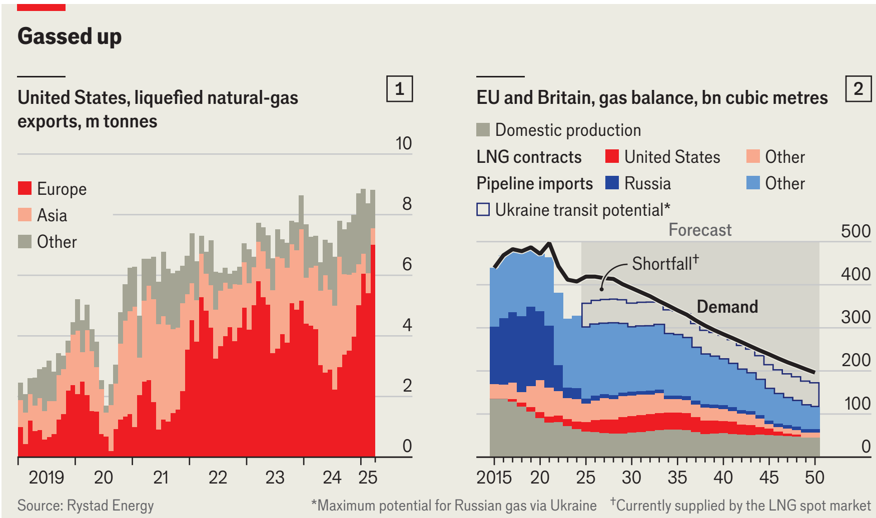

of Venture Global, an American LNG firm. After a disappointing initial public offering in January, his company's fortunes look to be improving; on April 15th a subsidiary raised $2.5bn in the first high-yield bond issuance in America since the mayhem caused by Mr Trump's tariff pronouncements on April 2nd.

America's allies are sending encouraging signals, too. A plan from the European Commission to phase out Russian gas is due to be published in early May; some European leaders support replacing it with imports from America. India is considering ending duties on American LNG. Ishiba Shigeru, Japan's prime minister, has intimated that his country may be willing to invest in the Alaskan mega-project.

Yet lifting LNG exports will not be so easy. For a start, the country lacks sufficient infrastructure to quickly ramp up shipments. "We have the gas, we just don't have the pipelines to get it places," explains Toby Rice, chief executive of EQT, another big American gas company. Export terminals are already running close to their maximum capacity.

To make matters worse, Mr Trump's tariffs will hobble American firms' ability to supply LNG and other countries' demand for it. At home, the trade war has sent the cost of steel and other inputs for new American LNG projects soaring. "We don't see a massive wave of gas coming on," says Kaushal Ramesh of Rystad Energy, a consultancy. Much of the expansion in LNG capacity that is confirmed is already promised to overseas buyers on long-term contracts. Although there are a number of other proposed LNG projects in America, developers require long-term commitments from buyers to persuade their financiers to hand over funding.

Securing those commitments will be tricky. Demand is expected to slow as many economies are struck by Mr Trump's trade war. The International Energy Agency (IEA), an official forecaster, predicts that growth in demand for gas in Asia will slump to 2% this year, down from 5.5% in 2024. And American LNG is now unwelcome in China, which last month halted all imports of the fuel from its trade-war adversary. Chinese energy firms have recently announced big LNG deals with ADNOC, an Emirati hydrocarbon giant. Such buyers had been expected to significantly increase gas purchases from America in the next few years.

The outlook seems somewhat rosier in Europe, which has grappled with a shortfall in gas since Russia cut back exports after the invasion of Ukraine (see chart 2). The continent's LNG imports will rise by a quarter this year, according to the IEA.

Yet European buyers have been reluctant to commit themselves to signing long-term contracts for American LNG. Some worry that climate regulations could one day ban the use of gas. Others expect a glut in global gas supply to emerge over the next few years, which would cause prices to collapse.

Then there is the possibility that large amounts of Russian gas will resume flowing into Europe after a peace deal with Ukraine is signed—another of Mr Trump's ambitions. That would leave little room for buying more LNG from America. Officials in Brussels are adamant they will not allow this, but some German industrialists are already pleading for a return to cheap Russian gas.

In any case, even if Europe did dramatically increase its imports of American LNG, it would not do much to resolve the trade imbalance with America. Wood Mackenzie, a consultancy, calculates that if the European Union sourced all of its LNG, diesel and light crude from America it would reduce its trade surplus in goods by only about a half. The cold reality is that Mr Trump's dreams for American gas are little more than hot air. ■

Tesla

Crash course

Even Republicans are souring on Elon Musk's cars

"THE FUTURE of Tesla is brighter than ever." So declared Elon Musk during an earnings call on April 22nd. According to the carmaker's boss, Tesla remains on course to become the world's most valuable firm, worth as much as the next five companies combined, as it churns out fleets of autonomous taxis and legions of humanoid robots (see Schumpeter).

As Mr Musk gazes into the future, investors remain transfixed by the car crash that is currently occurring at Tesla. Revenue from its electric vehicles (EVs) in the first quarter was down by a fifth, year on year. Operating profit fell by two-thirds. Far from racing ahead, Tesla's market value has fallen by roughly half since peaking at around $1.5trn in December.

