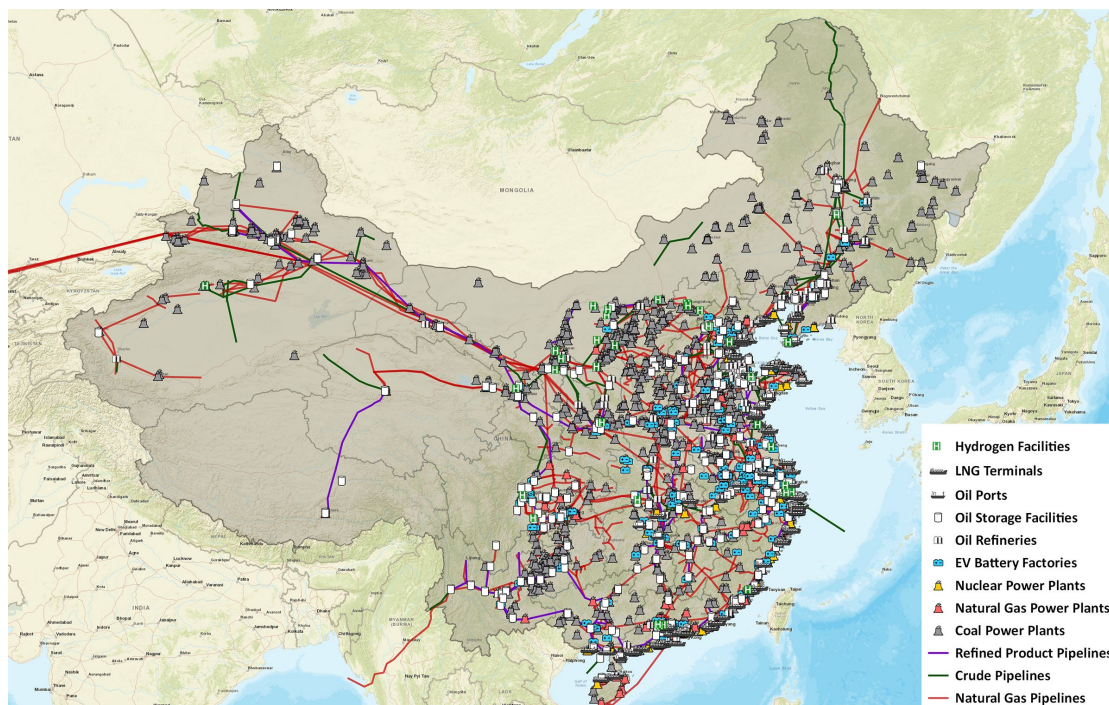
Measured in terms of primary energy using the substitution method.

Our World
in Data

Table Chart

Edit countries and regions





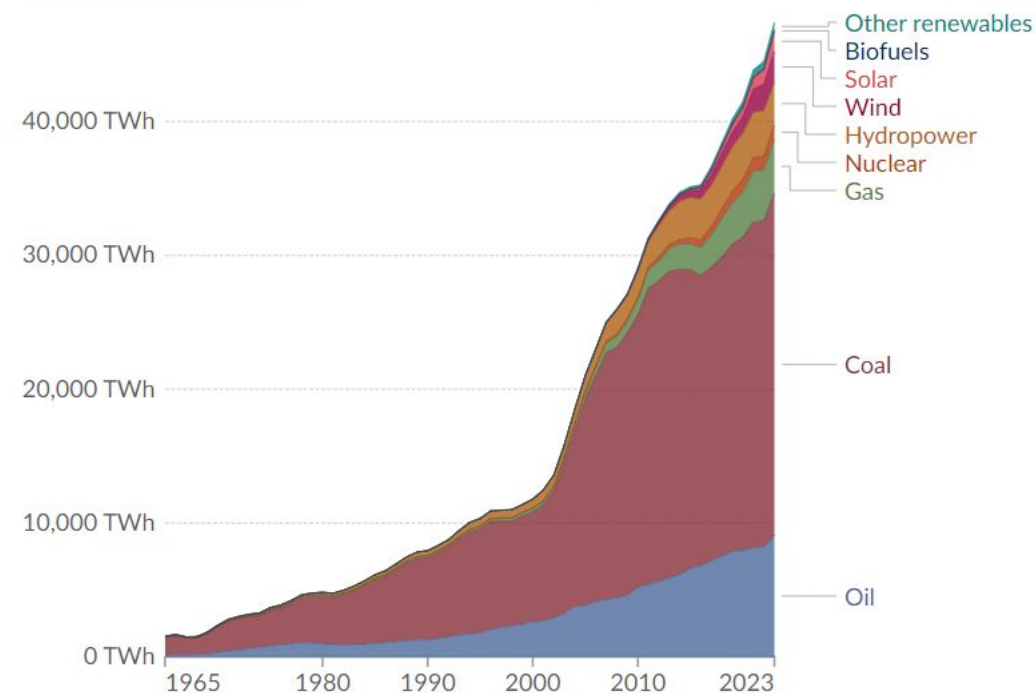
Energy consumption by source, China

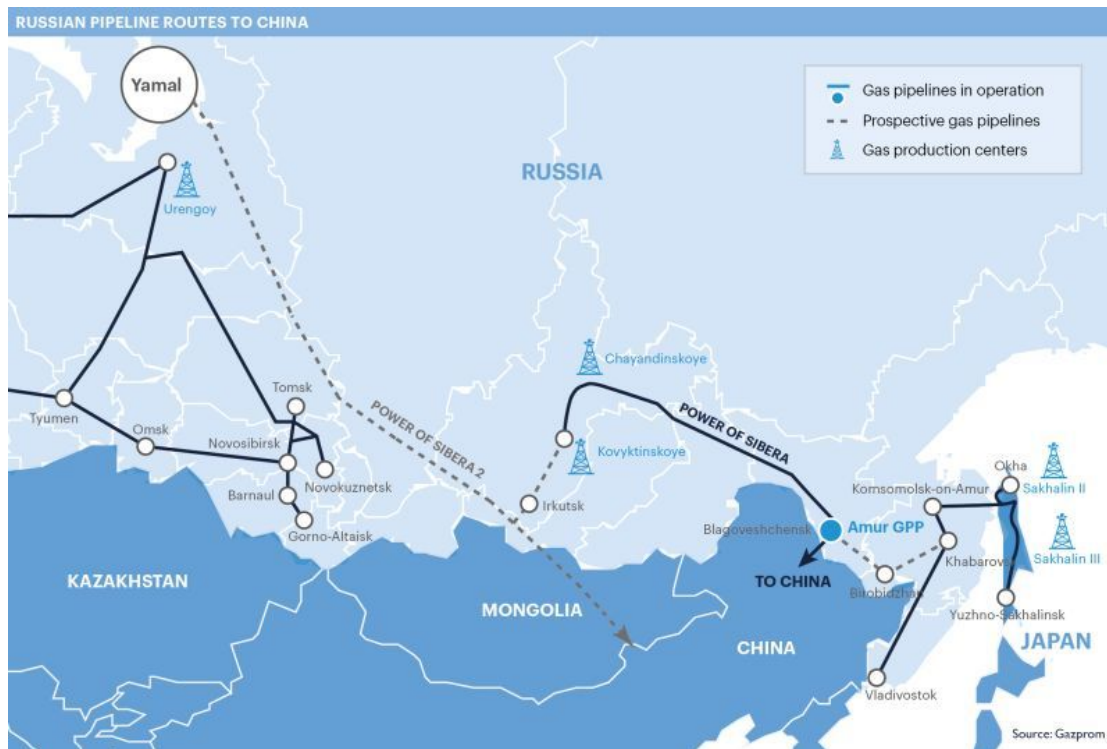
Measured in terms of primary energy using the substitution method.

Our World
in Data

Table Chart

Edit countries and regions





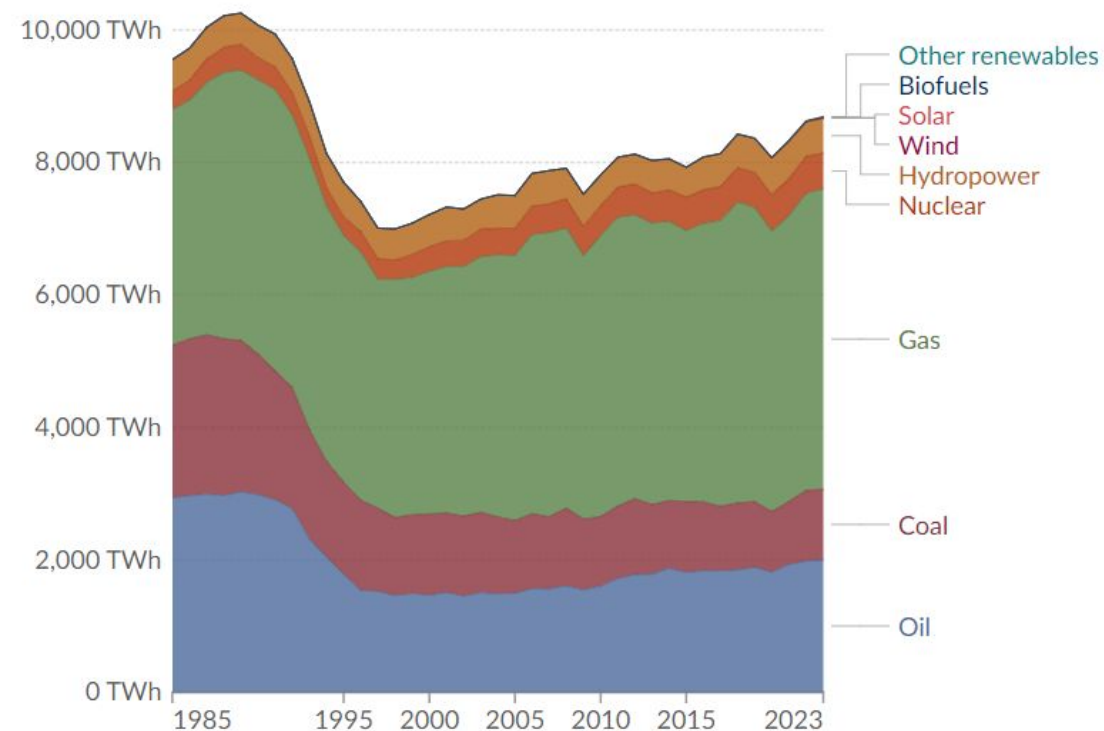
Energy consumption by source, Russia

Measured in terms of primary energy using the substitution method.

Our World
in Data

Table Chart

Edit countries and regions



Energy consumption by source, India

Measured in terms of primary energy using the substitution method.

