

## Our View

### Trump in Fantasy Land: Impossible Promises to Buy US Energy Exports

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Donald Trump has negotiated trade deals with the European Union, South Korea, Japan, and now India. These entities have committed to purchase \$4 trillion in US products over three years. Energy constitutes by far the largest fraction of this amount. The EU and South Korea agreed jointly to buy \$850 billion in energy commodities, while India committed to purchasing \$500 billion in energy, agricultural products, and technology goods.

These goals are not achievable unless global energy prices double or triple. Consider the following:

**The value of US crude oil production in 2025 was around \$400 billion.**

**The value of US natural gas production in 2025 was around \$140 billion.**

Hence, the value of US crude oil and natural gas production in 2025 was less than \$700 billion.

If prices and production levels remain unchanged through 2028, the wellhead value of US oil and gas production will be less than \$2.1 trillion. This amount would have to double for the EU, South Korea, Japan, and India to fulfill their three-year commitments to buy US energy products.

The United States cannot accomplish this without significantly increasing its crude oil, oil product, and natural gas exports. In 2025, the United States net exports of crude oil and products equaled 13% of US production, and net natural gas exports accounted for 15% of US gas output.

Also, in 2025, the dollar value of EU and Indian energy imports was too small to cover their purchase commitments. *Financial Times* reported at the end of December that the EU was already well behind because prices had declined, bringing the value of EU oil and gas imports down by 7% in 2025: “Annual imports to the EU stood at \$73.7bn, less than a third of the value required to meet the \$750bn energy purchase commitment for 2026 to 2028.”<sup>1</sup>

The *FT* report also made this telling observation:

Argus Media, a price reporting agency, said that if the EU replaced all Russian gas with US LNG, it would probably import about \$29bn a year over the next three years, or just 23 per cent of the value required under the deal.

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<sup>1</sup> Ryohtaroh Satoh, “EU spent less on US energy after \$750bn Trump deal,” *Financial Times*, December 24, 2025 [<https://tinyurl.com/2xnv7k84>].

An Argus Media calculation suggested that gas prices in the EU would need to rise from \$10 per mmBtu to \$37.50 to meet its commitment, assuming higher prices did not reduce natural gas consumption.

Most of the \$27.50 increase would have to occur at the wellhead because transportation costs are essentially fixed. This implies that US natural gas wellhead prices would need to rise to approximately \$30 per MCF from their current level of less than \$4. Crude oil prices would also need to be higher, likely above \$200 per barrel.

It is difficult to see how such price levels could prevail in today's economy. It is also difficult to believe that a president who promised to cut energy prices in half would tolerate them.

This exercise highlights the absurdity of the White House's claims regarding future energy purchase agreements and proves once again that Donald Trump is living in a fantasy land.