Inside Climate News

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As Hostilities Flare and Oil Prices Spike, U.S. Consumers Pay at the Pump

Experts say President Trump's rollback of climate policy is leaving consumers more vulnerable to price shocks and pollution.

By Marianne Lavelle
8 September 2026

Hours after President Donald Trump predicted on Truth Social that oil prices would fall precipitously once the United States wins its war with Iran, strikes on Saudi Arabia's oil infrastructure by Iranian-backed Houthis Tuesday caused global oil prices to spike to nearly $100 per barrel.

The latest runup, bringing the global crude price up 33 percent since the July pause in Middle East hostilities, shows the relentless conflict that the U.S. started with Iran in February is outweighing any other steps the Trump administration has said it is taking to reduce oil prices. Consumers so far have not seen any benefit at the gasoline pump from the rollback of environmental regulations or steps the administration says it is taking to increase domestic production. And moves like the deal announced last week giving the U.S. unprecedented control over Venezuela's massive oil reserves are not likely to pay off quickly, energy analysts say.

Energy Secretary Chris Wright maintains the administration is "leaning in on maximum production" to address consumer costs. "The way to solve a supply shortage is to grow supply," Wright said on CBS News' Face the Nation on Sunday.

But oil demand is also part of that equation. China, for instance, reduced oil consumption for transportation 16 percent from April through June, with rapid electrification of vehicles the most important factor, according to a new analysis. The policies have helped China weather the global runup in oil prices.

Meanwhile, U.S. oil consumption has stayed steady and forecasts for U.S. electric vehicle adoption are falling. Analysts say the Trump administration's retreat on climate and EV policy is making the United States more vulnerable to global energy shocks like those being touched off by its policy in the Middle East.

How the War With Iran Has Caused Oil Prices to Spike

Line shows the daily closing price for Brent crude oil futures

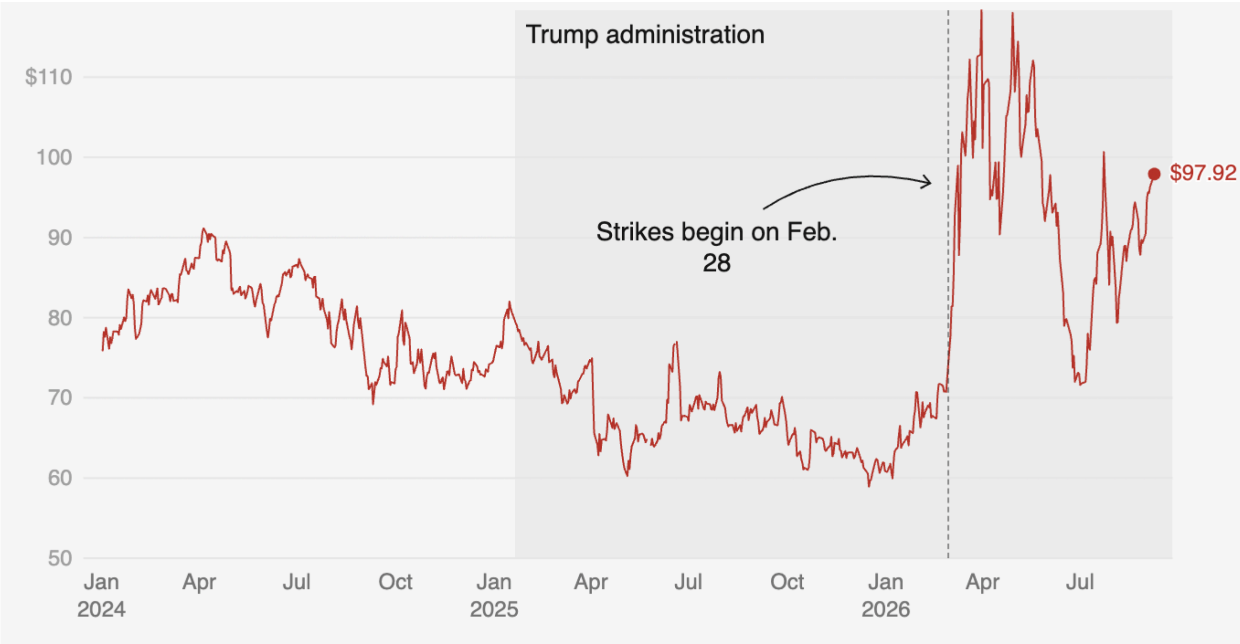

Chart: Peter Aldhous • Source: Yahoo Finance

“There’s a real national security advantage to having an electrified economy that isn’t so vulnerable to the ups and downs of the global oil market,” said Jeff Colgan, director of the Climate Solutions Lab at Brown University’s Watson School of International and Public Affairs. “Of course, that’s not the direction that the Trump administration is taking us in as a country.”

The Brown lab has developed an Iran War Energy Cost Tracker that shows Americans have paid more than $101 billion in higher fuel costs since the conflict began on Feb. 28. That’s more than $771 per U.S. household.

More Smog but No Relief at the Pump

The Environmental Protection Agency announced a slew of regulatory rollbacks through the summer, framing them as moves to increase domestic energy supply or ease costs, from allowing more flaring of natural gas to eliminating diesel exhaust control equipment on trucks.

The most recent example came on Aug. 20, as a dangerous heat wave spread across much of the United States. The EPA announced it was calling an early end to the annual summer fuel requirements designed to cut down on smog.

