

MNI: Political Drivers for Energy Markets Dec. 8-14

By Lawrence Toye (08/12/2025)

Executive Summary:

- Talks to **end the war in Ukraine** are said to have made progress, but key **outstanding issues remain**.
- **Russia-India energy relations were in focus** last week as Putin visited New Delhi.
- Despite heavy US pressure, **Venezuela's Nicolas Maduro continues to hang on to power**.

Russia-Ukraine Talks Drag On

Ukrainian President Volodymyr Zelenskiy said negotiators discussing a US-brokered peace initiative remain divided over several "sensitive issues," including security guarantees and control over parts of eastern Ukraine.

- This comes as Trump's outgoing Ukraine envoy, Keith Kellogg, said efforts to end the war were in "the last 10 meters." He said a deal depended on the two outstanding issues of "terrain, primarily the Donbas," and the Zaporizhzhia Nuclear Power Plant.
- Russia is pushing for Ukraine to surrender the remaining 5,000 square km (1,900 square miles) of territory it controls in the Donbas. The Donbas is internationally recognised as part of Ukraine.
- On the Russian side, Putin had said the most recent proposal had concessions Russia couldn't agree to, with the Kremlin saying radical changes are needed to some US proposals.
- President Trump appears to be losing patience with Ukraine's push for better terms, publicly criticising Zelenskiy again. Trump's son Donald Trump Jr also claimed that the US could walk away from the talks completely.
- With negotiations ongoing, both sides are trading attacks on energy infrastructure. Ukraine continues to strike Russian refineries, while Russia is accused of targeting Ukraine's power and heating grid during the winter season when temperatures plummet.

OUTLOOK: Negotiations are likely to continue back and forth this week, with the outstanding issues being difficult to resolve without one side backing down significantly.

- Trump appears to have limited patience for Zelenskiy, who faces a balancing act between constructively engaging in peace talks while not capitulating to a deal that heavily favours Russia.
- A key factor to watch is whether Trump eventually loses patience with either Zelenskiy or Putin and chooses to walk away. Any US disengagement is likely to be short-lived, given Trump's ambition to be the one to end the conflict.
- Provided the breakdown of the talks is not blamed on Russian intransigence, sparking additional aid to Ukraine, a US withdrawal from negotiations would favour Russia, given its slow but forward movement on the front lines.

Russia-India Energy Relations

After Russia's President Putin met India's PM Narendra Modi in Delhi, the Kremlin said on Monday that India will continue to buy oil where it is profitable.

- This follows Putin's comments on Friday that Russia will continue to offer India uninterrupted fuel supplies.
- Modi was more reserved in his comments as US-India trade talks remain underway, contingent on India backing away from Russian oil. India was hit with an additional 25% tariff on its products entering the US due to buying Russian oil.
- While around 45% of its crude imports (around 2.5m b/d) were of Russian origin in June, Russian oil arrivals are expected to hit a four-year low next year at just 0.6m b/d.

- However, some Indian refiners have been reported to be re-opening Russian oil trade with non-sanctioned entities.

OUTLOOK: With both Russia and India mutually benefiting from their joint oil trade, there is a high incentive to find means to circumvent US and European restrictions on Russian energy.

- It is not clear whether strong Putin-Modi ties and a resumption of Russian oil buying will dent trade talk optimism between the US and India. If Delhi concludes that a US deal is out of reach, it may face less incentive to squeeze its imports of Russian crude.
- While US sanctions and EU restrictions on importing oil products refined from Russian crude add hurdles, analysts don't believe these measures are enough to completely curtail India's buying. Furthermore, the ability for Russia to find workarounds will also determine how quickly Russian flows to India recover.

Venezuela: Maduro Calling Trump's Bluff

Despite the US military build-up and threats of land strikes on "narcotics infrastructure (widely believed as a pressure tactic to oust Venezuelan president Nicolas Maduro), the Venezuelan government remains in place.

- Maduro is said to have tightened security around him and is limiting public appearances, but his inner circle shows no sign of imminent collapse, the Washington Post reports.
- The US has around 15,000 military personnel in the region but would need around 50,000-150,000 for an overwhelming ground invasion to topple Maduro. It would also likely be roped in to a costly reconstruction and at risk of a guerrilla insurgency. All of these could hamper oil output. The US is said to be concerned with how the Venezuelan military would respond to the ousting of Maduro, given its loyalty to the president.
- There were media reports that Maduro had agreed to leave power, conditional on charges against him at the international criminal court, as well as a \$50mn bounty on his head be dropped. He also wanted amnesty for associates in his regime.
- This was said to have been rejected by the US despite agreeing to allow him safe passage to flee.
- Previous reports of ultimatums issued by the US have since been walked back, given that Maduro remains in power and no onshore strikes on Venezuela's have taken place despite repeated threats.
- The lack of reassurance that he will get amnesty means Maduro might view his safest option as remaining in Venezuela surrounded by loyalists, given that a US ground invasion is improbable.
- Furthermore, migrant repatriation flights from the US to Venezuela have quietly restarted.

OUTLOOK: There is an ongoing shot clock in Venezuela with only limited time that the USS Gerald R. Ford carrier can remain in the Caribbean without being redeployed elsewhere.

- If the carrier leaves with Maduro in place, he will declare it a victory over the US, leaving Trump embarrassed.
- However, a Maduro exit has its own risks, with the day-after situation hard to control. A spiral into chaos could cut Venezuela's oil output even further.
- For now, it appears that Maduro is calling Trump's bluff, hoping for an off ramp or a negotiated agreement, perhaps on migrants or oil access, which would help him cling on to power.
- The odds of Maduro leaving power within the next few months have been falling in recent days, according to Polymarket. There is a 9% chance he leaves by Dec. 31, a 35% chance he's out by March 31, and a 54% chance he's gone by the end of 2026. On November 24, the percentage likelihood of him leaving by March 31 peaked at 48%.
- For a full overview on the tensions in Venezuela, read [here](#).