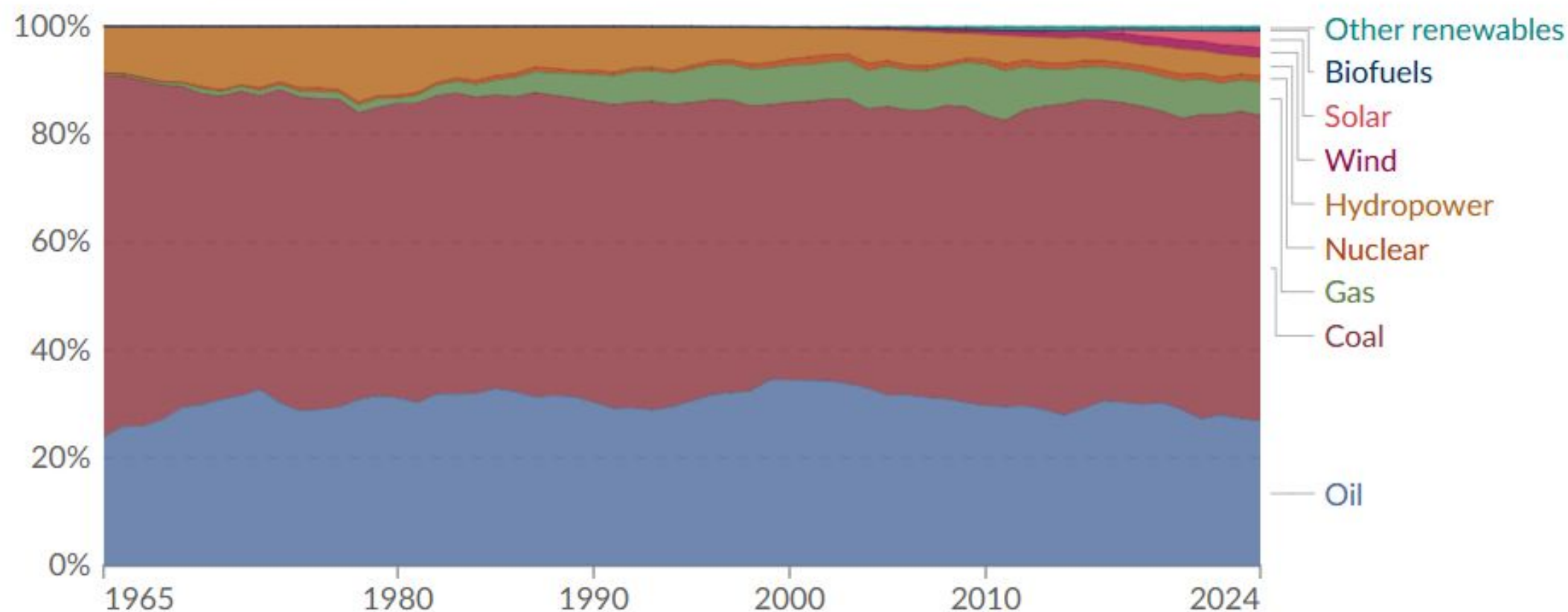
Our World
in Data

Table

Chart

Edit

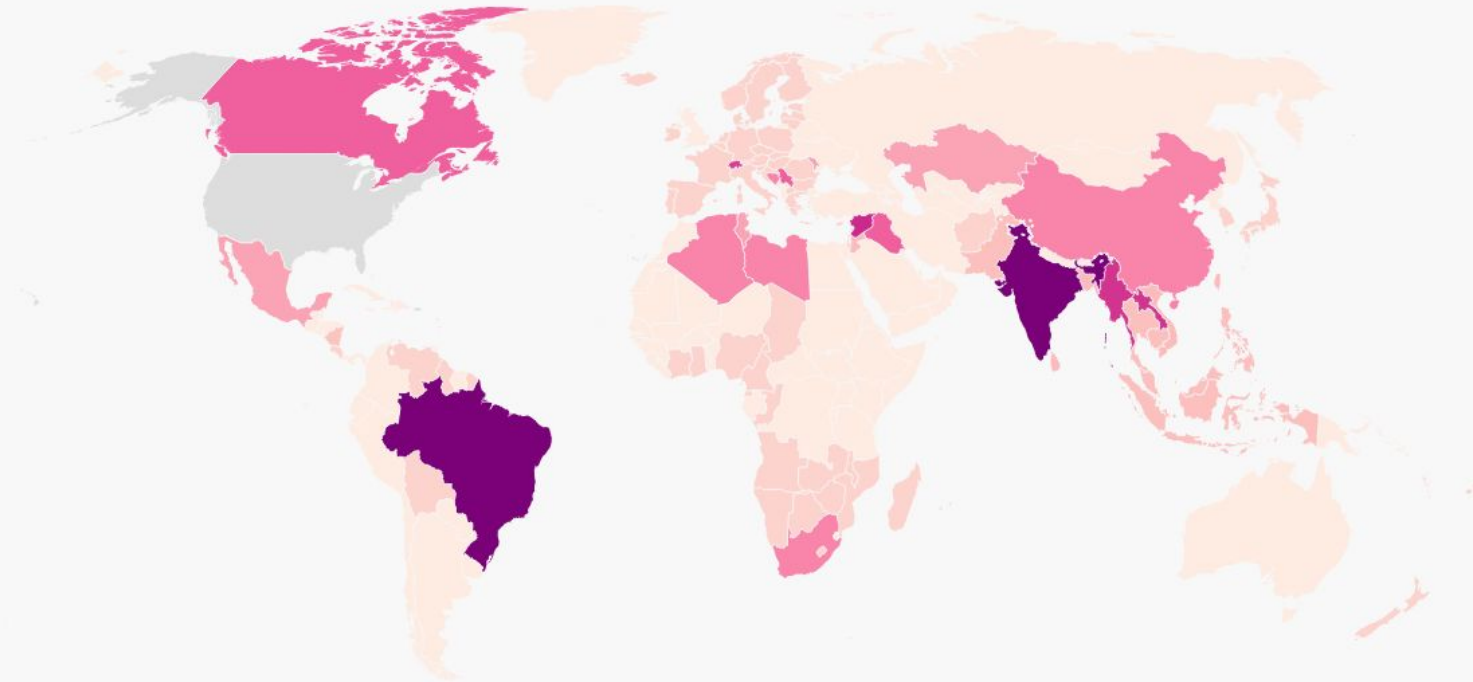
Settings



Visualizing Trump's New Trade War

US Reciprocal Tariff Rates, as of August 1, 2025

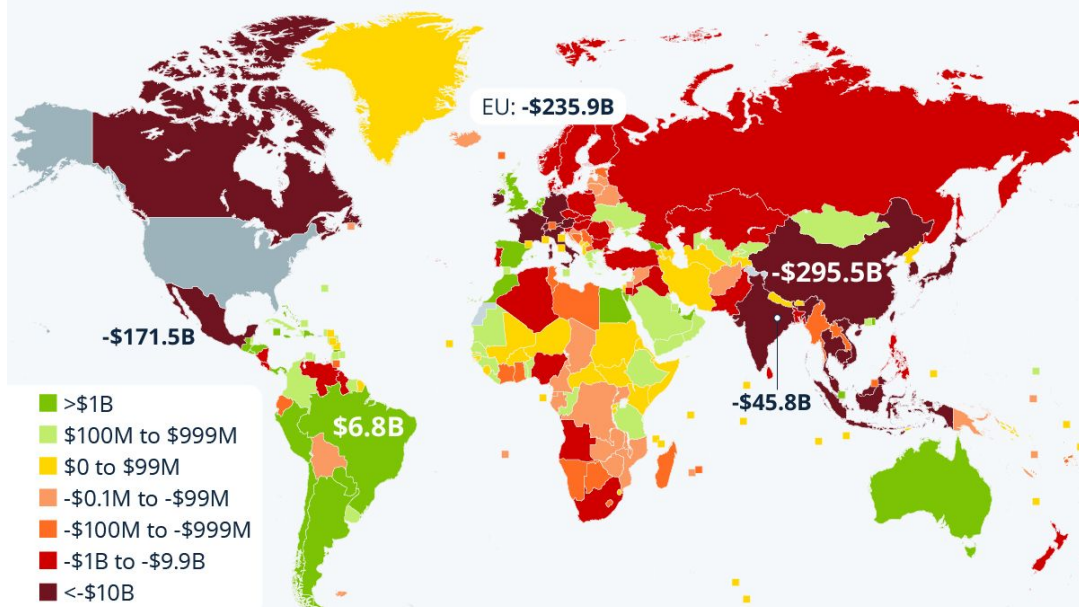
10% 50%



Source: Federal Register

The U.S. Is Heavily Reliant on Imports

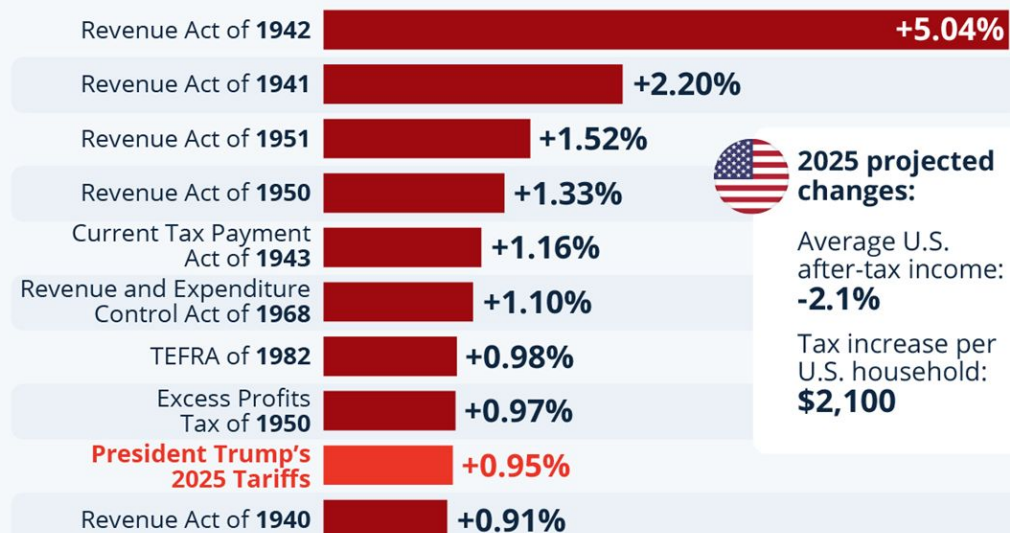
U.S. trade balance with other countries in 2024



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Trump's Tariffs: Biggest Tax Hike Since 1982

Average annual government revenue change as a share of GDP, by major tax law/tariff regime



1940 - 68 bills were war-related. 1940 - 51 refer to calendar years rather than fiscal years.

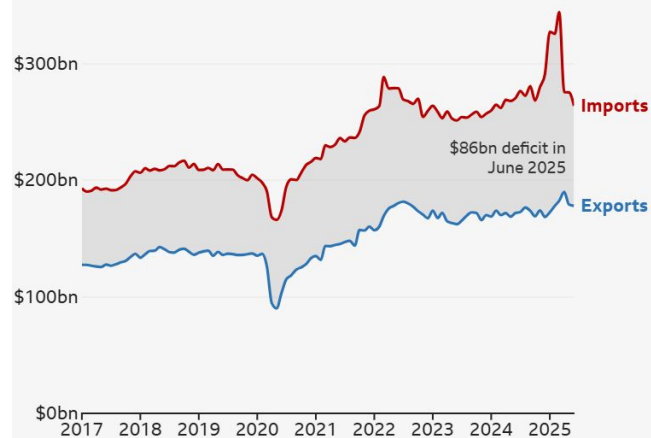
Source: Various sources via The Tax Foundation



statista

US trade deficit widened after tariffs led to imports surge

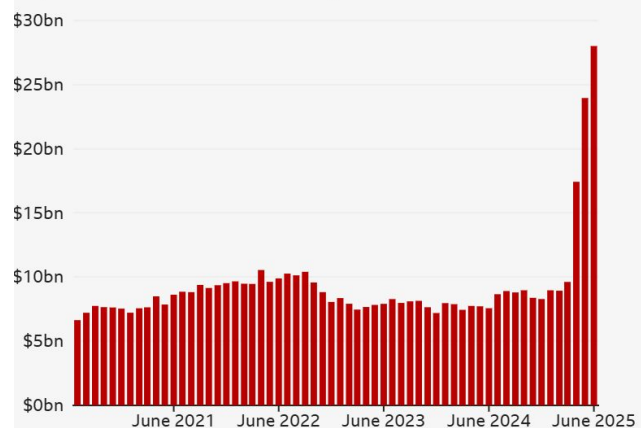
Monthly US goods imports and exports, Jan 2017 to June 2025



Source: US Census Bureau

Tariffs brought a surge in US customs duties

Monthly customs and certain excise taxes collected by Department of Homeland Security



Source: US Department of the Treasury daily statements

BBC

The prices of US goods affected by tariffs have risen more in 2025

October 2024 = 100

■ Imported goods ■ Domestic goods in tariff-affected categories
■ Domestic goods in unaffected categories



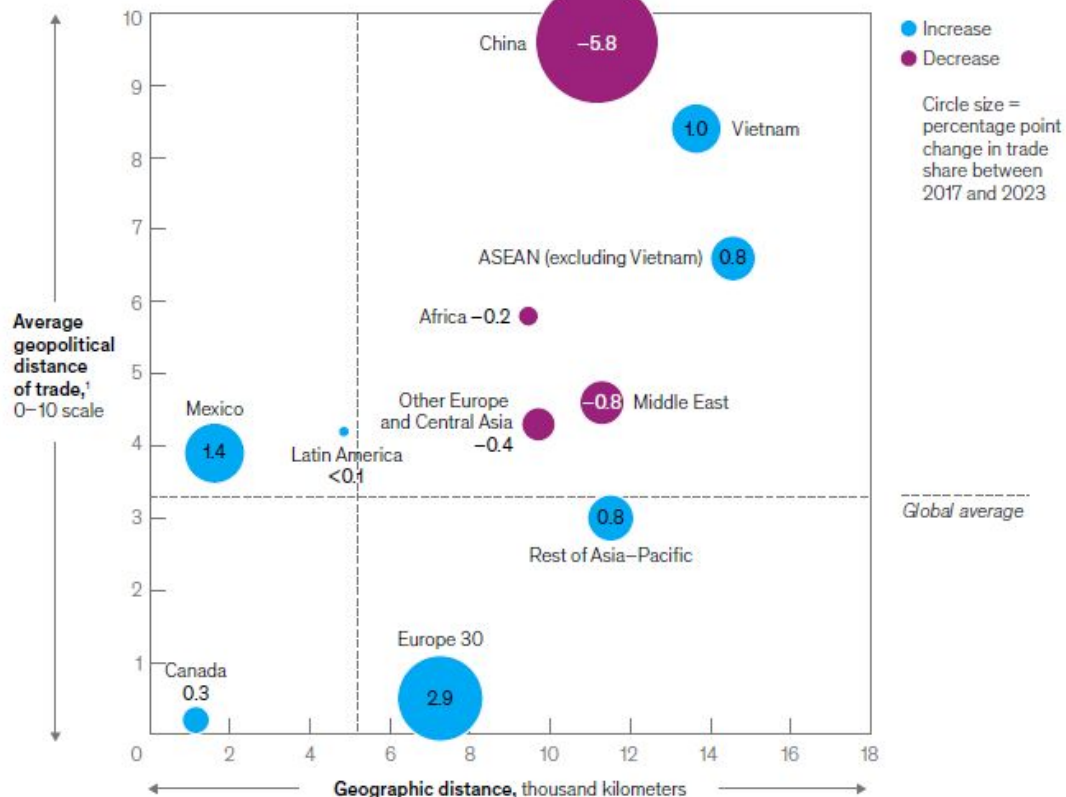
Source: [Harvard Pricing Lab](#)

BBC

The United States has diversified its imports away from China in a range of manufacturing sectors.

Changes in share of goods trade, 2017–23, percentage point

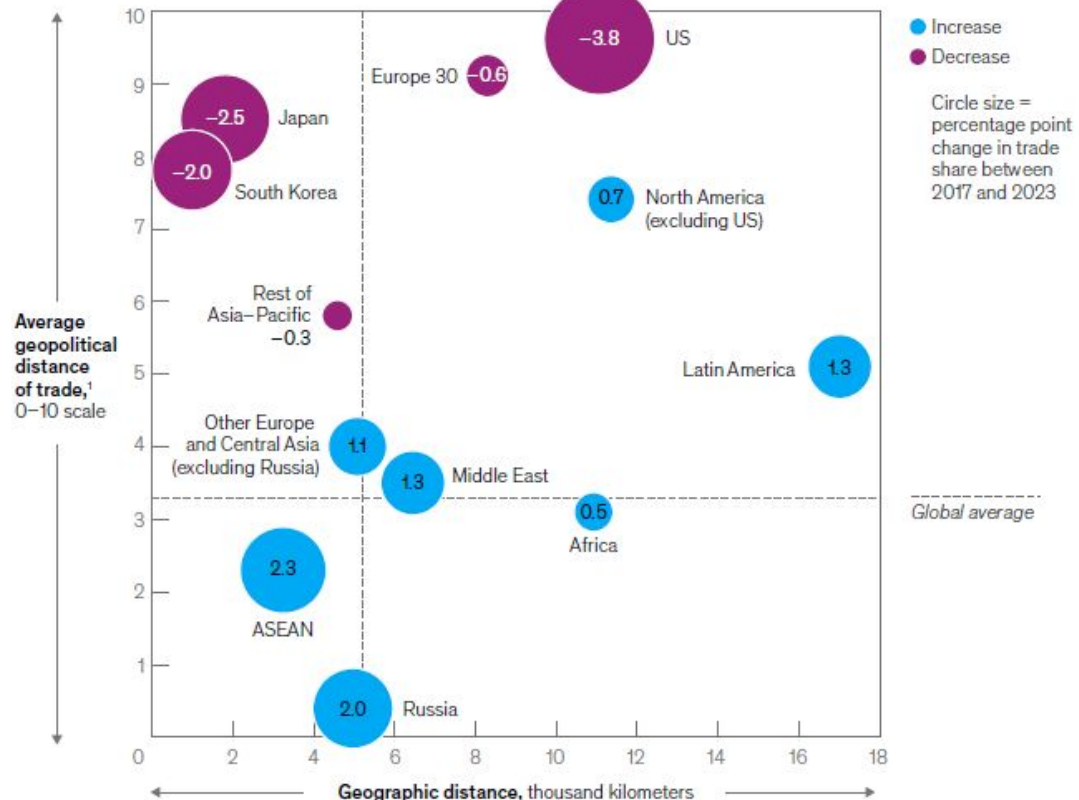
US



China's trade geometry has reoriented toward developing economies around the world.