The change in technical specifications, allowing sale of a faster-evaporating gasoline-ethanol blend despite the chance for increased pollution, would free up hundreds of thousands more barrels of fuel, the EPA said. “With the increase of domestic gasoline supply on the market, Americans can expect to see reduced gas prices,” an agency press release said.

That’s not what happened, as motorists learned over the Labor Day holiday. Even before the bombing on Saudi facilities, the average national gasoline price was $4.14 per gallon heading into the weekend, up 4 cents from the previous week and on track to set a Labor Day record, according to AAA.

How the War With Iran Has Hit the Cost of Gas

Lines show the weekly average price of a gallon of regular gasoline, by region and nationally.

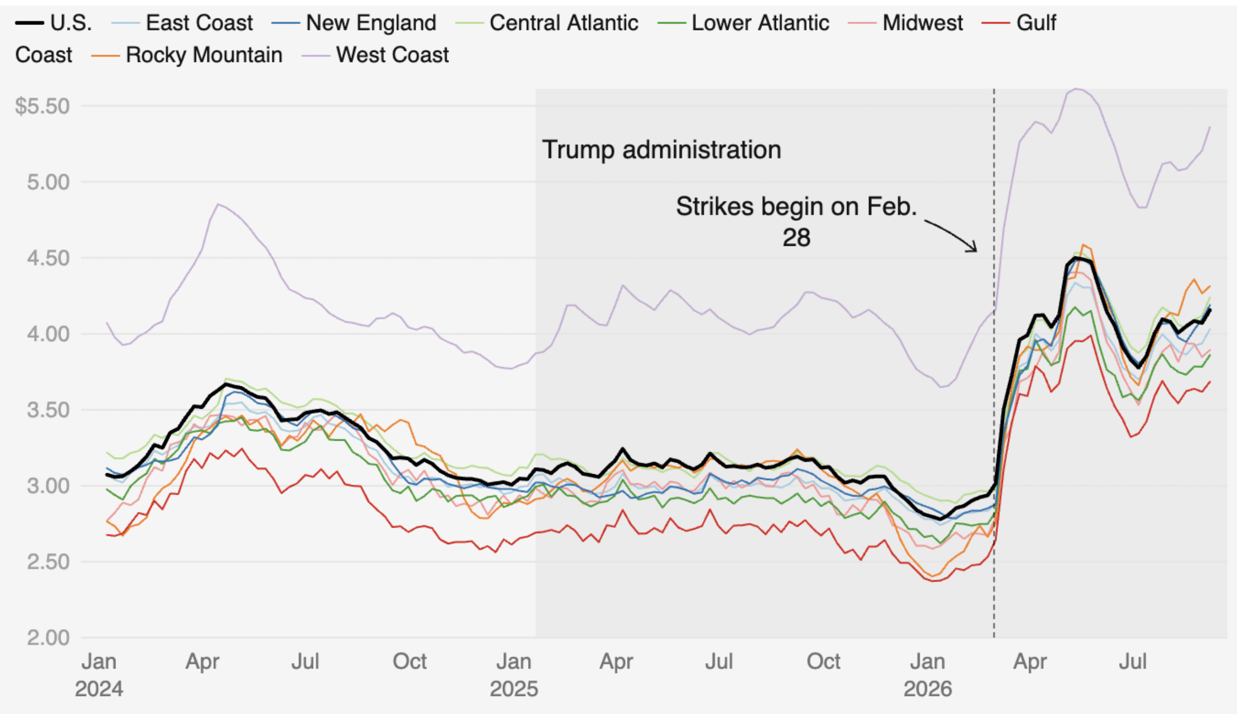

Chart: Peter Aldhous • Source: U.S. Energy Information Administration

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In his Face the Nation appearance, Wright said he expected pump prices would fall with the end of the summer driving season. But even while he spoke, a major escalation in Middle East hostilities was building, all focused on oil infrastructure and delivery. The U.S. military said on Saturday that it had struck three Iranian oil tankers in retaliation for missiles launched at U.S. Navy ships. Defense Secretary Pete Hegseth posted on social media Sunday that Iran's oil tankers were "defenseless" against such attacks. The next morning, Iranian-backed Houthi rebels launched an offensive against Saudi oil facilities.

Because Saudi Arabia is the world's third-largest oil producer, behind the United States and Russia, any damage to its facilities can have a profound impact on the global market.

A Venezuelan Deal and More Uncertainty

Wright also pointed to steps the Trump administration was taking to increase the world supply of oil overall, including the increase in production from Venezuela since January, when President Nicolás Maduro was unseated in a U.S. military operation. According to figures the U.S. Department of Energy released last month, Venezuelan production is up 25 percent, to 1.25 million barrels per day—with half of that crude going to U.S. Gulf Coast refineries.

The U.S.-Venezuela oil agreement announced last week—described by some analysts as the largest oil deal in international history—will also pay dividends in lower gasoline prices, Wright said. "We're going to get massive amounts of discounted oil price and ownership interest in some production there," Wright said, adding that it was at "zero cost" to U.S. taxpayers.

But analysts believe that any growth in production will be gradual, and great uncertainty remains about the political situation in Venezuela.

"The challenge facing Venezuela has always been whether the right conditions would emerge to develop the country's resources," said Radhika Bansal, a senior vice president with Rystad Energy. "This agreement improves those conditions. … However, investors looking at multi-decade projects need confidence that a contract signed today will be honored by whoever governs Venezuela in 10 or 20 years."

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