

## MNI: Political Drivers for Energy Aug. 18-24

By Lawrence Toye, (18/08/2025)

### Executive Summary:

- The **Trump-Putin summit** in Alaska appears to have **further pushed back any additional sanctions** or tariffs on Russian energy.
- Talks are making progress between **Iraq and the KRG**, but a **restart in flows remains elusive**.

### Trump-Putin Summit Helps Further Delay Energy Sanctions

Friday's Trump-Putin meeting in Alaska on Friday (Aug. 15) produced neither a ceasefire nor a peace agreement to end the war in Ukraine. Moreover, Trump's target for a ceasefire before a peace deal (the stance of Ukraine) has flipped to agreeing a peace deal first.

- Russia is apparently offering to hold its frontlines in Kherson and Zaporizhzhia in exchange for the Donbas. US special envoy Witkoff said that the US/European security guarantee could "effectively offer Article-5 like language" (NATO), as reported by the BBC.
- Nevertheless, US Secretary of State Marco Rubio – a more hawkish figure in the cabinet - told Fox News yesterday. "We're still a long way off,"
- On the matter of energy, Trump said on Friday he did not immediately need to consider retaliatory tariffs on mainly India/China for buying Russian oil but might have to "in two or three weeks." This shows yet another delay by the Trump administration vis a vis further Russian energy sanction. Consequently, it seems that a renewed squeeze on Russian flows has been kicked back into the long grass.
- US President Donald Trump will now host Ukrainian President Volodymyr Zelenskyy at the White House today (Aug. 18).
- Zelenskiy will be joined in the meetings by European Commission President Ursula von der Leyen, French President Emmanuel Macron, and NATO Secretary-General Mark Rutte.
- POTUS has said on social media Sunday evening, "President Zelenskyy of Ukraine can end the war with Russia almost immediately, if he wants to, or he can continue to fight. Remember how it started. No getting back Obama given Crimea (12 years ago, without a shot being fired!), and NO GOING INTO NATO BY UKRAINE. Some things never change!!!"
- This post may imply another shift in tactic from Trump towards forcing the Ukrainians into accepting land annexations and abandoning full NATO membership.

**OUTLOOK:** Today's talks between Trump and Zelenskiy will be the next bellwether for energy markets to assess the trajectory for negotiations and also sanctions/tariffs on Russian oil.

- The infamous meeting in February strained relations between the countries and drove fear about a US disengagement. While the US did not walk away from the conflict - and relations have since improved, - another negative meeting will likely further divide the US-EU/Ukraine position on the conflict and make secondary sanctions even less likely in the near term.

- Were talks to show progress, it may prevent a longer-term moratorium on additional Russian energy sanctions, although no additional sanctions and tariffs are likely to result from today's meeting however positive.
- Given that the sanctions are the decision of the President's alone, and given his continued reticence for additional measures, the President may continue to hold off on any action.
- Furthermore, the Russians may be able to dial down the risk of sanctions by offering small concessions on the battlefield or continuing to engage diplomatically.

### Talks Accelerate on Iraq-Ceyhan Oil Flows

The KRG and the Iraqi Oil Ministry agreed a deal on a mechanism for oil exports from Kurdistan to Turkey, the KRG said in a statement Aug. 13.

- The agreement will see 50k b/d of oil production allocated for domestic consumption within Kurdistan, with the remainder transferred to Iraq's SOMO for export.
- However, resuming oil exports from Kurdistan will require Iraq's Federal Government to coordinate with Turkey and implement the agreed export procedure.
- Iraq's Deputy PM and Minister of Foreign Affairs met with the American Chargé d'Affaires, Ambassador Steven H. Fagin Aug. 17 to discuss the role of American oil companies in Iraq. The meeting was said to address the unresolved issue of resuming oil exports from Kurdistan.
- While there is said to also be an agreement on non-oil revenues, the issue of paying public employees' salaries in Kurdistan is still a stumbling block. This issue is due to be discussed this week.
- Kurdistan 24 reported that the current deal is a temporary solution until the end of the year, with Iraq's foreign minister stating unequivocally that "next year it will have to be resolved differently."

**OUTLOOK:** A restart to flows from Kurdistan to Ceyhan are unlikely to be immediate given the complexity of the negotiations and the frequent breakdown in talks between the two parties since oil exports were paused in March 2023.

- However, it appears that progress is being achieved, and the prospect of a deal is getting closer. It seems that the sides will have to agree some non-oil aspects of the ongoing disagreements, namely, how to pay public sector workers in Kurdistan.
- There is also coordination needed with international oil companies in Kurdistan to get exports going. Finally, there requires a coordination with Turkey who are looking to renegotiate the terms of the export flows as the current agreement expires in 2026.
- Consequently, progress towards a deal is visible, but further issues lie ahead that is likely to further delay a restart in exports.