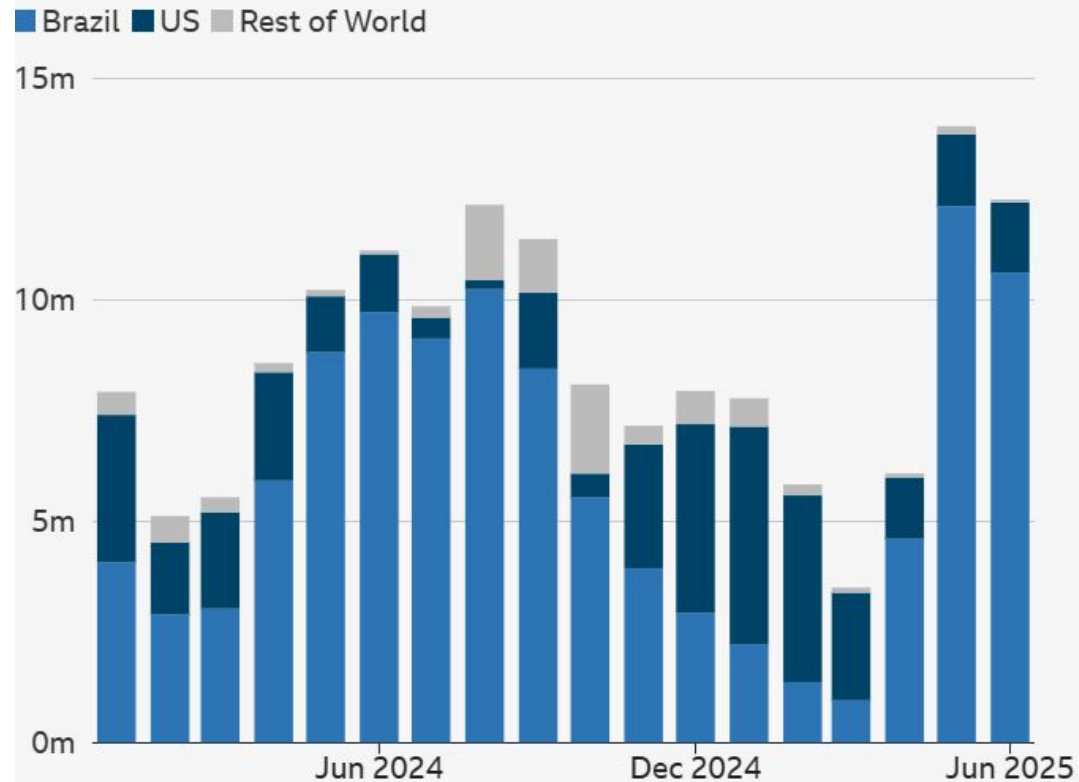
Changes in share of goods trade, 2017–23, percentage point

China



China's soybean imports from Brazil have risen

Monthly weight of China's soybean imports in tonnes, by partner country

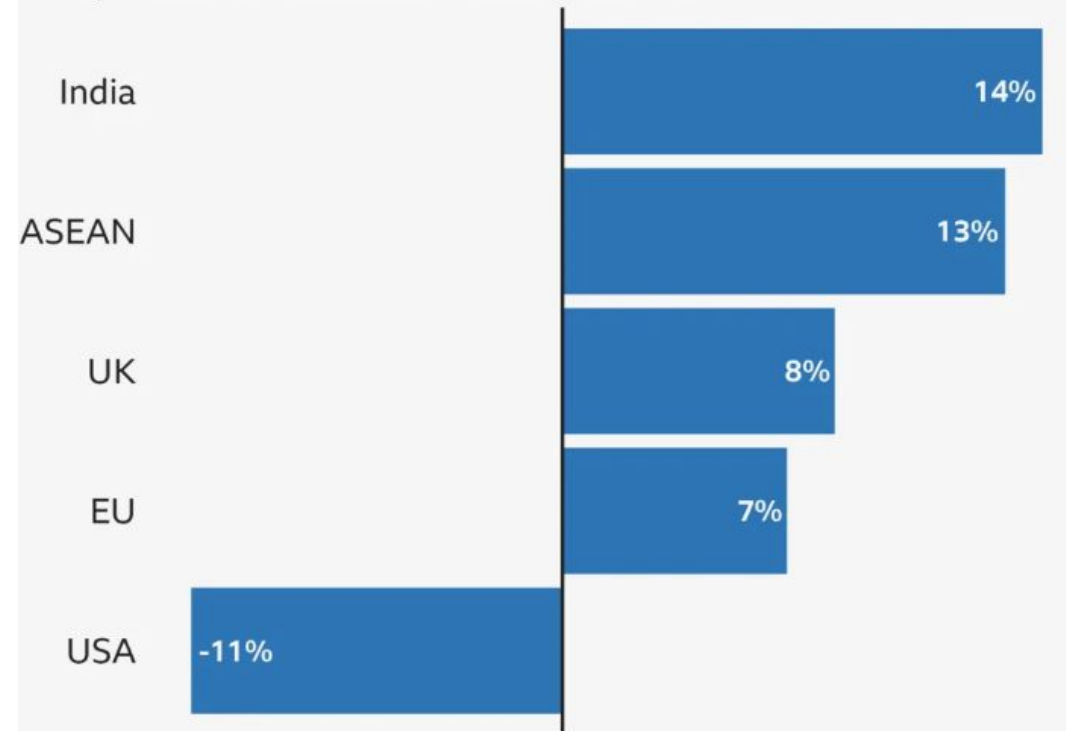


Source: China's General Administration of Customs

BBC

China has increased exports to other countries, but not the US

Percentage change in value of exports, January to June 2025 compared with same six months of 2024

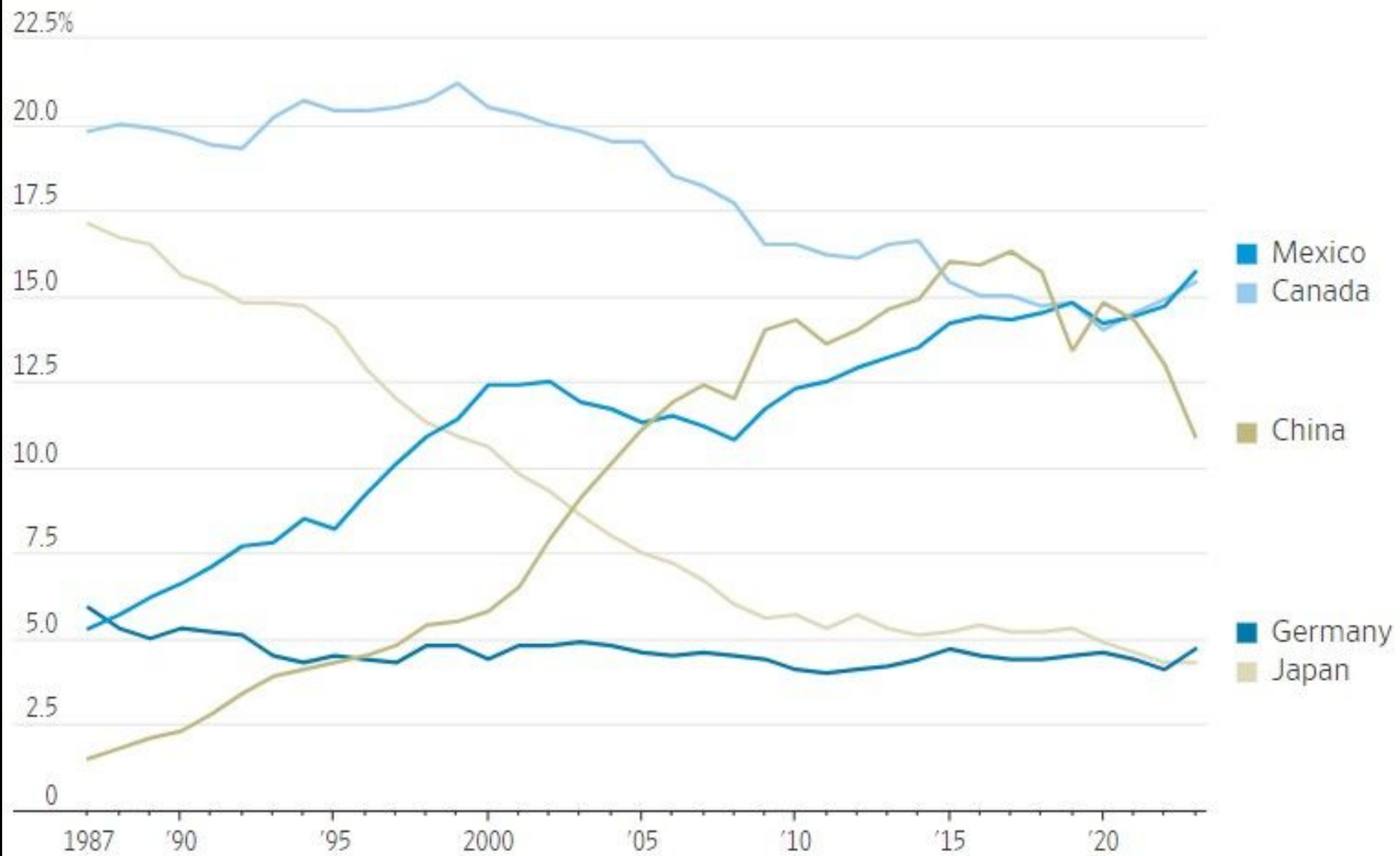


Note: ASEAN includes Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam

Source: China's General Administration of Customs

BBC

Percentage of total trade with U.S.

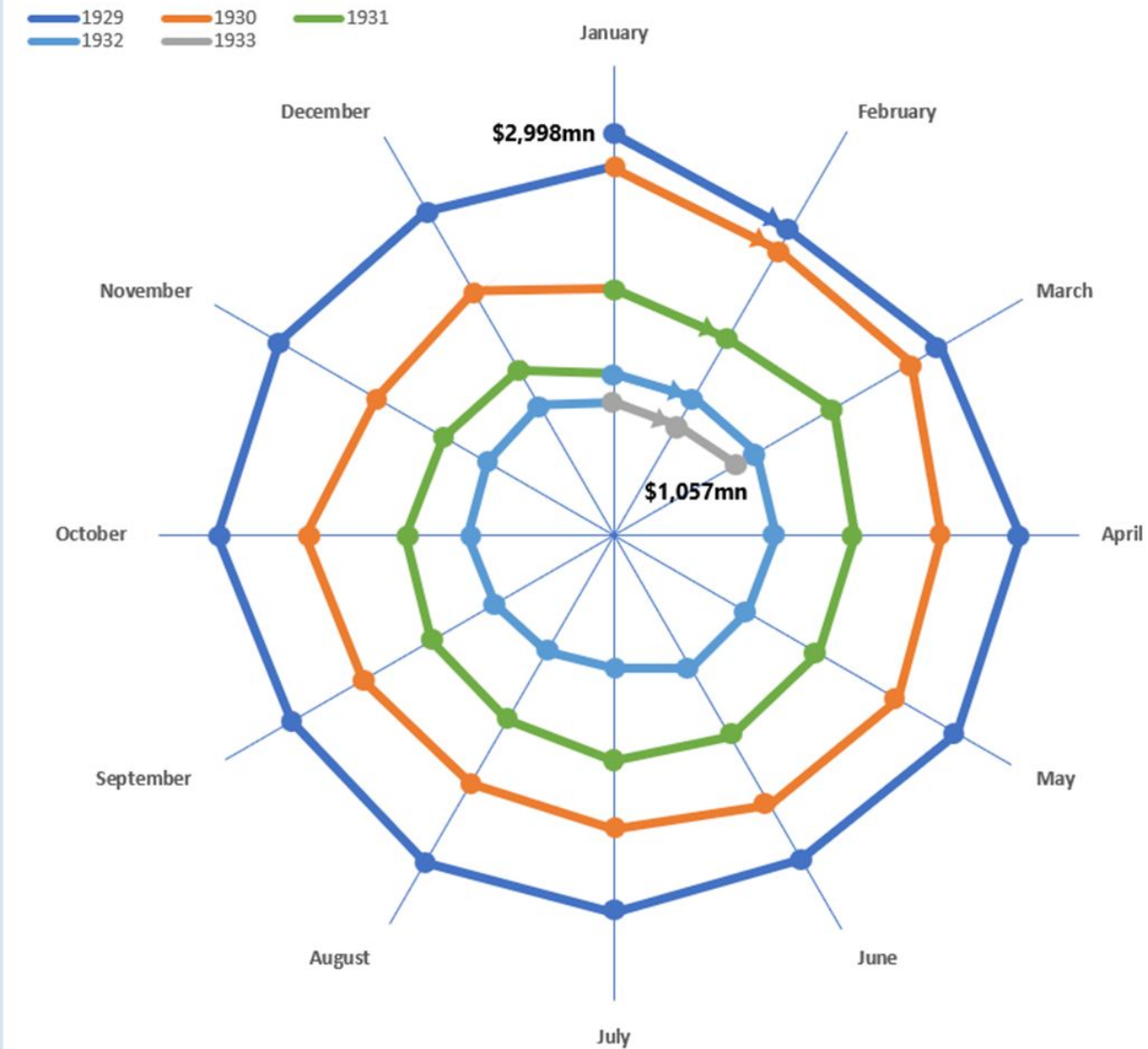


Note: Figures are annual except for 2023, which is through June.

