

Energy sector

Donald Trump's policies could give China the lead in global energy race, say experts

Trade war and cleantech retreat are threats to US producers and may boost Beijing



The headquarters of Chinese EV battery maker CATL. The US is being 'significantly outpaced' by China in technologies such as lithium-ion batteries, electric vehicles and solar cell, says Wood Mackenzie © AFP/Getty Images

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China could replace the US as the world's dominant energy power as Donald Trump's trade war rattles American oil producers and Beijing extends its cleantech lead, analysts have warned.

The US president announced an aggressive new [tariff](#) regime earlier this month that sent oil prices sharply lower, and has also moved to kill the previous Biden administration's drive to build a domestic cleantech industry to compete with China.

The tariffs could make it harder for US oil producers to compete in its "most attractive export markets", said a report, "Tough at the top: The threats to US energy dominance", from consultancy Wood Mackenzie. The US is also being "significantly outpaced" by China in technologies such as lithium-ion batteries, electric vehicles and solar cells.

US oil output soared during then-president Joe Biden's term and is now higher

than that of any country in history. But it would start to decline by the early 2030s, said Wood Mackenzie, despite Trump's vow to slash regulations and executive orders to support his "drill, baby, drill" [energy](#) strategy.

In March 2025, China's domestic crude oil production soared to 19.03mn tonnes, according to official statistics, an all-time high.

"US upstream dominance is set to continue for some time yet on current trends. However, its leadership faces challenges and may eventually erode," the report said.

While Trump has backed down from some of the sweeping tariffs he announced on his "liberation day" on April 2 — and has spared energy imports from some duties — his trade war with China has triggered fears of recession and helped spark a vicious oil market sell-off in recent weeks.

"Lower oil prices could have, depending on how low they go, quite a significant impact on the potential for the US oil production to continue to grow and perhaps cause a decline," said Jason Bordoff at Columbia University's Center on Global Energy Policy.

Tariffs, including a 25 per cent tax on steel imports, are also likely to sharply increase American shale drillers' production costs, oil executives and analysts have warned.

"Thinking about steel tariffs and the equipment used in wells, producers are worried about oil costs inflating by mid single to low double digits," said Robert Clarke, upstream research vice-president at Wood Mackenzie.

Shale oil producers have warned that plunging oil prices, Trump's tariff war and policy uncertainty mean they face their [worst crisis](#) since the Covid-19 pandemic shattered the sector in 2020.

The concerns about China's cleantech dominance echo warnings from energy experts and renewables industry executives, who have said the Trump administration's [hostile approach](#) to green energy could cement China's control over the sector.

"It will be hard for the US to catch up [to China]; however, there are other options, like diversifying the supply of domestically produced solar panels," said David Brown, a director in Wood Mackenzie's Energy Transition Practice. "But you're seeing that debate play out now in Congress, over how much government support

there should be for new energies.”

Bordoff said building supply chains at home within “any meaningful timeframe” was a “more daunting prospect than anyone in Washington seems to want to acknowledge”.

On Wednesday the Trump administration scrapped a \$5bn offshore wind project that Norway’s Equinor was developing off the coast of New York City — the administration’s latest move to halt Biden’s renewable energy programme.

Trump is also threatening hundreds of billions of dollars in loans, grants and tax breaks to cleantech developers as he unpicks the Inflation Reduction Act, the Biden climate law stuffed with subsidies to support huge projects to break American dependence on Chinese technology.

While the US’s low-carbon energy production was expected to keep rising, China’s global market share in EVs, batteries and energy storage would too, Wood Mackenzie said, as the country capitalised on its low-cost manufacturing.

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