

## MNI: Political Drivers for Energy Markets Jan. 19-25

By Lawrence Toye (19/01/2026)

### Executive Summary:

- The **immediate risks to energy markets from the Iran crisis appear to have subsided**, but the underlying causes of the protests remain.
- **Venezuela's** government appears to be **consolidating domestic control while cooperating with the U.S.**
- **Trump's rhetoric over Greenland is reviving tariff concerns** as Europe must consider risks from U.S. LNG overdependence

### Iranian Protests Abate

The immediate threat of conflict in Iran appears to have abated, with no signs of protests in Tehran in recent days. The harsh repression by authorities last week that killed thousands of protesters appears to have been successful in quashing the uprising.

- As the protests die down, the probability of a U.S. intervention also declines, although a risk of strikes still remains.
- U.S. officials told Axios last week that there was a serious expectation inside the Trump administration — and belief in capitals across the Middle East, including Iran — that Trump would "green-light" a strike on Iran. It was only due to strong lobbying for restraint from Middle East allies, including Israel's PM Binyamin Netanyahu and Saudi leader Mohammed bin Salman that Trump held off on kinetic action, Axios added.
- The main drivers to dissuade Trump were threats to regional stability and Israel's lack of preparation to counter Iranian retaliation.
- Iran's president, Masoud Pezeshkian, warned on Sunday that any attack on the country's supreme leader, Ayatollah Ali Khamenei, would be a declaration of war.
- Iran's moratorium on the execution of 800 demonstrators also helped prevent further escalation, with Trump thanking Tehran's leaders on Truth Social for the suspension of capital punishment.

**OUTLOOK:** While the immediate threat to oil markets may have died down, the underlying risks still remain. The Islamic Republic remains unable to deal with the economic crisis that sparked the protests, and the regime's deep unpopularity looks unlikely to change. The scale of the crackdown shows the weakness of the Iranian government, with a future flare-up looking to be a case of when, not if.

- Trump himself, in an interview with Politico on Saturday, called for an end to Khamenei's nearly 40-year reign, calling him "a sick man who should run his country properly and stop killing people."
- Bloomberg columnist Javier Blas noted that the real risk to oil markets from Iran may not be through war, but from striking oil workers. As the economic crisis in the country deepens, Iranian oil exports could be at risk were workers to take industrial action in protest against the government. He posited that such action would also risk a crackdown from the regime.

### Venezuela: Stability over Democracy

CIA Director John Ratcliffe travelled to Venezuela on Thursday to meet with acting President Delcy Rodríguez, becoming the highest-ranking Trump administration official to visit the South American country after the U.S. raid that captured former leader Nicolás Maduro.

- In the 12 days since the U.S. seized Venezuelan President Nicolás Maduro, interim President Delcy Rodríguez has worked to consolidate her power. She has installed loyalists in key positions to protect herself from internal threats while meeting U.S. demands to boost oil production, Reuters reported.
- This would be in contrast to opposition leader María Corina Machado's claim that Rodríguez is mainly "taking orders from Trump," and that she will lead the country "when the right time comes."
- Meanwhile, the U.S. is moving as fast as it can to grant Chevron an expanded license for its oil production in Venezuela, U.S. Energy Secretary Chris Wright told Reuters on Jan. 16.
- Several European partners of Venezuela's state-run PDVSA, including Repsol and Maurel & Prom, have applied for U.S. licenses or authorisations to export oil from the country.
- The U.S. government is not currently considering using Venezuelan oil in an exchange with U.S. oil companies to refill the country's Strategic Petroleum Reserve, the Department of Energy said on Jan. 16.
- U.S. control of Venezuela's oil industry will test China's appetite for Venezuela crude. Vitol Group has offered Venezuelan cargoes to Chinese buyers at significantly narrower discounts of around \$5/b to ICE Brent. By comparison, discounts were as wide as \$15/b while Maduro was in power.

**OUTLOOK:** Trump appears content with keeping Delcy Rodríguez and the existing government in place. While Machado visited Trump in the White House, she has little prospect of leading the country for the time being.

- Rodríguez's cooperation with the U.S. will help speed up promised sanctions relief on oil and maintain internal stability. However, it is a double-edged sword for oil investors, given that the existing Chavista government expropriated oil assets from companies in 2007.
- Consequently, companies will need signs of tangible guarantees from the U.S. administration that will last far beyond the end of the Trump administration in 2028.

## Greenland Claims Spark Tariff Risk

With situations in Venezuela and Iran stabilising, Trump has turned his sights to the Arctic, using increasingly bellicose language toward NATO ally Denmark.

- Trump threatened a 10% duty from February on U.S. imports from the countries sending troops: France, Germany, Sweden, Finland, the Netherlands, Denmark and non-European Union members the U.K and Norway. That would increase to 25% in June until a deal is reached for his government to buy Greenland.
- Reuters reported that EU leaders are set to discuss options at an emergency summit in Brussels on Jan. 22, with options including tariffs on 93bn euros (\$107.7bn) of U.S. imports that would take effect automatically Feb. 6, after a six-month suspension.
- Trump's rationale stems from fears that China and Russia can exploit the opening sea routes in the Arctic. He also claims it is critical for the planned Golden Dome U.S. missile defence system.
- Under current arrangements, the U.S. can have as large a military presence on the island as it sees fit. In fact, the U.S. has cut its presence in Greenland from 10,000 troops during the Cold War to only around 150 today.

**OUTLOOK:** European leaders are taking Trump's threat towards Greenland seriously, and while the tariff threat may appear a negotiating tactic, it threatens to add further economic strain, which would be bearish for energy markets.

- Trump's behaviour also creates a wider problem for Europe: the growing dependency on U.S. LNG. While Putin used energy extortion over Ukraine in 2022, Europe may start showing increasing unease about an overreliance on U.S. energy, especially if its trade with the U.S. falls at the mercy of Trump's erratic policy changes via Truth Social posts.