Source: Census Bureau

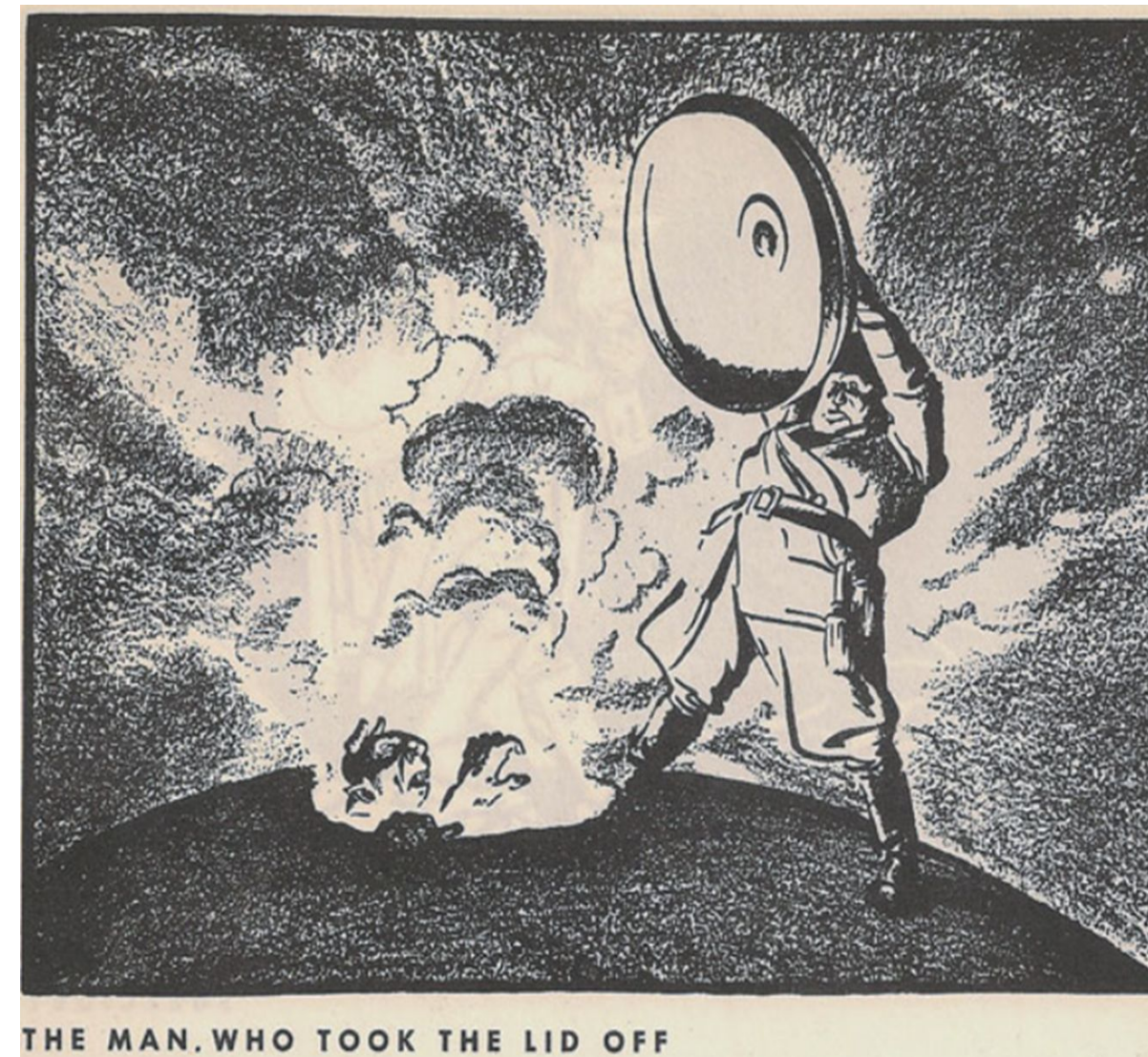
The Kindleberger spiral

World trade, January 1929–March 1933, total imports, 75 countries, monthly, old US gold dollars, millions



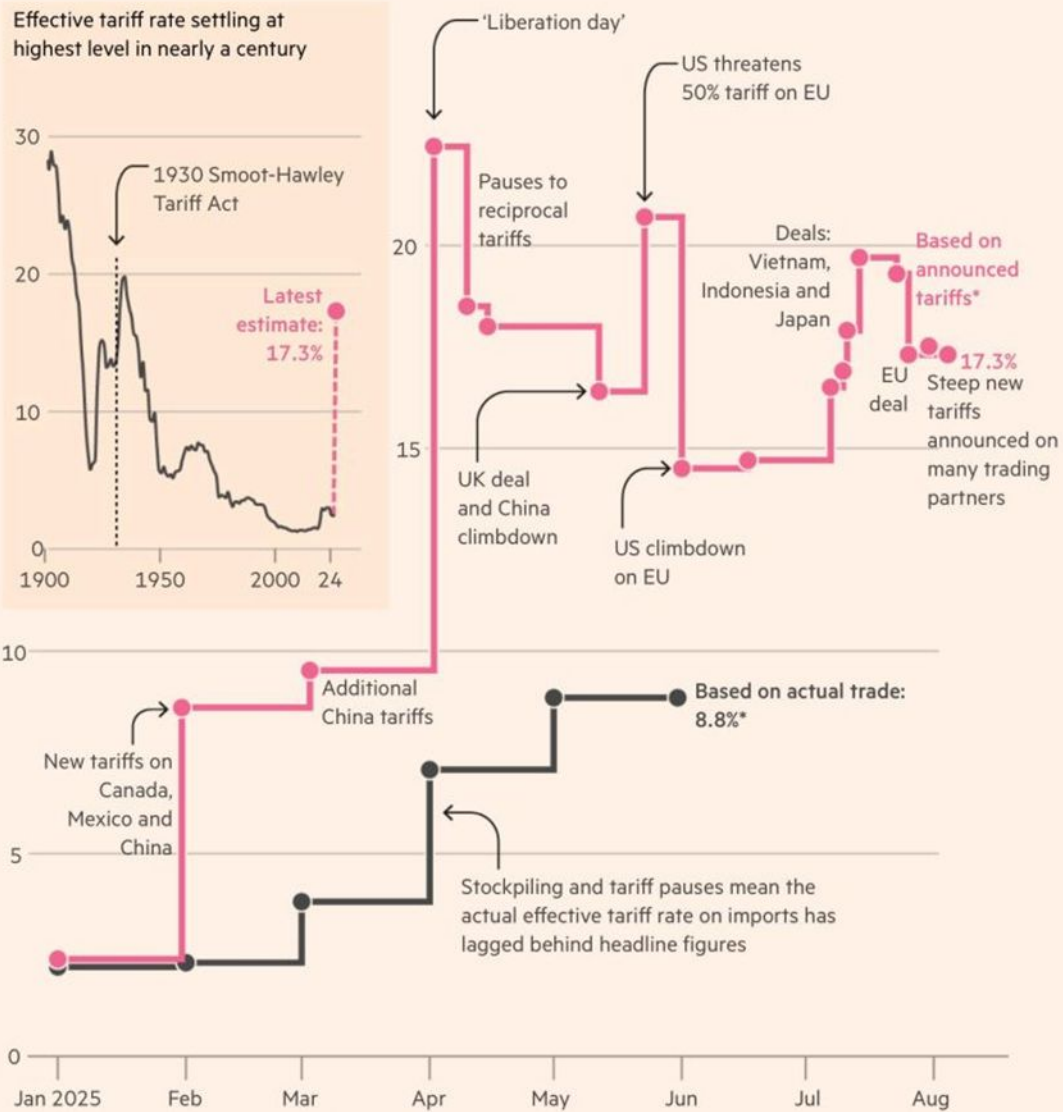
Source: League of Nations Monthly Bulletin of Statistics, February 1934, p. 51.

Recreated from: Kindleberger, Charles P, *The World in Depression 1929-1939*, London: Allen Lane The Penguin Press, 1973



The progression of Trump's tariffs

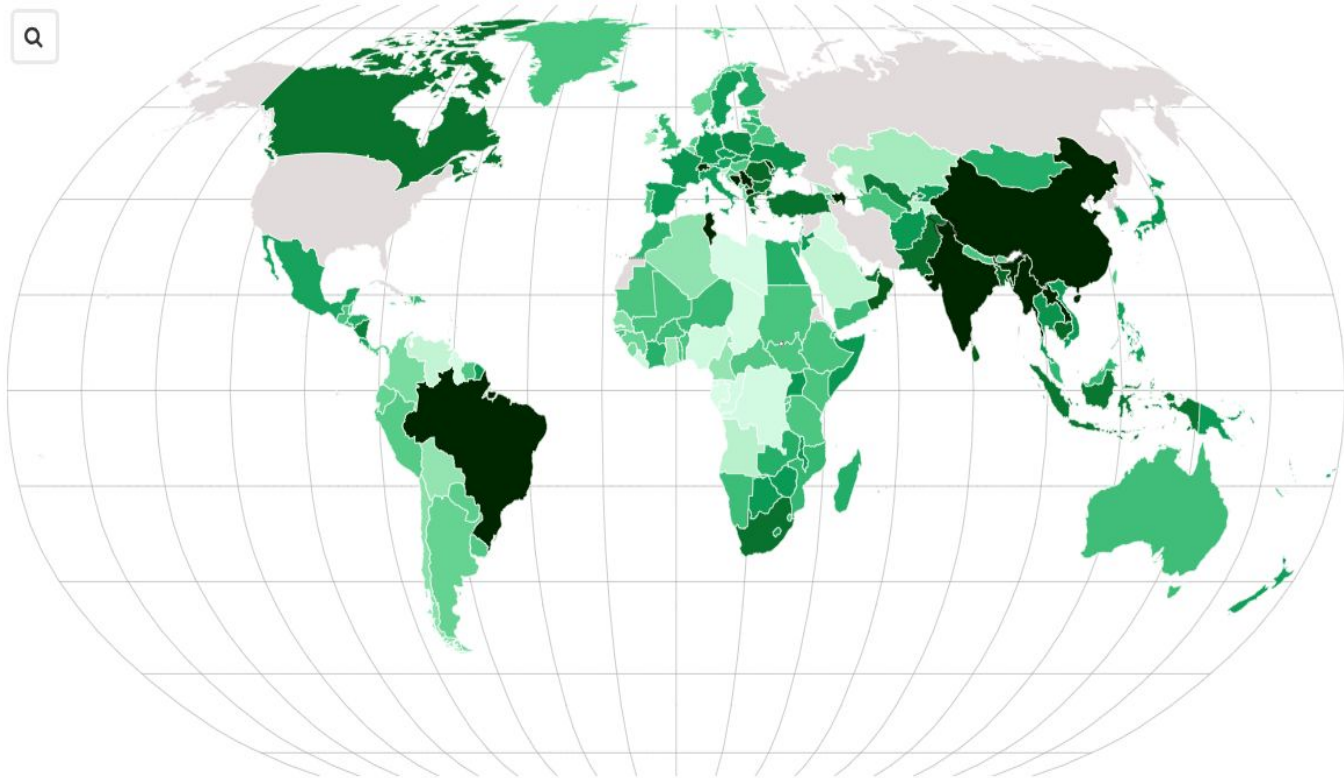
Effective US global tariff rate, as at Aug 1 2025 (%)



Sources: Yale Budget Lab; US Census Bureau. • *'Actual trade' rate is customs duty revenue as a % of value of goods imported. 'Based on announced tariffs' is the estimate of the long-run effective tariff rate based on current announced policy, after accounting for consumption shifts
FT graphic: Alan Smith

Added EFFECTIVE tariff rate as of August 7th 2025 (%) Exports to US as % of total 2024 exports

% 0 25 % or higher



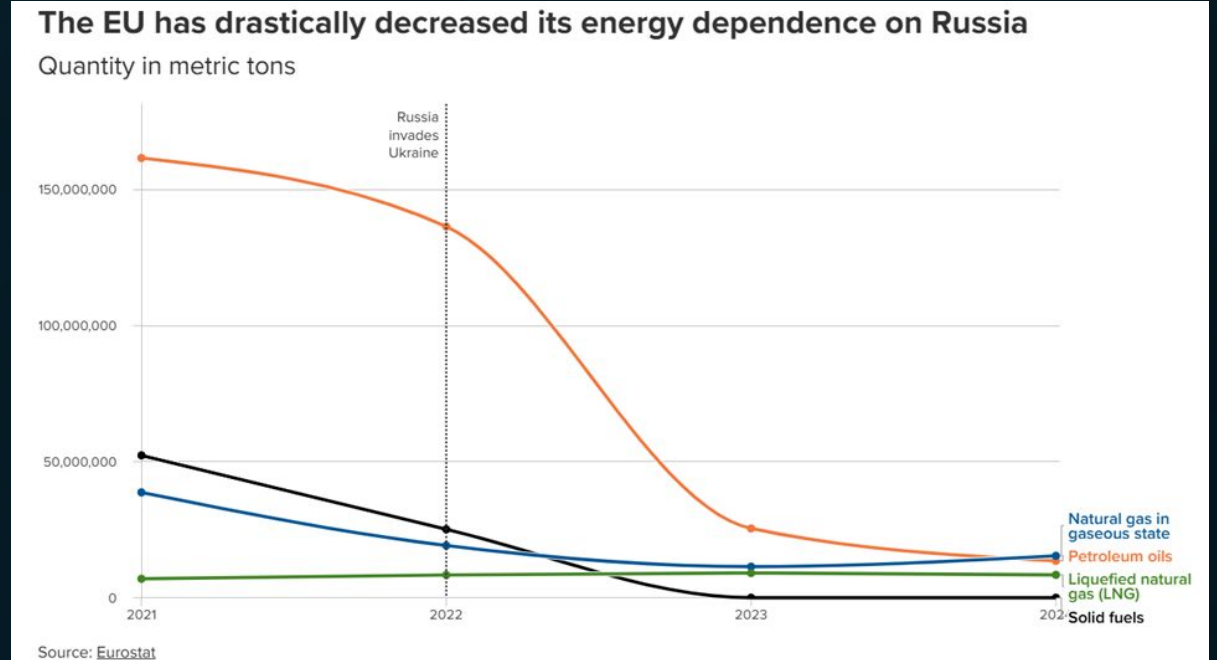
Source: Calculated by Liliana Rojas Suarez and Ignacio Albe

Trump Approach At Work-Politics 'Trump' Economics

- US-EU and Ukraine-Russia
- Trump Route for International Peace and Prosperity (TRIPP)
- IMEEC
- US-India
- Asia and Alaska LNG
- Venezuela



