

MNI: Political Drivers for Energy Markets Dec. 22-28

By Lawrence Toye (22/12/2025)

Executive Summary:

- Negotiators have **called Ukraine peace talks productive**, but the mood music in Moscow is key to watch
- The US has **seized more tankers** hauling Venezuelan oil as it **ramps up pressure on Maduro**.
- Israel is to discuss potential options for attacking Iran with Trump

US Touts Progress in Ukraine Talks

US special envoy Steve Witkoff said that Trump administration officials held "productive and constructive" meetings with Ukrainian and European counterparts in Florida as part of efforts to end Russia's war.

- Topics discussed included further developing the existing 20-point plan, a US security guarantee framework, and the economic development plan for Ukraine.
- Trump himself said last week that he believed Ukraine peace talks are "getting close to something."
- Ukrainian and European leaders have been negotiating to amend the initial 28-point proposal to make it more acceptable for Kyiv.
- Despite the optimism from the US and Ukraine, any amendments to the proposals would need to be accepted by the Russian side, which may be a more difficult feat.
- Vladimir Putin has said he is open to ending the war in Ukraine but is maintaining maximalist demands and has not said that he's willing to accept a deal in its amended form. Russia continues to resist amending earlier frameworks.
- An annual public press conference held by Putin appeared to be preparing the Russian public for the war to drag on into next year.
- Regarding Russia's oil-backed war chest, Reuters estimates that tax proceeds from crude output in January could hit the lowest monthly level since late 2022 due to lower oil prices and a stronger rouble.
- Meanwhile, Ukraine hit a Russian shadow tanker in the Mediterranean for the first time. The Omani-flagged Qendil was sailing empty to Ust-Luga.
- Some vessels have begun hugging the coastline heading to Novorossiysk, suggesting they might be trying to avoid attack, Bloomberg said.
- Ukraine has also been attacking oil platforms in the Caspian Sea

OUTLOOK: While Washington and Kyiv appear optimistic, the mood music from Moscow is most important. Even if the US and Ukraine can find compromises on the remaining points of contention, rhetoric suggests that Moscow will reject an amended deal.

- Reports suggest that the US is considering targeting sanctions on Russia's shadow fleet of oil tankers and traders should the Kremlin reject a peace deal with Ukraine.
- For Kyiv, it will be important to remain constructive and not to appear as if it is the one undermining the talks. This could risk further threats from the White House of cutting off support such as intelligence sharing or weapons sales.

US Seizes More Venezuelan Tankers

Tension continues in the Caribbean as the US seizes more tankers hauling Venezuelan crude.

- US forces pursued the sanctioned Bella 1 on Dec. 21 that was heading to Venezuela. They also boarded the non-sanctioned Centuries, a Hong Kong-owned vessel, on Dec. 20, Bloomberg added. The Centuries is the first non-sanctioned tanker impacted. Another VLCC, the Skipper, was seized on Dec. 10.
- Most of these sanctioned cargoes flow to China. Beijing has condemned the seizures as violating international law.
- Given loosening oil supplies, the US calculates that it can squeeze Venezuelan oil without impacting prices, giving it additional leverage.
- There were 17 vessels en route to Venezuela on Dec. 19, according to Platts. At least six are sanctioned. Meanwhile, 14 of the 37 vessels leaving Venezuela are sanctioned.
- In response, Venezuela's President Nicolas Maduro has also ordered his navy to escort ships carrying the country's oil, the NYT reported.
- If exports are affected, Venezuela may have to start to shut-in some oil wells due to low storage capacity as maximum capacity could be reached in about 10 days, Bloomberg said last week.
- Chevron's loading continues unaffected.

OUTLOOK: Seizing tankers is another means by which the Trump administration is trying to topple the Maduro government without engaging in high-risk terrestrial military operations against Venezuela.

- For now, Trump seems to be targeting oil revenue to further pressure Maduro. Although it should be noted that he has already survived significant economic crises.
- Given the \$50mn bounty on his head and investigations from the International Criminal Court, Maduro's safest option may still be to remain in Venezuela.
- If Maduro refuses to go, Trump cannot keep his forces stationed in the Caribbean indefinitely. The choice would be either engaging militarily or withdrawing. The latter would be a political victory for Maduro.

Israel to Discuss Iran Threat with Trump

Israeli Prime Minister Benjamin Netanyahu plans to speak with President Donald Trump later in December about options for attacking Iran, NBC reported.

- Israeli officials are concerned Iran is expanding ballistic missile production and rebuilding nuclear enrichment sites that were attacked by the US during the 12-day Iran-Israel war in June, NBC added.
- Israel is concerned that Iran is repairing its air defences and increasing its missile stocks, which would raise the challenge of achieving air superiority in the event of another war.
- Israeli officials also warned Trump that an Iranian military exercise over the weekend could be preparation for a strike on Israel, Axios reported. The chances of this are seen as below 50%, sources told Axios.
- The outlet added that Israeli officials voiced a similar concern six weeks ago after identifying Iranian missile movements. Yet nothing came of it.

OUTLOOK: With talks in Ukraine and tensions in Venezuela, Trump is unlikely to want to green light another Israeli operation against Iran. This would almost certainly require US assistance at minimum to shoot down Iranian missiles launched towards Israel.

However, IDF leaders repeatedly warn of the risk Tehran poses to Israel, meaning that the risk of further conflict cannot be ruled out in 2026.