

EDITORIAL

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IS THE ENERGY CRISIS ACCELERATING THE LOW-CARBON TRANSITION? A NUANCED RESPONSE FOR ADVANCED ECONOMIES — PART 2¹

Since the Trump administration returned to power, the already considerable disparity in energy policy between the United States and Europe has significantly increased. Admittedly, both are seeking energy sovereignty. But, while European policies remain focused on the low-carbon transition, the current US administration is focused on enhancing US dominance in the fossil fuel sector and rolling back measures that support the energy transition.

At first glance, the energy crisis is exacerbating this divergence. The US has consolidated its position as the world's leading exporter of hydrocarbons, and its strategic oil reserves have served as a buffer against the crisis. In contrast, the crisis in Europe has once again highlighted the cost of its dependence on hydrocarbon imports, which has given a significant boost to European policies for electrification and decarbonation.

Nevertheless, the analysis of the US situation needs to be contextualised, as it is part of a different dynamic. While energy sovereignty is not a driving force behind the transition as it is in Europe, the sharp rise in demand associated with the development of artificial intelligence is, in the short term, conducive to the decarbonation of the energy mix.

FOSSIL FUELS: THE WAR IN IRAN REINFORCES THE UNITED STATES' GLOBAL LEADERSHIP

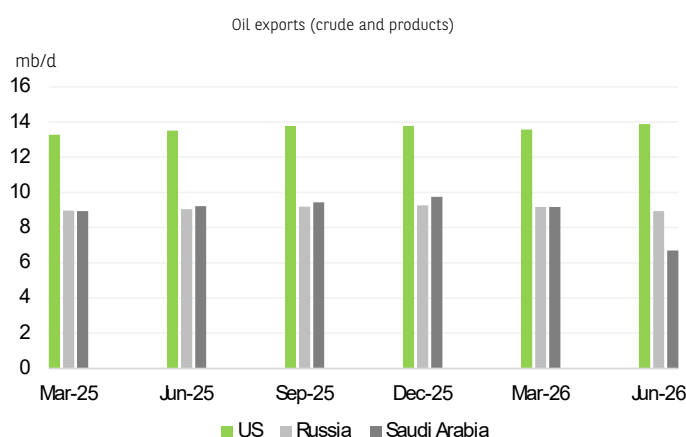
The geopolitical constraints affecting exports from the two main OPEC+ producers, Russia and Saudi Arabia, are strengthening the United States' position as the world's leading exporter of oil and gas, with production rising by 3.5% and 3.8% respectively in Q2 2026 compared to the previous year. Although President Trump's goal of reducing the price of a barrel of crude oil to USD50 seems unattainable in the short term, the country's energy dominance — already evident before the crisis — has been reinforced since the outbreak of the war in Iran. In January 2026, US oil exports (both crude and refined products) accounted for 63% of the combined exports of Saudi Arabia and Russia, and were 1.1 times higher than those of the two countries in May 2026. As for gas (both liquefied and piped), US export volumes have remained above 21 billion cubic metres (bcm) per month since the start of the year, while exports from Qatar have plummeted by nearly 80% (to 3.2 bcm in May 2026). Meanwhile, Australian exports (LNG only) have stabilised at around 8 bcm since the start of the year.

EUROPE REMAINS COMMITTED TO ITS CLIMATE TARGETS

In Europe, the situation is very different, even the opposite. Committed to a strategy aimed at reducing its greenhouse gas emissions, it is difficult for Europe to face the energy crisis by increasing hydrocarbon production, except perhaps on a temporary basis. Nevertheless, rising energy prices have increased pressure to boost European hydrocarbon production. For the time being, the common objective seems to be to maintain current production levels wherever possible. In Norway — a key supplier of gas to the EU and the UK — the reopening of offshore gas fields, announced last May, is expected, according to the Norwegian government, to enable production to be maintained at its 2025 level. In the UK, the new Burnham government is expected to extend the moratorium — reaffirmed last March — on any new exploration licences. Nevertheless, it could incentivise oil companies to increase production from existing oil fields and, in particular, authorise 'tiebacks', which are new wells connected to existing sites.

¹ Read part 1 of this editorial in our EcoWeek of 27 July 2026: [Is the energy crisis accelerating the low-carbon transition? Part one: In emerging economies, yes.](#)

Rising US dominance in the oil market



SOURCE: JODI, IEA, BNP PARIBAS

The shift to coal appears to be minimal in Europe, despite European LNG prices having almost doubled since the end of February. In Germany, where coal accounted for 24% of the electricity mix in 2024 — the highest proportion in the EU after Poland — the official target remains the complete phase-out of coal by 2038 (any potential increase in its use is expected to be temporary). According to the IEA, in the European Union, the increase in renewable energy production compensated for the decline in electricity generation from gas between March and May 2026 (-3.5% year-on-year).