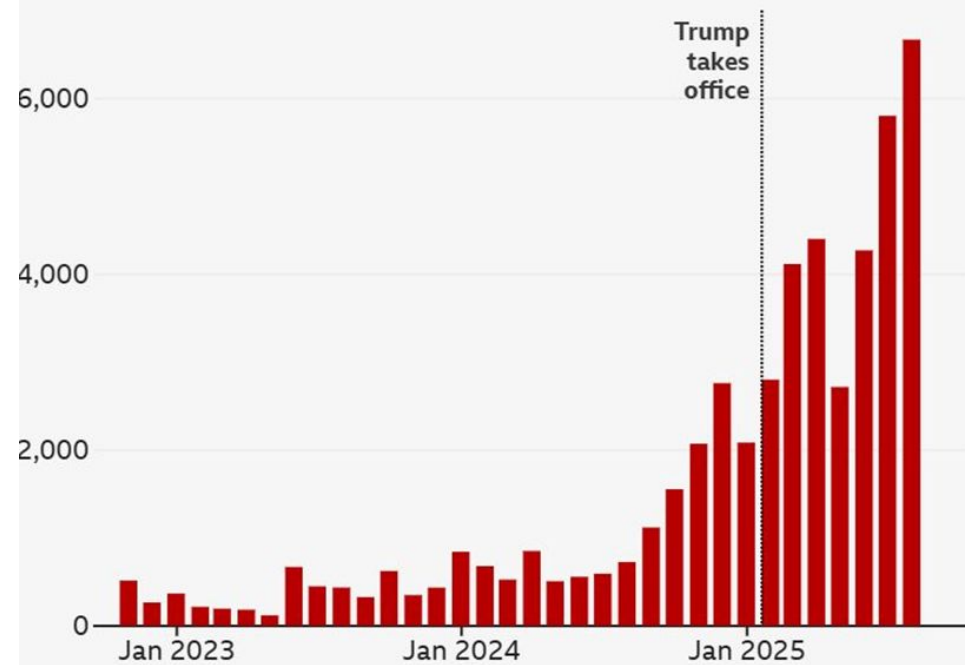
US-EU and Ukraine-Russia



Russia Oil Price Cap



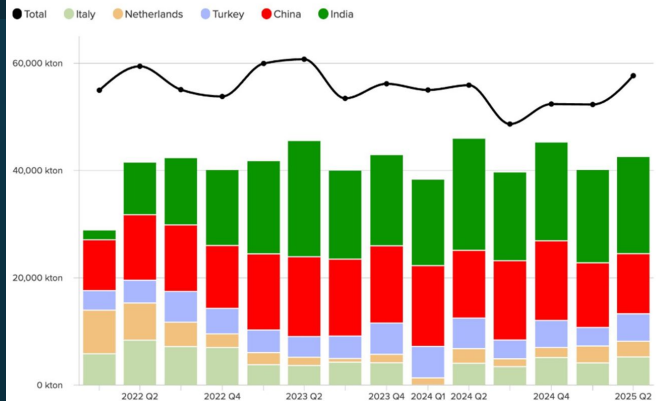
Monthly missile and drone launches from Russia



Russia-Energy and Finance

India and China have been the top destinations for Russian crude oil shipments in 2025

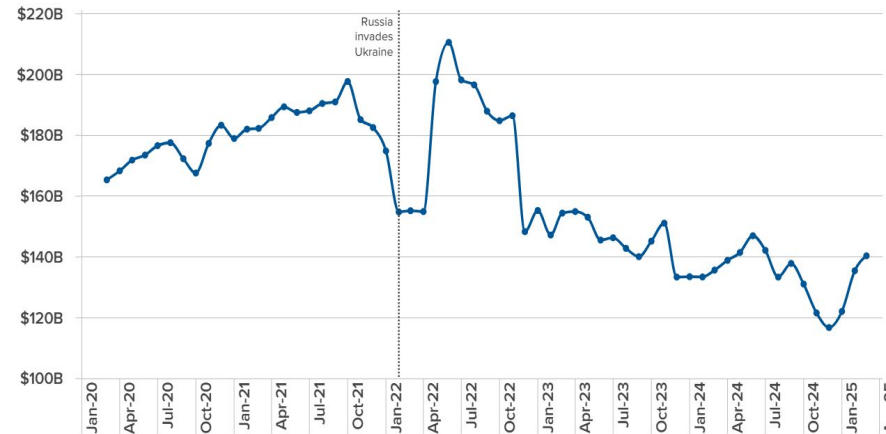
The chart displays Russian crude oil shipments in kilotons to the top five destinations



Source: Bloomberg Finance L.P.

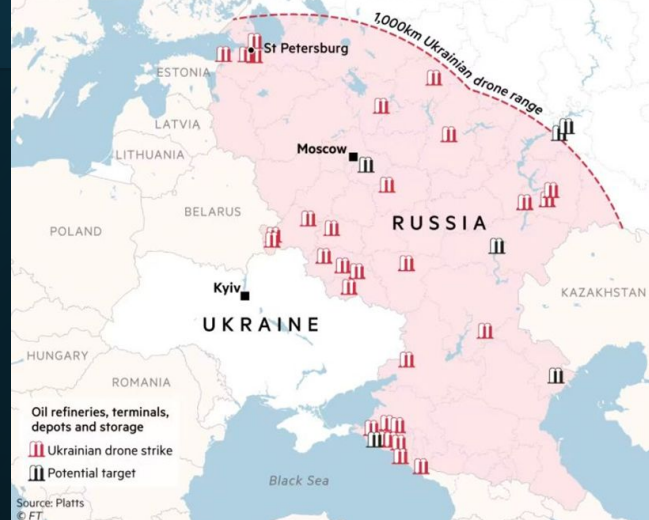
Atlantic Council
ECONOMIC STATECRAFT INITIATIVE

2025 may be the last year Russia can rely on the National Welfare Fund to cover its fiscal deficit

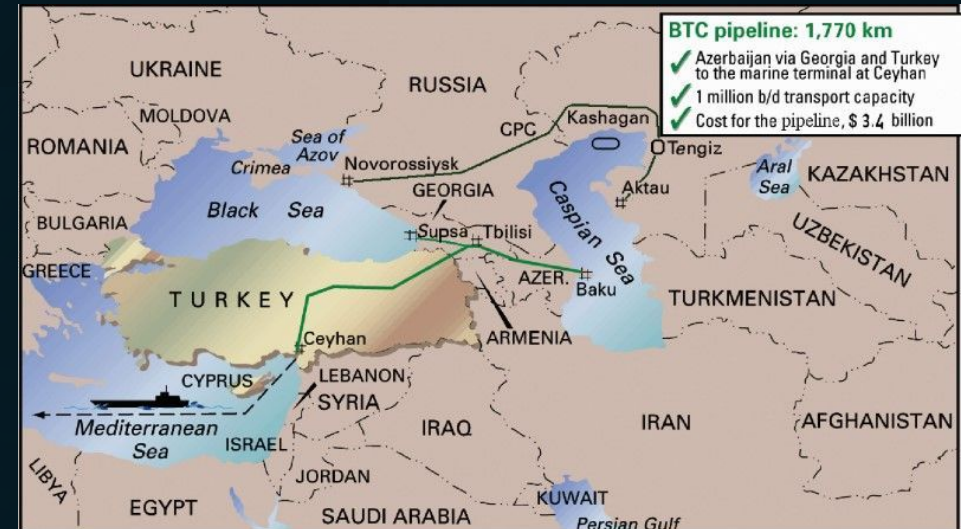


Source: Trading Economics • The chart includes total value of Russia's National Welfare Fund assets, including liquid assets and long-term investments.

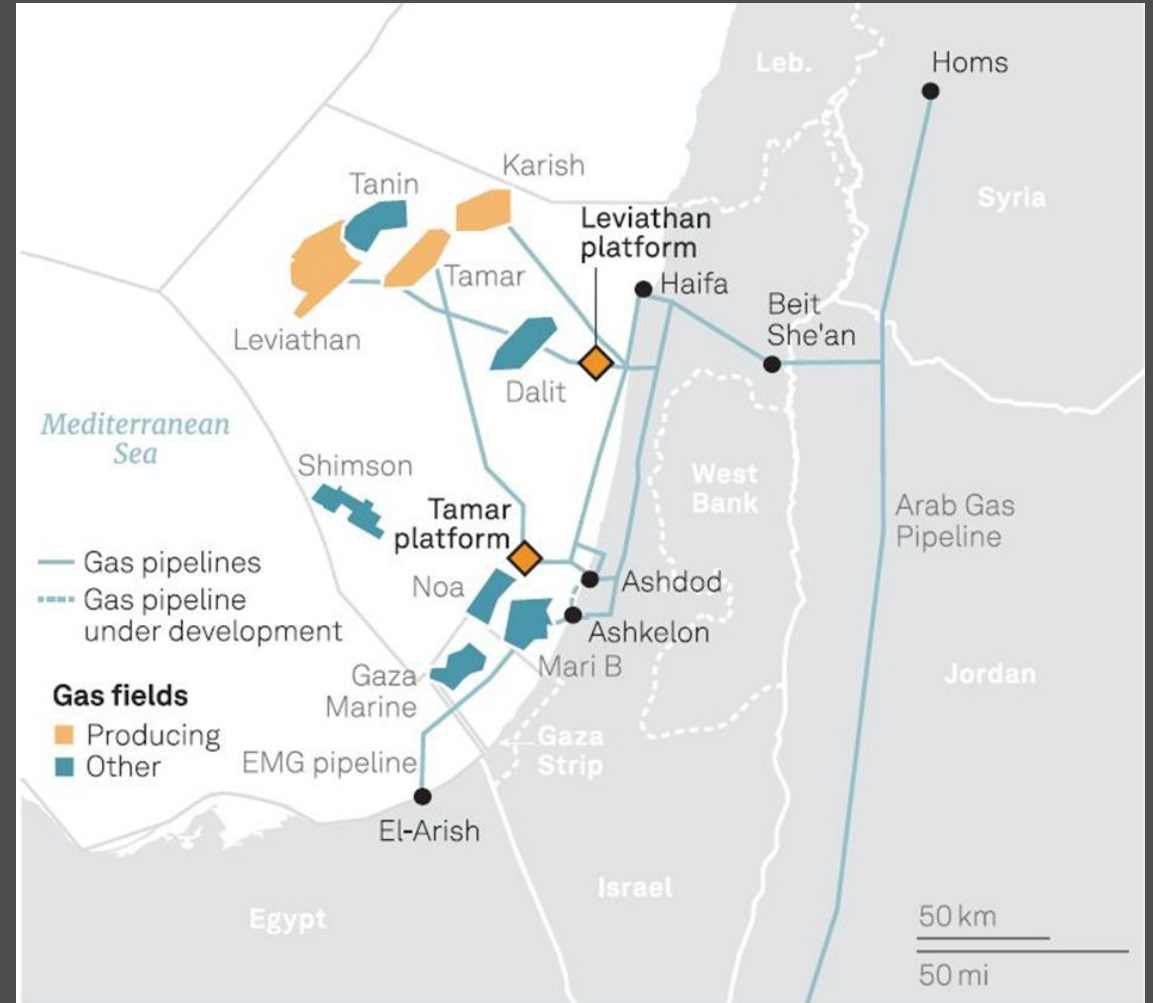
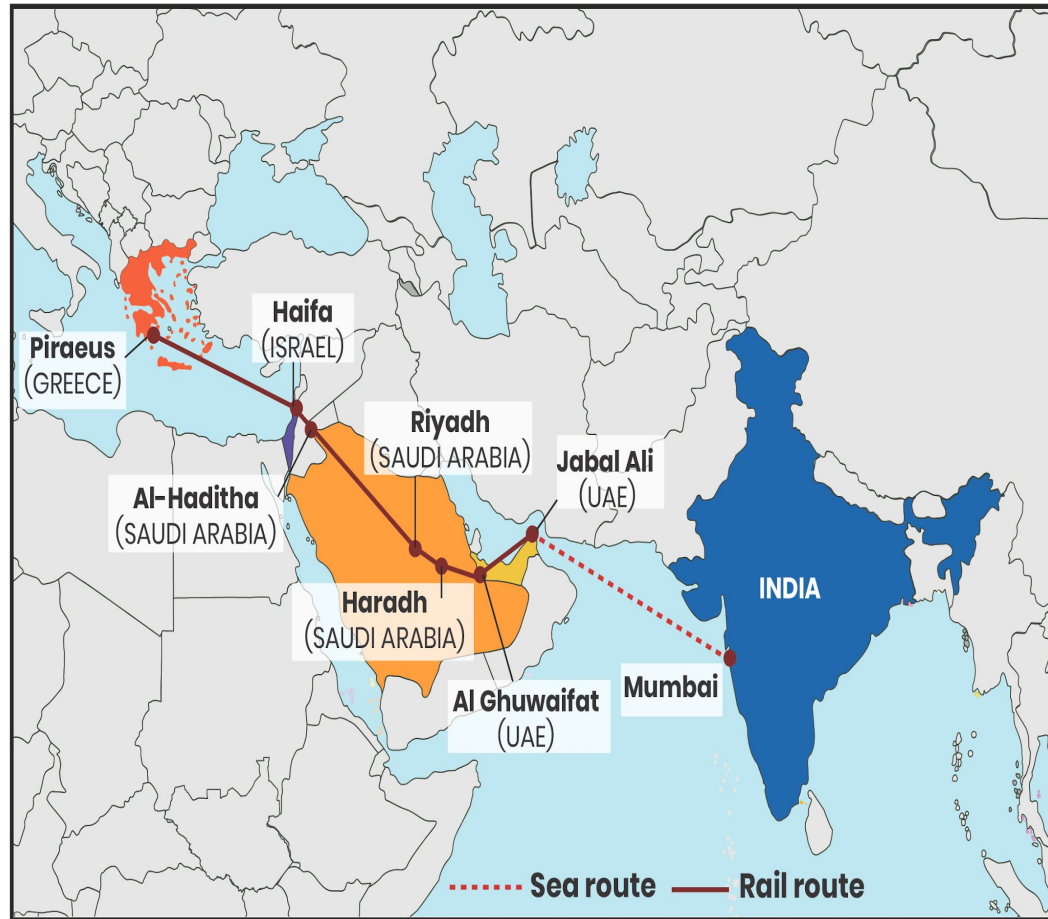
Russia's western oil refineries are vulnerable to Ukrainian drone strikes



