

MNI: Political Drivers for Energy Markets - Feb. 2-8

By Lawrence Toye & Andrew Couper (02/02/2026)

Executive Summary:

- **Negotiations** between the **US and Iran** could begin in the coming days
- **OPEC+** set aside geopolitical risks to oil supplies by deciding to **hold output steady in March**
- **Russia-Ukraine** talks remain at an impasse over **territorial disputes**
- The US has broadened its **license for trading in Venezuela's oil**.

US-Iran Set for Talks

Negotiations between Iran and the US could begin in the coming days, likely between Iranian Foreign Minister Abbas Araqchi and US President's special envoy Steve Witkoff, according to Iran's Tasnim News Agency.

- Trump said Iran was negotiating "seriously" over its nuclear programme but warned that time was "running out" for a deal.
- Iranian media said discussions will focus on the nuclear issue; the missile programme is "off the table."
- Trump said the US strikes had "obliterated" Iran's nuclear programme, but the 400kg of highly enriched uranium was likely moved before US attacks, which remains a concern.
- The US wants Iran to permanently cease uranium enrichment, limit its ballistic missile programme and end support for regional militant groups including Lebanon's Hezbollah and Yemen's Houthis.
- Sources told Axios that Trump has not made a final decision on whether to attack Iran, with planned negotiations likely to buy more time.
- Iran's supreme leader Ayatollah Khamenei warned that any attack on Iran would spark a regional war. This could place regional energy infrastructure in the firing line.

OUTLOOK: It should be noted that previous negotiations last summer were described positively by Trump, who even hinted a deal was close. Yet this ultimately culminated in an Israeli attack taking place before negotiations had even concluded.

- Nonetheless, the planned talks will likely buy Trump time before making a final decision on whether to strike, though it remains to be seen whether the two sides can bridge the current gulf between their negotiating positions, particularly on the missile programme.

OPEC+ Hold Output Steady

The eight OPEC+ states with additional voluntary cuts agreed to keep output steady in March, following a virtual meeting Feb. 1. This is despite a recent rise in prices due to US-Iran conflict risks and US intervention in Venezuela.

- OPEC often responds cautiously to geopolitical risks, waiting for material change to oil supplies before acting.
- Rystad's Jorge Leon noted that the group declined to comment on Q2 output, keeping all options open during a period of significant geopolitical turbulence.
- Given sanctions and steep discounts on Russian oil, the Kremlin would likely prefer a more cautious approach. Meanwhile, Saudi Arabia's breakeven oil price for core government spending is at least \$90/b.

OUTLOOK: Unless geopolitics affects supply, OPEC+ is likely to prioritise global output over perceived market risks.

- The group holds the flexibility to boost output at relatively short notice, with Saudi Arabia still holding around 2m b/d of spare capacity.

Russia-Ukraine

US envoy Steve Witkoff said he held constructive talks with a Russian envoy in Florida this weekend as efforts continue to work towards a peace deal - though progress remains limited.

- The second round of US-backed trilateral peace talks involving Ukraine and Russia will take place next week in Abu Dhabi
- Zelenskiy said the new round would take place on Feb. 4-5, and that his country is ready for a "substantive discussion." They have been delayed because of upcoming U.S./Iran negotiations.
- Teams from Ukraine and Russia met last week in Abu Dhabi in their first in-person negotiations on a plan being pushed by Trump. The US says both sides are close to a deal, but they have so far been unable to find a compromise on the key issue of territory in a postwar settlement, according to Kyiv.
- Trump claimed Putin agreed to a week-long pause in attacks on major Ukrainian cities, including the capital, Kyiv, as the country grapples with plummeting winter temperatures.

OUTLOOK: Negotiations are likely to continue, but key issues remain hard to resolve, namely the territorial disputes in Eastern Ukraine.

- While no strikes on Ukraine's energy infrastructure or Russian refineries were reported over the weekend, an aspect to watch will be whether the energy ceasefire holds.
- This may aid Ukrainians over winter while allowing Russia's crude processing to recover; Ukraine usually waits for refineries to finish repairs before targeting them.

Venezuela Oil Reforms Proceed

The US has broadened its license for companies to trade in Venezuelan oil, opening up access beyond Vitol and Trafigura.

- General Licence 46 excludes transactions connected to Russia, Iran, North Korea, and Cuba, and requires participants to accept US jurisdiction.
- This follows Venezuela's new hydrocarbon law, which opens up the sector to more private investment.
- Joint ventures under the new reform must have at least 50 % state ownership. State companies may also transfer ownership of state property, though it is unclear if this includes PDVSA assets. The 30 % royalty remains, adjustable by the Ministry of Hydrocarbons.
- However, US oil majors, whose Venezuelan assets were expropriated in the past, remain reticent to commit to long-term investments in the country, demanding democratic reforms and legal protections for their assets.

OUTLOOK: The new license may expand crude sales, but oil companies are likely to approach reforms cautiously.

- While the current government is in place and absent key government reforms, oil majors will likely look to limit their risk. Hence, any short-term rapid return of Venezuelan oil production remains unlikely.