

# GLOBAL FUEL CRISIS

ARE ENERGY SHOCKS BECOMING  
STRUCTURAL?  
DOES EUROPE NEED MORE STRATEGIC  
OPTIONALITY?

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# Global fuel crisis: Are energy shocks becoming structural?

## Does Europe need more strategic optionality?

*A Frontier bulletin exploring whether fuel crises are becoming systemic, considering that the United States now has a very different set of energy incentives, and what this implies for European energy security.*

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### Energy crises are the new normal

The last few years suggest that fuel crises should no longer be treated as rare interruptions to an otherwise stable system. They are increasingly a structural feature of the global economy. Gas markets had only begun to rebalance after the shock from Russia's invasion of Ukraine and truncation of Russian pipeline gas supplies into Europe when renewed conflict in the Middle East once again tightened supply. The wider lesson is that energy insecurity is no longer driven only by geology (in case of fossil fuels), weather (in case of solar and wind energy) or temporary operational failures. It is increasingly about geopolitics, maritime chokepoints, access to upstream resources and the willingness of states to use energy dependence as leverage.<sup>1</sup>

That matters because Europe's recent experience is not an isolated episode. It is part of a broader shift towards a world in which the probability of repeated disruption is higher and the duration of stress events is longer. Even when additional LNG supply capacity is being built (especially in the US), global gas balances can still tighten sharply if one major route, one producing region or one political relationship comes under strain. In this sense, energy crises are increasingly becoming systemic rather than exceptional.<sup>2</sup>

With this in mind we discuss how Europe could develop a strategic response that recognises the new geopolitical situation, rather than engaging in short-term political activism whenever geopolitical tensions tighten energy supply to let energy prices rise above levels perceived as politically difficult.

### The new role of the US is often misunderstood

A central implication of this new environment is that the role of the United States is often misunderstood. Many European observers still instinctively read US behaviour through the

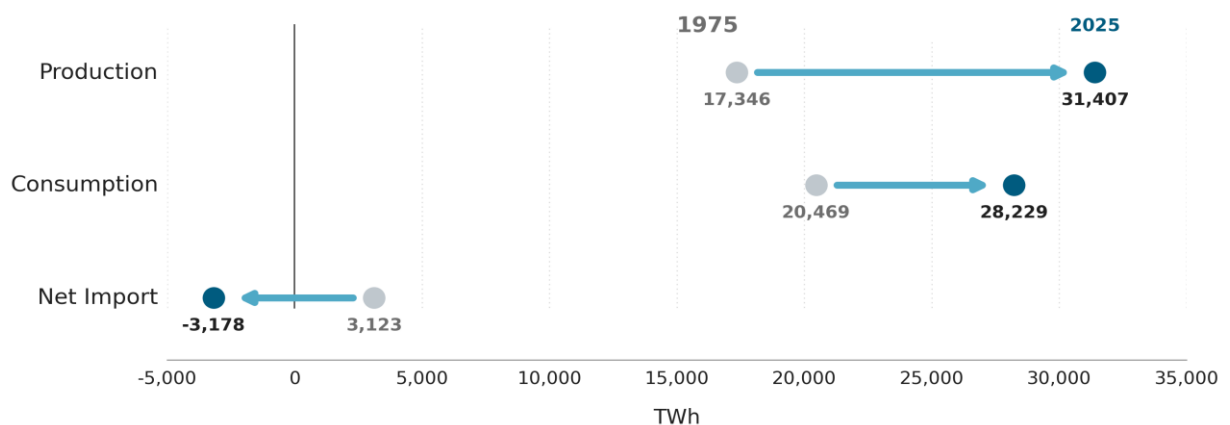
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<sup>1</sup> IEA, Gas Market Report, Q2 2026; and IEA, The Middle East and global energy markets. <https://www.iea.org/reports/gas-market-report-q2-2026>; <https://www.iea.org/topics/the-middle-east-and-global-energy-markets>

<sup>2</sup> IEA, Gas Market Report, Q1 2026. <https://www.iea.org/reports/gas-market-report-q1-2026>

lens of the import-dependent America whose interests were strongly aligned with those of Europe in earlier decades. But the structure of the US energy economy has changed fundamentally. With a doubling of US gas production over the last 25 years and a trebling of crude oil production (in the lower 48 states) since 2009, the United States has been a net total energy exporter since 2019. It is the world’s largest producer of crude oil and natural gas, and it has become the world’s largest LNG exporter. Planned projects imply that US LNG export capacity could expand materially further over the second half of the 2020s decade.<sup>3</sup> And renewable energy investment in the US is still continuing, further strengthening the US energy position, even though political rhetoric may sound otherwise.