ELECTRIC VEHICLES: REBOUND IN EUROPE, CONTRACTION IN THE US

Since the onset of the energy crisis, fuel price rises have been more pronounced in the United States (+23% in June 2026 year-on-year) than in the European Union (+14%), due in particular to the lower level of fuel taxation in the United States.



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Despite these rises, sales of electric vehicles — a key driver of the electrification of transport — have exhibited contrasting trends. Over the first five months of the year, sales of battery electric vehicles rose by over 31% year-on-year in Europe, while they fell by 25% in the United States². Changes in government subsidies for electric mobility largely account for these changes, which will further widen the disparity in the market share of electric vehicles (as a percentage of new registrations). Consequently, the share of electric vehicles was 5.5% in May 2026 in the United States (7.5% for the whole of 2025) and 24% in Europe in May 2026 (20% in 2025).

In the United States, all federal incentives — primarily tax credit for purchases and grants for the installation of charging points — have been phased out since 2025. Only state-level incentives remain, which are insufficient to compensate for the end of federal support. In contrast, in the European Union and the United Kingdom, the scale of support measures, including purchase grants and tax rebates, has contributed to a resurgence in sales in the first half of 2026. Most of these measures were in place before the crisis and, for the time being, the crisis has resulted in only minor modifications, such as the extension of social leasing in France and increased support for the installation of charging points in the United Kingdom.

ELECTRIFICATION: HEIGHTENED EUROPEAN AMBITIONS

In June 2026, the European Union announced an ambitious programme aimed at accelerating the electrification of end-use sectors. The aim is to achieve an electrification rate of 46% by 2040, up from the current rate of 23%. This target is highly ambitious, as the rate has seen little progress for over a decade, despite the policies implemented. As a point of reference, the electrification rate stands at 22% in the United States and 30% in China. This European initiative specifically aims to:

1/ reduce the cost disparity for industry between electricity and fossil fuels, as electricity is still twice as expensive in 21 Member States due to taxes, network charges, and public subsidies that may favour fossil fuels³;

2/ enhance electricity storage to increase the flexibility of renewable energy⁴ by quadrupling capacity by 2030 to reach 200 GW;

3/ accelerate the electrification of corporate vehicle fleets;

4/ reform the carbon tax mechanism. Alongside this specifically European initiative, the European Union, together with other countries (including the United Kingdom), is spearheading the international 'Electrify Now' programme, which aims to accelerate the electrification of transport, industry and the building sector to achieve a target of 35% by 2035. This initiative will form part of the forthcoming COP 31 and COP 32 conferences.

DECARBONATION OF THE ELECTRICITY MIX: SOLAR PRIORITISED

In both Europe and the United States, the drive towards decarbonation appears to have gathered pace since March. Although imports of solar panels from China to the European Union and the United Kingdom decreased in 2025 (by 19% and 3% year-on-year respectively), they rose significantly between March and May 2026 (by 25% and 54% year-on-year respectively). The wind power sector is, by its very nature, less responsive in the short term given the lead times involved. Nevertheless, while Europe continues to set out ambitious targets such as a 50% increase in installed capacity by 2030, the current US administration has stated its opposition to the development of this sector. In 2025, the installed wind power capacity in Europe was 1.9 times greater than that of the United States.

In the United States, analysing trends in decarbonation is complicated by two main factors: the trade war with China and the rise in energy consumption driven by the development of artificial intelligence applications. In 2025, imports of solar panels from China to the United States increased by 26% and saw a remarkable surge of 178% year-on-year between March and May 2026, despite the introduction of 60% tariffs on these products in 2025 (which were previously set at 25% under the former administration). The rise in energy demand driven by the development of artificial intelligence appears to have mitigated the impact of the tariff increases. The proportion of electricity consumption attributed to data centres has grown by 63% since 2020, reaching 6.5% in 2025⁵, which has resulted in sharp increases in electricity prices in some regions. According to the IEA, the growth of AI is responsible for 50% of the increase in electricity consumption. In the short term, due to considerable delays in the commissioning of gas-fired power stations caused by high demand, it is anticipated that most of the additional energy generation capacity will derive from a combination of solar power and stationary batteries, despite the rising costs affecting this sector⁶.

Regardless of the national energy context, the rise in demand for low-carbon technologies — whether or not accelerated by the energy crisis — will benefit Chinese exports. Already the undisputed leader in solar panel production, China holds dominant positions across the entire electric battery value chain. This sector is expected to continue experiencing very strong growth in the coming years, both to power US data centres and to allow higher proportions of renewable energy in the European electricity mix.

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² Jefferies, June 2026.

³ European Commission, 2026, *Electrification Action Plan*. The European Commission reports that subsidies for fossil fuels amounted to EUR 97 bn in 2024 (averaging EUR 60 bn between 2015 and 2019).

⁴ For further information on this topic, see our article "[European Union: low carbon transition and energy sovereignty, a path fraught with obstacles](#)".

⁵ Energy Institute, 2026, *Statistical Review of World Energy*.

⁶ Lazard, July 2026, *Levelised Cost of Energy+*.



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