Earlier this month the company reported that it delivered just 337,000 vehicles in the quarter, 13% fewer than a year before and well below analysts' expectations (see

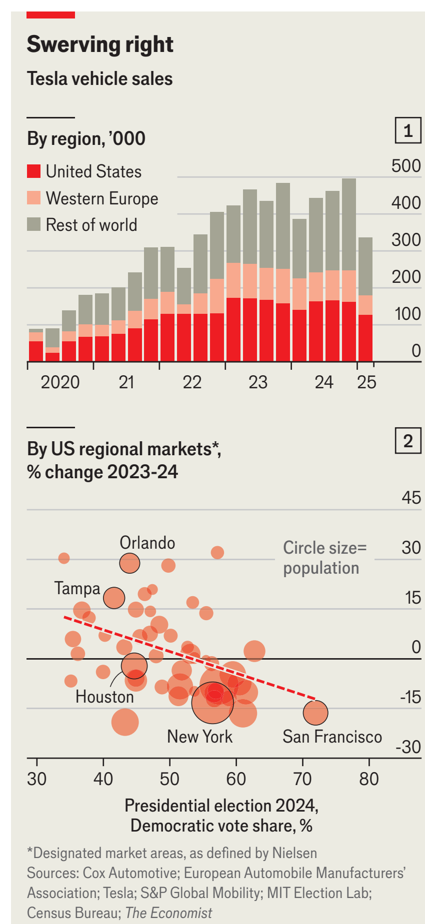

chart 1 on previous page). In Europe, which makes up around a fifth of sales, registrations of new Teslas slid by 40%. In America, the carmaker's biggest market, sales fell by almost 9%, even as those of all EVs rose by 11%. Can Tesla recover?

Slumping sales partly reflect a backlash against the politics of Mr Musk, who has lately refashioned himself into a right-wing activist and nemesis of America's "deep state". Tesla's showrooms have faced protests and arson attacks since Mr Musk took his chainsaw to the federal government as head of Donald Trump's Department of Government Efficiency.

Some analysts had hoped that, at least in America, a boom in Tesla sales to right-wing consumers would balance out declining sales to left-wing ones. TD Cowen, an investment bank, recently estimated that although Mr Musk's political activities could cut sales by more than 100,000 vehicles a year in America's Democrat-leaning counties, they could boost them by twice that in Republican-leaning ones.

That type of partisan rebalancing was on display last year as Mr Musk completed his MAGA conversion. Our analysis, drawing on figures from S&P Global, a data provider, suggests that Tesla's sales shrank in left-leaning cities in 2024 while growing in right-leaning ones (see chart 2). For example, in the San Francisco Bay Area, which favoured Kamala Harris in the presidential election by nearly three-to-one, sales fell by more than 16% last year; in Tampa, which favoured Mr Trump by a wide margin, they rose by around 18%.

Unfortunately for Mr Musk, though, even Republicans now appear to be spurning his EVs. Trends in the used-car market suggest that a growing number of Tesla owners in both blue and red states are putting them up for sale. Figures from MarketCheck, which tracks the inventories of more than 75,000 dealerships across America, show that listings of used Teslas have risen by two-thirds since the start of the year, twice as much as for other EVs. Listings for the Model 3 have increased by 63%; those for the Model Y have rocketed by 80%. The pattern can be seen in both left-leaning states, such as Massachusetts and New York, and right-leaning ones, such as Indiana and South Carolina.

That hints at a deeper problem for Tesla: stiffening competition. By contrast with its early years, when it was essentially unchallenged, the carmaker now faces serious threats from rivals such as General Motors (in America) and BYD (in China and elsewhere). It cannot afford a distracted boss. To investors' relief, Mr Musk announced during the earnings call that he would now be spending "far more" of his time away from Washington and at the company. They will be hoping he can speedily reverse Tesla out of its mess. ■

Volkswagen

From bad to wurst

BERLIN

At least the carmaker's sausage sales are on a roll

VOLKSWAGEN'S DAYS of producing a "global icon" may have seemed behind it. But last month Gunnar Kilian, who sits on the management board of Europe's biggest carmaker, gushed on LinkedIn that VW had done just that. Mr Kilian was not raving about a fancy new car model, though. VW's very own currywurst—a German sausage with spicy tomato sauce—has become, he declared, a "cult" product, with "international bestseller status".

Last year VW sold 8.5m sausages in its corporate canteens, the Wolfsburg football stadium and supermarkets, 200,000 more than in 2023. Around 6m were currywurst; 2m were unadorned frankfurters. And cars? Ah. The company sold just 5.2m VW-branded vehicles, a shade down from the year before. The VW Group, which includes Audi, Seat, Skoda and Porsche, sold 9m vehicles as a whole, also fewer than in 2023.

That raises the tantalising prospect that VW could soon sell more sausages than cars. It is an unusual kind of diversification, and one that reflects the hard times that have befallen the company. Last year the carmaker's net profit dropped by nearly a third. Demand from China slumped while a bloated workforce kept costs high. A protracted and bitter battle with union leaders over job cuts and factory closures ended in December with an agreement to keep all ten of VW's German plants open but to shed 35,000 jobs by 2030, or around one-quarter of the company's domestic workforce, in a "socially responsible manner" (meaning through retirement and other voluntary attrition).

Management had the good sense, at least, not to get between its workers and their currywurst. When in 2021 VW wanted the canteen at its headquarters in Wolfsburg to forgo its meaty sausages and switch to vegetarian food, it faced a rebellion. Even Gerhard Schröder, a former chancellor, weighed in: the currywurst is the "power bar" of the factory worker, he proclaimed. By 2023 the sausage was back on the menu.

When it comes to carmaking, this year may prove even harder to swallow for VW than the last. In 2024 it increased its sales in America by 3%, a rare spot of growth for the company. New tariffs on imported vehicles mean it is unlikely to repeat the performance; four-fifths of the cars VW sold in America last year were produced elsewhere.

The outlook for its sausage business, though, seems brighter. "Our next currywurst coup is already in the works," Mr Kilian has promised. It could be yet another version of the sausage; VW has already begun making vegetarian, vegan and halal varieties. Amid a difficult year, the wurst innovation may be the best news to come out of Wolfsburg.