**Figure 1 U.S. total energy production, consumption and net imports (1975 vs 2025) [TWh]**



Source: US Energie Information Administration, Monthly Energy Review; <https://www.eia.gov/todayinenergy/detail.php?id=63544>; own conversion to TWh

Note: Positive net imports mean the United States imported more energy than it exported, while negative net imports mean the United States exported more energy than it imported. Data are for the first seven months of 1974 and 2024. Total energy includes coal, natural gas, petroleum, nuclear, and renewables.

### The US overall benefits from higher fuel prices

This shift changes incentives. Historically, the macroeconomic interest of the US was more clearly aligned with low global fuel prices because the country was exposed as a large net importer. That is no longer the case. Higher oil and gas prices now benefit significant parts of the US economy through producer revenues, export earnings, investment and wider value-chain effects. This does not mean that every price increase is good for all constituents in the US: higher fuel prices still weigh on consumers, feed wider inflation and can weaken global

<sup>3</sup> US EIS, U.S. Dry Natural gas production. <https://www.eia.gov/dnav/ng/hist/n9070US2A.htm>; US EIA, US energy facts: imports and exports; and US EIA, planned US LNG export capacity additions. <https://www.eia.gov/energyexplained/us-energy-facts/imports-and-exports.php>

growth. But on balance, the US now captures more upside from high energy prices and the national interest of the US may no longer be the same as in the import-dependent era.<sup>4</sup>

This is why US policy is easy to misread if it is assessed only in partisan terms or only through the personality of a particular president. The more important point is structural. Whichever administration is in office, the US now operates from a position in which energy abundance and export capability are strategic assets. That makes a more openly transactional and national-interest-driven energy policy more likely across administrations, even if the rhetoric differs, while also reducing the extent to which energy dependence acts as a constraint on the pursuit of other geopolitical objectives.

## The redistribution of energy gains in the US is a difficult political balancing act

At the same time, the redistribution of energy gains inside the US is a difficult political balancing act. The country may benefit in aggregate from higher energy prices, but the gains and losses are unevenly distributed. Households feel the cost directly, especially through petrol prices, and US politics remains sensitive to changes at the pump. Recent research continues to find a negative relationship between gasoline prices and presidential approval. In other words, the same country that benefits strategically and economically from its producer position also remains politically vulnerable to consumer backlash.<sup>5</sup>

Therefore, US policymakers would like to preserve the strategic and economic gains from energy exports while limiting the domestic political costs of higher prices. The US has more fiscal space and policy capacity to cushion household pain than many import-dependent economies. But recent evidence suggests this balancing act is more fragile than it appears. Rising fuel prices feeding directly into consumer sentiment could re-open demands for export restrictions or other intervention if the shock persists. Natural gas is the clearest example. US LNG exports had become a visible domestic political issue under the Biden administration because of concerns about local prices, industrial competitiveness and permitting. The policy signal from Washington over 2024 and 2025 was not that exports would be abandoned, but that they can become contested when domestic political costs rise, although the Trump administration appears to reject that notion.<sup>6</sup>

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<sup>4</sup> US EIA, the United States has been a net exporter of total energy since 2019.  
<https://www.eia.gov/todayinenergy/detail.php?id=63544>

<sup>5</sup> See, for example, recent evidence on gasoline prices and presidential approval: Presidential Studies Quarterly (2025).  
<https://journals.sagepub.com/doi/pdf/10.1177/1532673X251325458>

<sup>6</sup> US Department of Energy, DOE finalises 2024 LNG export study and resumes regular order on LNG export applications.  
<https://www.energy.gov/articles/doe-finalizes-2024-lng-export-study-paving-way-stronger-american-energy-exports>; US Department of Energy, Energy, Economic and Environmental Assessment of U.S. LNG exports, December 2024;  
[https://www.energy.gov/sites/default/files/2024-12/LNGUpdate\\_SummaryReport\\_Dec2024\\_12pm.pdf](https://www.energy.gov/sites/default/files/2024-12/LNGUpdate_SummaryReport_Dec2024_12pm.pdf)

## The US appears to be treating energy as an instrument of strategy

It is therefore reasonable to interpret current US behaviour as part of a broader international energy strategy.

First, the US has become the largest LNG exporter – overtaking Qatar – in 2023 and is clearly deepening its role as the key swing supplier of LNG to Europe and other allies.<sup>7</sup> Europe absorbed the majority of US LNG exports in 2025, underlining how central the US has become to Europe’s post-Russia gas model. And US LNG export capacity is set to rise further and almost double between 2025 and 2029.<sup>8</sup>

Second, Washington has shown that access to upstream resources in Venezuela remains a strategic lever rather than a purely commercial question. Sanctions relief and licence design have been used selectively, indicating that Venezuelan barrels continue to be treated as part of a broader policy toolkit.<sup>9</sup>

Third, the US appears willing to accept a world in which supply shocks from the Gulf region create price volatility, provided that the overall strategic balance remains favourable and the domestic political cost remains manageable.