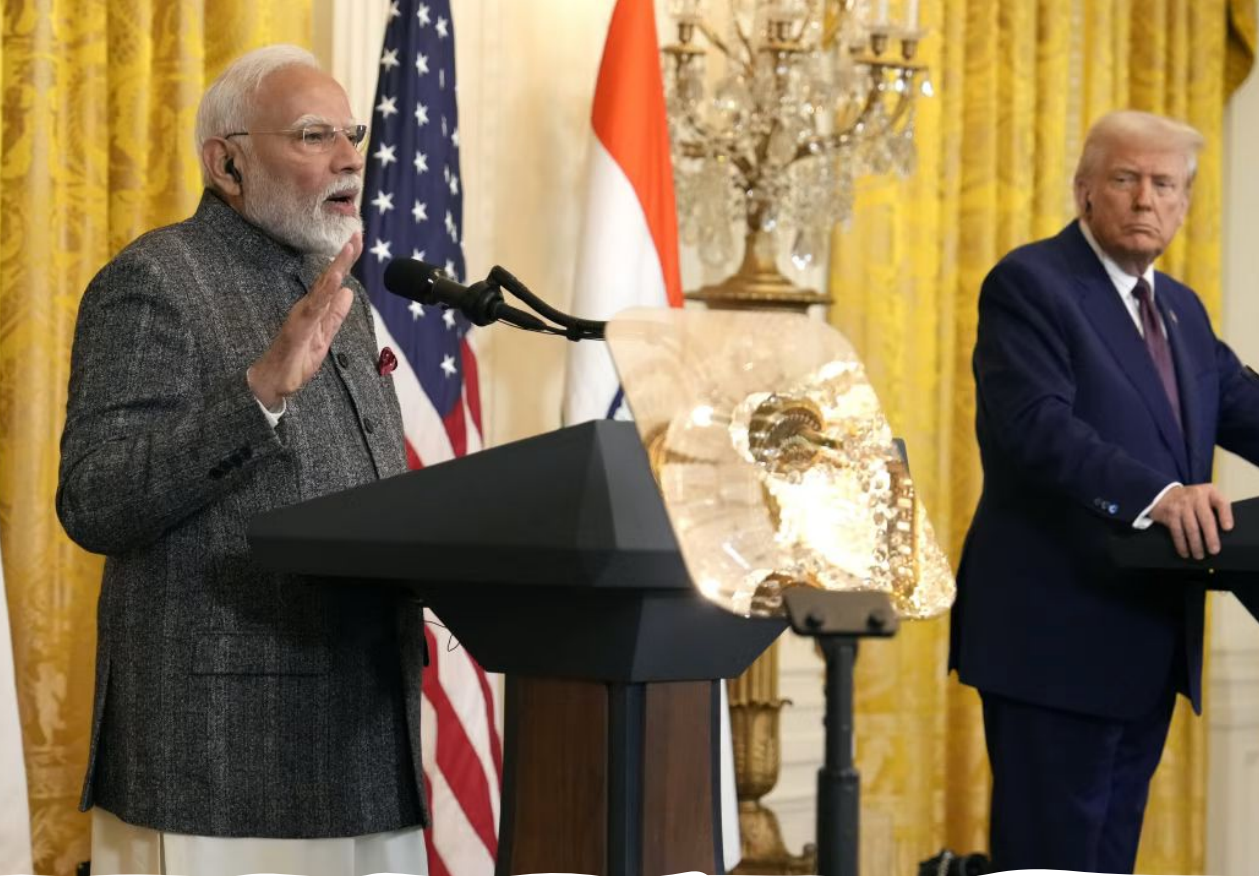
Azerbaijan, Armenia, and TRIPP



India-Middle East-Europe Corridor (IMEC)

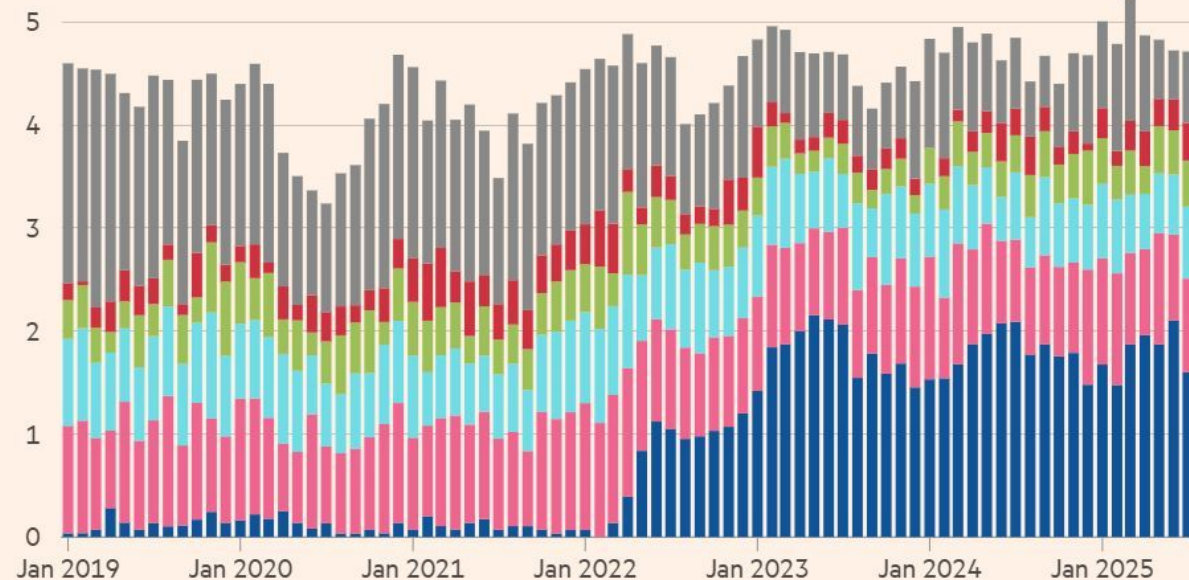


Source: S&P Global Commodity Insights



Imports by country (mn barrels a day)

Russia Iraq Saudi Arabia UAE US Other



FINANCIAL TIMES

Source: Kpler

US-India Tariffs







25 out of 31 ↑

Countries Host Chinese Infrastructure Projects

56 ↑

Port Projects

25

Port Calls in 10 Years

70% ↑

Increase in PLA(N) Port Calls in Last 5 Years

\$615+ Million

Weapons Sales to Venezuela in 10 Years



17 out of 31 ↑

Countries Joined One Belt, One Road

\$155+ ↑ Billion

Loans China Has Provided Since 2007

\$500 Billion

China's trade goal by 2025

39

Heads of State Meetings in 5 Years





Discussion/Q&A



Dr. Scott Smitson Contact Information

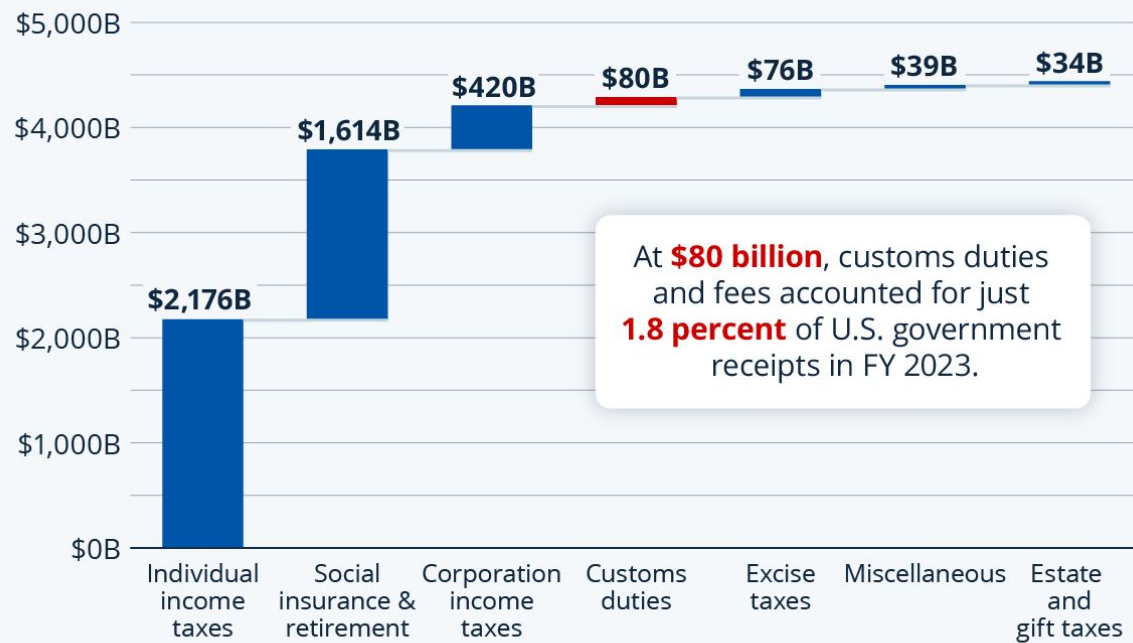
- Scott.Smitson@gmail.com
- (812) 320-0010
- <https://www.linkedin.com/in/scott-smitson-8b782682/>



Backups

Tariffs Are Not a Meaningful Source of Government Revenue

U.S. government receipts in FY 2023, by source



Sources: U.S. Department of the Treasury



statista



Key Takeaways

Geopolitical tensions are higher today than they have been for decades, posing **significant threats to businesses and investments** worldwide.

Business Leaders should embed geopolitical analysis into their due diligence processes at the country, industry, and company level, **and continuously monitor how geopolitical risks evolve** as they engage with portfolio companies.

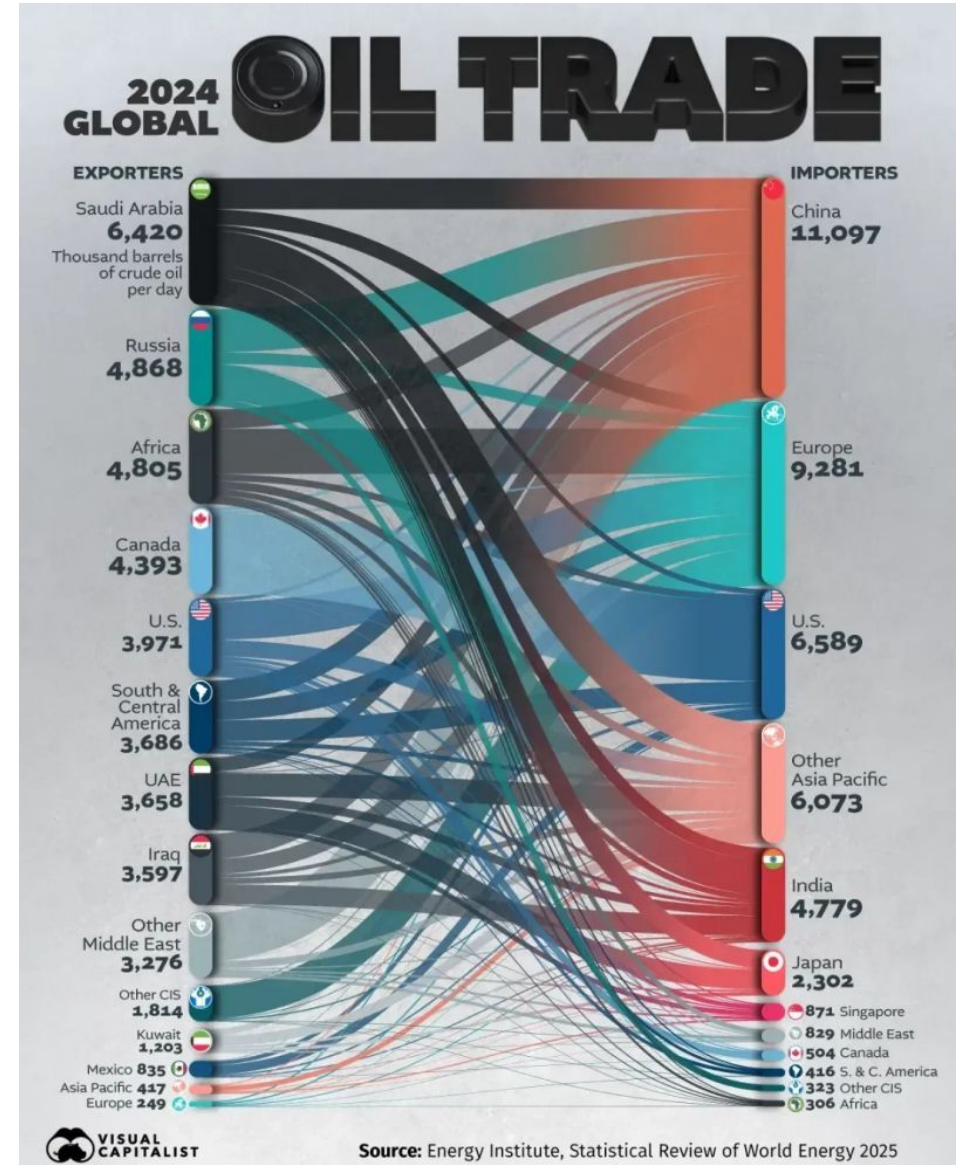
It is also **critical to assess the economic consequences of military conflicts and geopolitical rivalries** (e.g. Ukraine, Middle East, and South China Sea/Taiwan)