However, that tolerance is unlikely to be open-ended. The more prolonged the conflict and the more visible the pass-through into US retail fuel prices, the stronger US domestic pressure becomes either to shorten the conflict, contain its economic spillovers, or consider measures that calm domestic consumers. A combination of continued conflict in the Gulf and the US limiting exports to curb domestic energy prices would be a particularly uncomfortable scenario for Europe.

Recent market evidence reinforces the view that the US benefits from using energy as an instrument of strategy: successive shocks are not only raising prices, they are physically redirecting trade flows towards the US and deepening its role as the default supplier of last resort for oil products and gas. That does not make the US an unlimited swing producer, but it does increase its leverage over allies and importers.

## Europe should not swap one dependency for another

For Europe, the key risk is therefore not simply temporarily high prices. It is dependency on geopolitical strategies of others. The EU has made substantial progress in reducing reliance on Russian gas, and that shift was considered strategically necessary and unavoidable. But reducing one dependency does not automatically create resilience. It can simply replace one concentrated exposure with another. With the US emerging as the dominant future source of incremental LNG, Europe faces the danger of building a new dependence on a supplier that

<sup>7</sup> US EIA, US LNG exports to Europe reached record levels in 2025. <https://www.eia.gov/todayinenergy/detail.php?id=67484>

<sup>8</sup> US EIA, North America’s LNG export capacity could more than double by 2029. <https://www.eia.gov/todayinenergy/detail.php?id=66384>

<sup>9</sup> OFAC actions on Venezuela licensing. <https://ofac.treasury.gov/recent-actions/20250324>

is friendlier than Russia, but will ultimately be driven by national self-interest and hence can be expected to also use energy strength as leverage.<sup>10</sup>

This is not an argument against transatlantic energy trade. US LNG has been indispensable in stabilising Europe since 2022, and it will remain important. Nor is the current US relationship equivalent to the former Russian one: contracts are more market-based, LNG is more flexible than fixed pipeline systems, and the US is a more reliable geopolitical partner from the European perspective. But dependency risk still matters wherever one supplier becomes disproportionately important, especially when domestic politics in that supplier country could affect export policy or pricing dynamics.

## What follows for European energy policy

Against that backdrop, the priority for European energy policy should be to maximise optionality. That means diversifying fuel types (more renewables and less fossil fuels) and source countries, deepening trade relationships with a broader set of supplier countries, supporting domestic energy sources and preserving enough transport, storage and conversion infrastructure to switch between fuels and origins under stress. Security does not come only from molecules or electrons in the abstract; it comes from the ability to substitute, reroute, store and convert energy quickly when the system is under pressure.

A **first implication** is that Europe should make greater strategic use of domestic resources wherever that is economically and politically feasible. Ultimately, domestic production remains the most effective hedge against external dependency – e.g. for natural gas domestic production is currently accounting for roughly 15% of EU gas demand and around 45% of UK gas demand. Whoever controls energy controls a significant part of the economy. One complicating factor in co-ordinating Europe's response lies in nationally varying shares of domestic energy production.

This is one reason why the build-out of new renewable energy is increasingly framed not only as a climate policy objective, but also as a contribution to strengthening energy independence. That argument is valid, but it also needs to be qualified. Over the last 25 years, the energy transition has not automatically reduced Europe's import dependence. In some respects, it has coincided with an increase in it. Domestic energy sources such as coal were progressively replaced by renewables and, in many cases, by gas, a growing share of which was imported. In 2000, imports accounted for around 62% of the primary energy made available in the EU-27. By 2024, the corresponding share had risen to around 68%, despite the substantial expansion of domestic renewable energy over the same period.<sup>11</sup>

<sup>10</sup> European Commission, phase-out of Russian energy imports; [https://energy.ec.europa.eu/strategy/repowereu-phase-out-russian-energy-imports\\_en](https://energy.ec.europa.eu/strategy/repowereu-phase-out-russian-energy-imports_en); Bruegel, European natural gas imports tracker; <https://www.bruegel.org/dataset/european-natural-gas-imports>; and US EIA, US LNG exports to Europe in 2025 <https://www.eia.gov/todayinenergy/detail.php?id=67484>.

<sup>11</sup> In 2000: 13632 TWh Import vs. 21754 TWh Available from all sources. In 2024: 13813 TWh Import vs. 20672 TWh Available from all sources. Src: [https://ec.europa.eu/eurostat/cache/sankey/energy/sankey.html?geos=EU27\\_2020&year=2000&unit=GWh&fuels=TOTAL&highlight=\\_&nodeDisagg=111111111111&flowDisagg=true&language=EN](https://ec.europa.eu/eurostat/cache/sankey/energy/sankey.html?geos=EU27_2020&year=2000&unit=GWh&fuels=TOTAL&highlight=_&nodeDisagg=111111111111&flowDisagg=true&language=EN)

The lesson is not that renewables weaken energy security. On the contrary, domestic renewable energy can clearly strengthen Europe's indigenous energy base. But variable sources such as wind and solar need to be embedded in a broader system that is efficient, robust and resilient. This requires complementary sources of energy, firm capacity, storage, grids, demand-side flexibility and will typically include a significant share of molecule-based energy carriers, which needs to be sourced or produced. A credible strategy for energy independence therefore cannot consist only of expanding renewables. It needs to be a coherent strategic concept for reducing import dependence across the energy system as a whole.

In the European context, this includes renewables in all forms (wind, solar, hydro, biomass and geothermal), but on security grounds it also includes nuclear power where politically acceptable, and domestic fossil resources where they remain technically and economically usable, especially in combination with carbon capture and storage. The argument is not only about normal-times volumes. It is also about retaining industrial capability, upstream know-how and the option to scale domestic production in a crisis.<sup>12</sup>

This is particularly relevant in Germany which has politically foregone the nuclear option and closed its last nuclear stations in 2023. Even if domestically produced gas volumes would remain modest in normal conditions, maintaining technical competence and a minimum upstream capability would create an option value that is highly relevant in a crisis. From that perspective, the break-up and sale of Wintershall Dea's upstream business was strategically damaging, at least with the benefit of hindsight. BASF confirmed in September 2024 that Wintershall Dea's exploration and production business was transferred to Harbour Energy. Whatever the commercial logic of the transaction, Germany lost the last major domestically anchored upstream champion at exactly the moment when energy security arguments are regaining force.<sup>13</sup>

A **second implication** is that for the import requirement that remains, Europe should pursue diversification and flexibility rather than merely replacement. The objective is not simply to stop buying from one problematic supplier and buy more from another. It is to reduce the leverage of all suppliers by increasing Europe's ability to switch. That requires diversified LNG and oil sourcing, robust pipeline interconnection, regasification and storage capacity, the preservation of refinery capacities and not least market designs that do not undermine the economics of resilience assets.

A **third implication** is the importance of strategic reserves. Strategic stockholding creates a buffer that can buy time in a crisis. That time is precisely what allows governments and firms to activate their second-best option: switching to different suppliers, drawing on alternative fuels or ramping up domestic production. Storage is therefore not a substitute for diversification or domestic capability. It is what makes both strategies operational under crisis

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<sup>12</sup> European Commission, REPowerEU phase-out plan; and IEA discussion of energy security and diversification. [https://energy.ec.europa.eu/strategy/repowerEU-phase-out-russian-energy-imports\\_en](https://energy.ec.europa.eu/strategy/repowerEU-phase-out-russian-energy-imports_en); <https://www.iea.org/topics/the-middle-east-and-global-energy-markets>

<sup>13</sup> BASF press release, transfer of Wintershall Dea's E&P business to Harbour Energy, 3 September 2024. <https://www.basf.com/global/en/media/news-releases/2024/09/p-24-273>

conditions. The logic is straightforward: without inventories, systems are forced to absorb shocks immediately; with inventories, they gain time to respond.<sup>14</sup>

Germany as a key European economy holds and contribute to strategic oil reserve in line with the co-ordinated approach of the International Energy Agency (IEA). In recent weeks, the German Ministry for Economic Affairs has also indicated that it is considering the creation of a strategic gas reserve.

## Bottom line

The US can benefit strategically from energy disruption without being politically comfortable with it. Europe should therefore assume neither perfect transatlantic alignment nor a simple US willingness to absorb prolonged price spikes. American policy is likely to remain supportive of energy dominance, but also highly sensitive to visible domestic consumer pain.

Europe needs an energy resilience strategy, not just an energy transition strategy (to net zero emissions). Policymakers must finally recognise that, in a modern society - not least with the AI revolution in full swing - energy is a key input into practically any value creation and must therefore be available in a robust and secure manner. Decarbonisation remains an essential policy objective, but resilience requires more than a directional commitment to cleaner energy. It requires optionality, domestic capability, supplier diversification and the physical assets that allow switching under stress: power plants, regasification terminals, refineries, storage sites, interconnectors and related infrastructure. In a world where energy crises are becoming normal, the central policy question is no longer how to eliminate every exposure. It is how to preserve room for manoeuvre when the next disruption arrives.

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IEA, The Middle East and global energy markets; and INES, proposal for a strategic resilience reserve in Germany. <https://www.iea.org/topics/the-middle-east-and-global-energy-markets>; <https://erdgasspeicher.de/en/news/strategic-resilience-reserve-for-the-gas-market/>

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