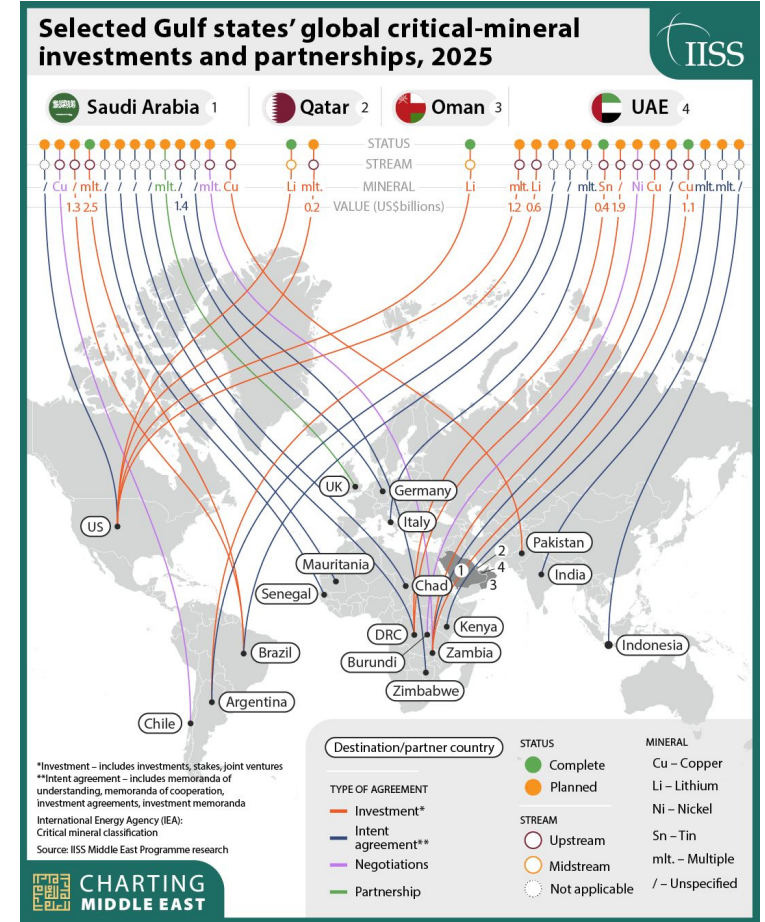
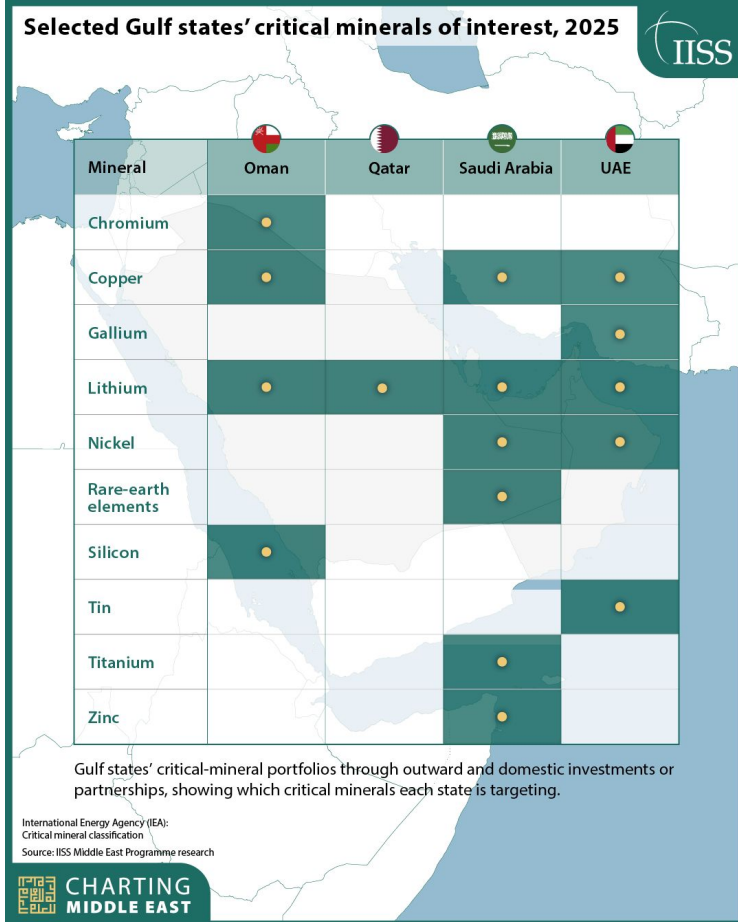
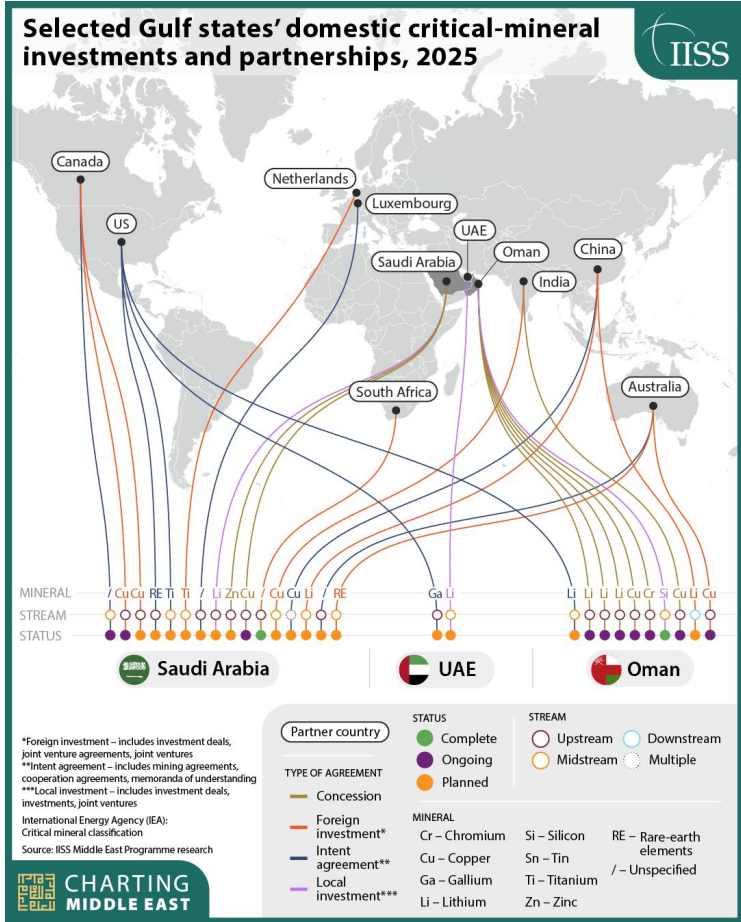
Leadership plays a crucial role in how organizations navigate crises and uncertainty, including the ability to make decisions with limited information and without allowing past lessons to overly dictate future decisions.

POWER OF SIBERIA-2: SIGNED. ALIGNED. REDEFINED

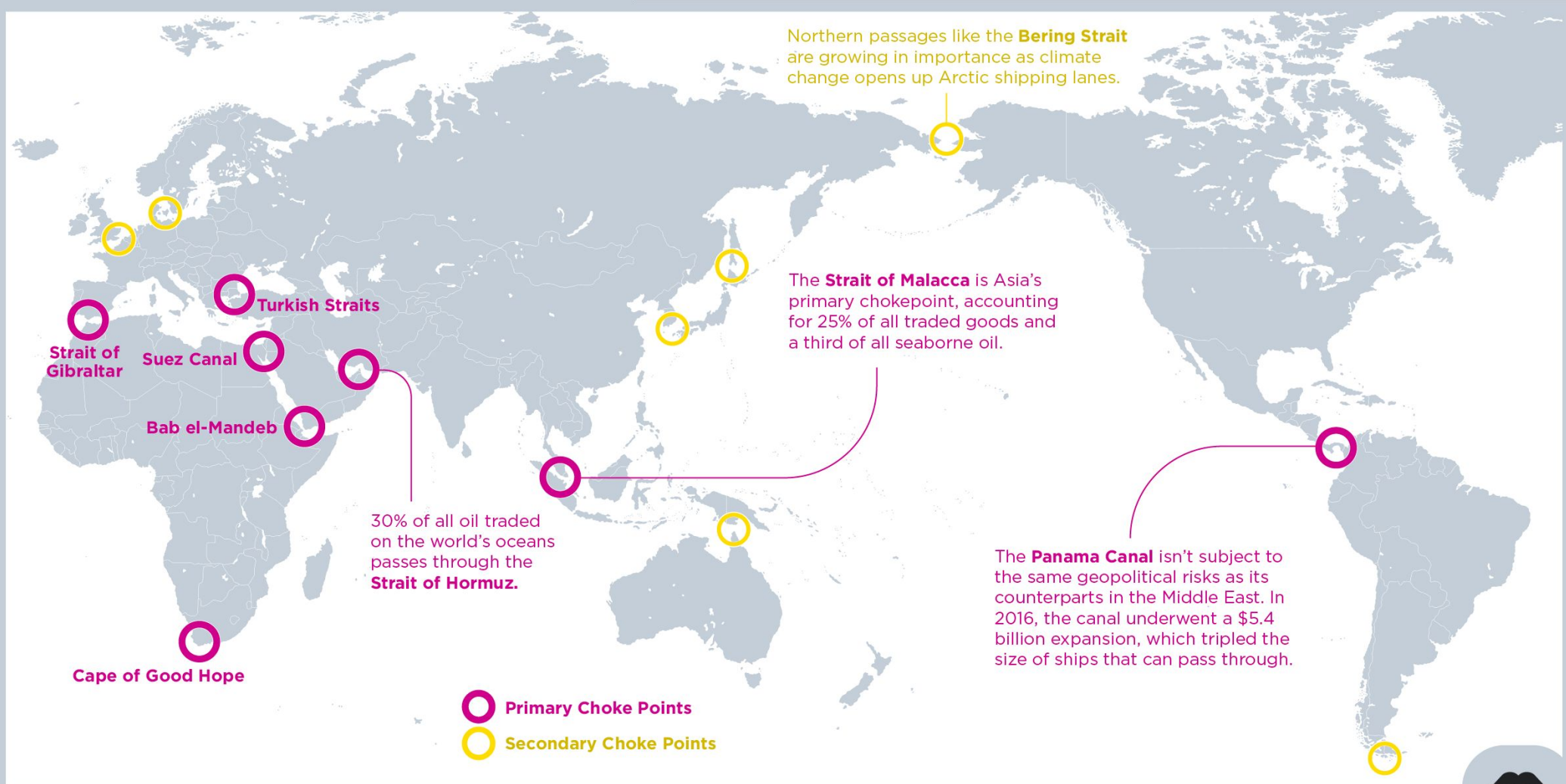


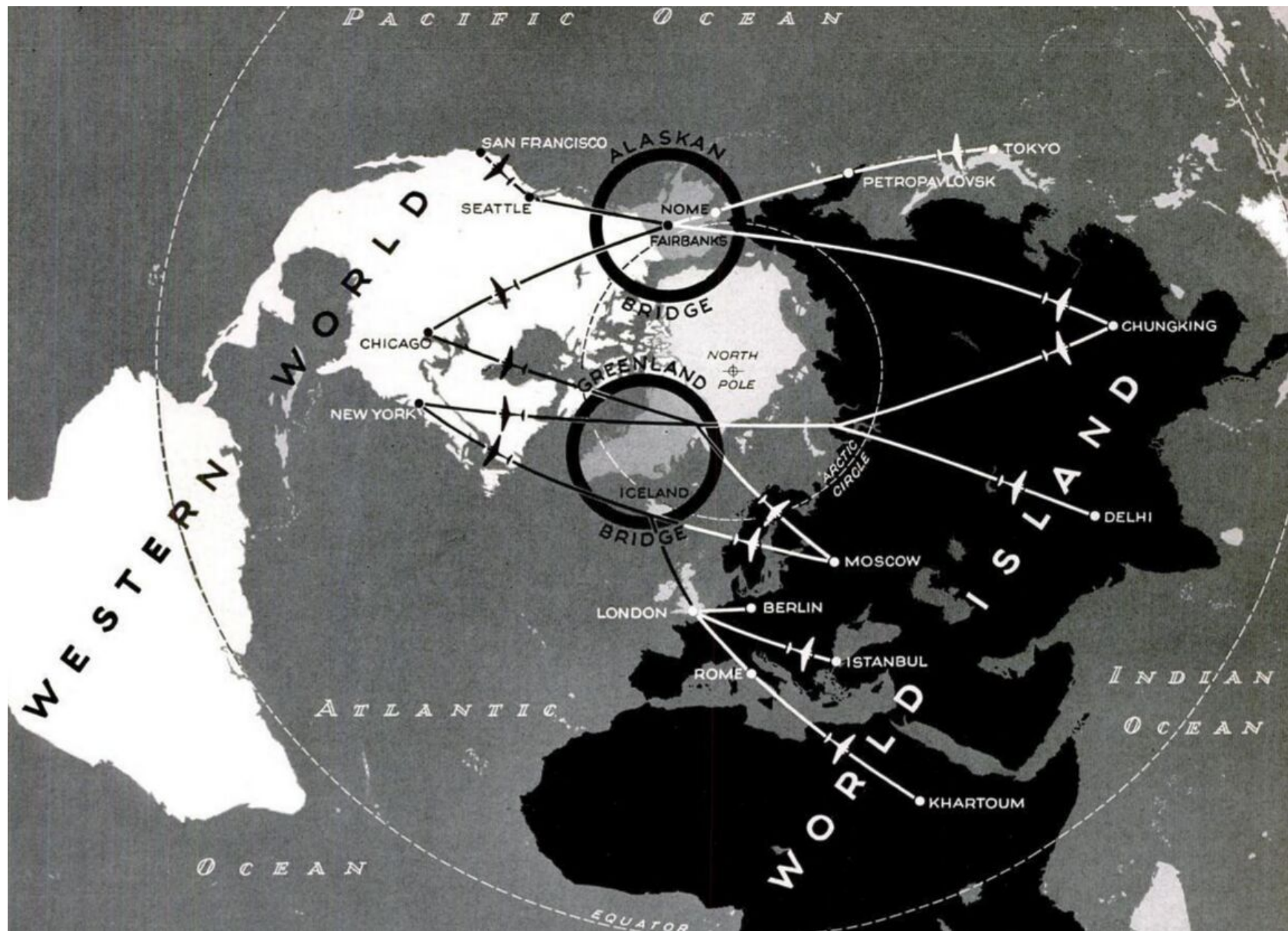
Russia made its choice.
China ended its silence.
The energy axis is shifting.





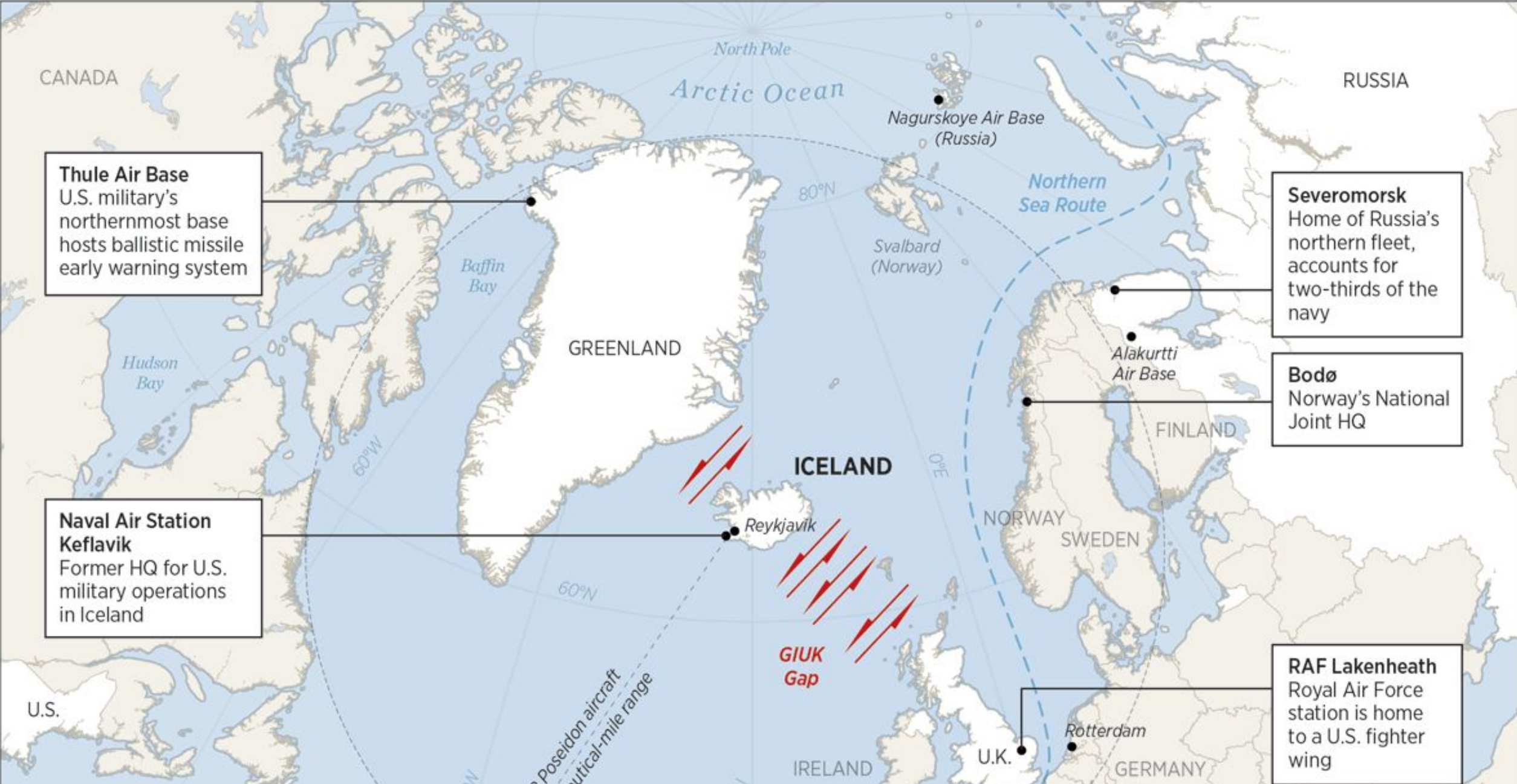
THE WORLD'S KEY MARITIME CHOKES POINTS



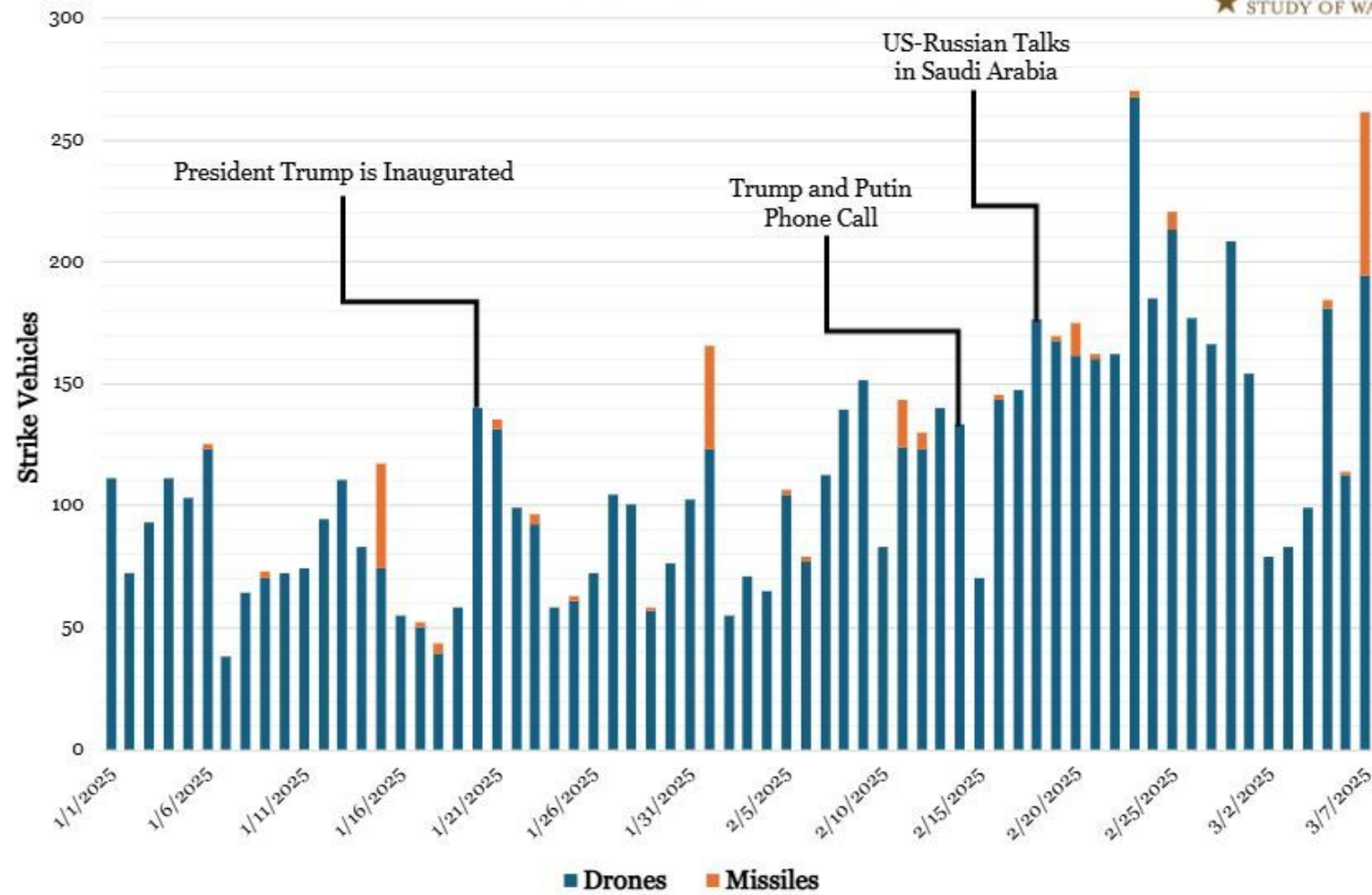


MAP 1

Iceland's Strategic Location in the North Atlantic

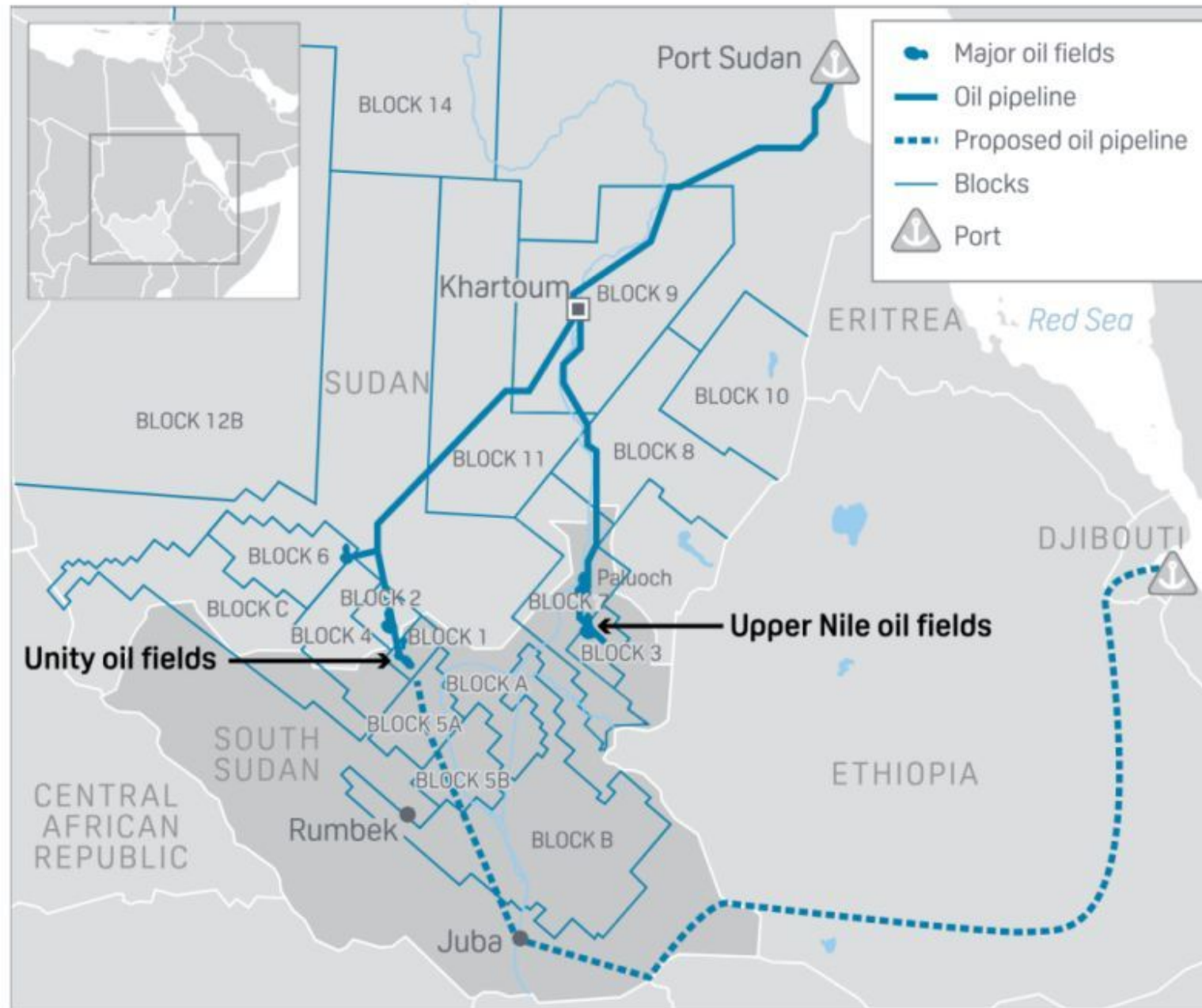


Russian Drone and Missile Strikes on Ukraine January 1, 2025 - March 7, 2025



Graphic by Daniel Mealie, Jessica Sobieski, Jennie Olmsted, Vivien Flokas, and Tetiana Trach
© 2025 Institute for the Study of War

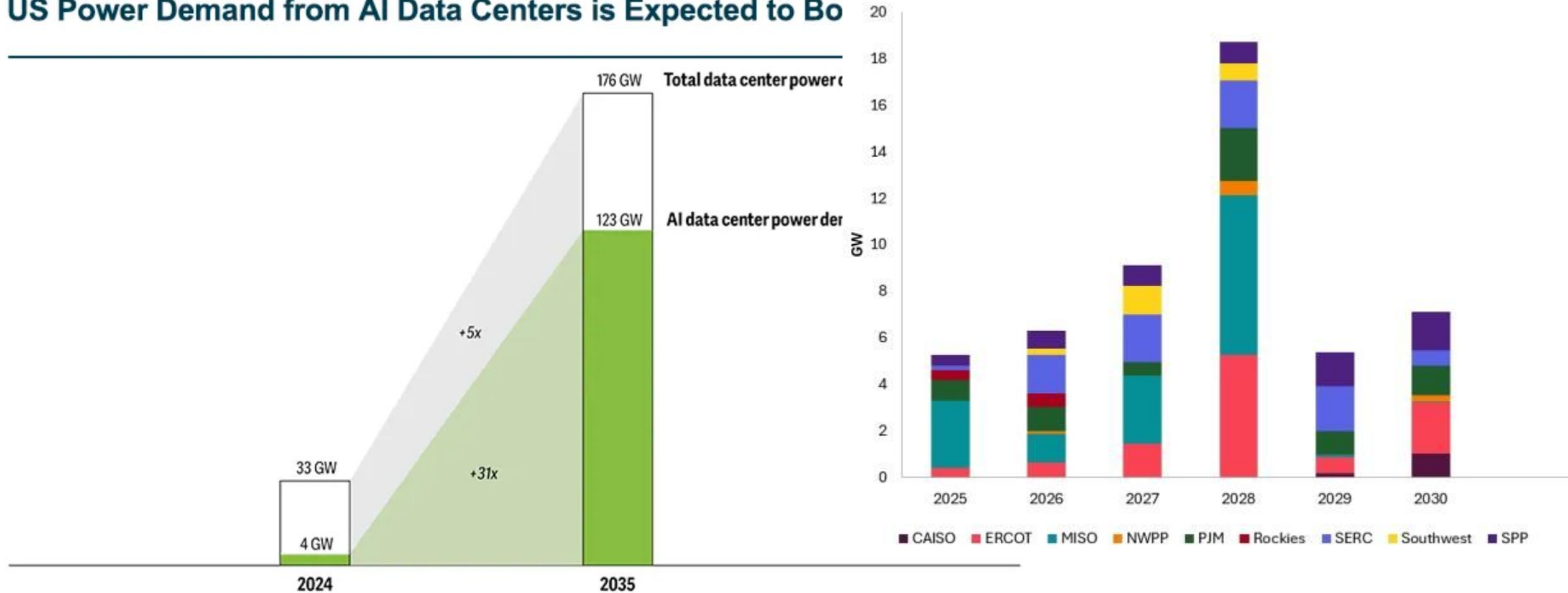
SOUTH SUDAN'S KEY OIL INFRASTRUCTURE



Source: S&P Global Platts, EIA, South Sudan oil ministry

Data Centers

US Power Demand from AI Data Centers is Expected to Bo



Source: Deloitte analysis of data from DC Byte, Wood Mackenzie, S&P Global, Lawrence Berkeley National Library, Center for Strategic and International Studies, and Wells Fargo

HOW RARE EARTHS

POWER U.S. DEFENSE

F-35 FIGHTER JET



- Guided missiles
- Lasers used to determine targets
- Drive motors

ARLEIGH BURKE DDG-51 DESTROYER



- Advanced radar systems
- Missile guidance systems
- Propulsion
- Drive motors

VIRGINIA-CLASS SUBMARINE



- Tomahawk missiles
- Radar systems
- Drive Motors

4,600 KG

RARE EARTHS USED (KG)

418 KG

2,600 KG

KEY RARE EARTH ELEMENTS



Over **70%** of U.S. rare earth imports come from China

60 Nd NEODYMIUM	59 Pr PRASEODYMIUM	62 Sm SAMARIUM
66 Dy DYSPROSIUM	65 Tb TERBIUM	63 Eu EUROPIUM
64 Y YTTRIUM		

60 Nd NEODYMIUM	59 Pr PRASEODYMIUM	62 Sm SAMARIUM
66 Dy DYSPROSIUM	65 Tb TERBIUM	63 La LANTHANUM
64 Gd GADOLINIUM	69 Y YTTRIUM	

60 Nd NEODYMIUM	59 Pr PRASEODYMIUM	62 Sm SAMARIUM
66 Dy DYSPROSIUM	65 Tb TERBIUM	63 La LANTHANUM
64 Gd GADOLINIUM	69 Y YTTRIUM	