

MNI: Political Drivers for Energy Aug. 11-17

By Lawrence Toye (11/08/2025)

Executive Summary:

- The market is shifting focus to the **Trump-Putin meeting in Alaska Aug. 15** for signals on sanctions and a possible end to the war in Ukraine.
- **Chevron** has received a license to return to **exporting oil from Venezuela**, helping the heavy sour market ease.
- The restart of **flows to Ceyhan from Iraq's Kurdistan** region was said to be "imminent," but flows are yet to restart.

Market Awaits Trump-Putin Talks

US President Donald Trump and Russia's President Vladimir Putin will meet in Alaska Aug. 15 to discuss the war in Ukraine. The Alaska meeting shows Trump's willingness to re-launch peace efforts to end the conflict.

- Russia is likely to again offer terms for reaching a ceasefire subject to Ukraine conceding to certain conditions. This could be ceding territory, abandoning NATO membership, or demilitarising.
- Comments from US VP J.D. Vance indicate that the US is focused on trying to end the conflict by freezing the front lines around their current positions. While Ukraine has previously stated that it would refuse to cede any territory to Russia, Nato's Secretary General Mark Rutte had also suggested a plan whereby Ukraine accepts that it has governing control of occupied territory (de facto control), while still claiming sovereignty (de jure control).
- It is unclear whether Zelenskiy would be able to accept such terms, although the reliance on US support could force his hand. Similarly, there is a question mark over what compromises would even be acceptable to Moscow. Russia's previous conditions for ending the war had included a recognition of Russian sovereignty over Crimea and ceding of four oblasts (which Russia does not fully occupy), and no NATO troops in Ukraine.
- The meeting follows Trump's ultimatum to Putin last week: agree peace terms with Ukraine or see Moscow's energy buyers face steep tariffs on their exports to the US. A wide-ranging sanctions package remains on ice, although India has been hit with a 50% tariff rate in part due to its Russian oil buying.

OUTLOOK: The talks will be one of the best indicators as to whether some sort of ceasefire will be possible. Headlines after the talks are likely to brew some short-term volatility, although it should be noted that previous Trump-Putin calls have sparked optimistic headlines, only for the war to continue unabated.

- The period after the meeting will also be critical. Trump has grown frustrated at positive phone calls being followed by Russian bombardments of Ukrainian cities. Such actions after inviting Putin to Alaska could prove the final straw for additional sanctions to go ahead.
- Conversely, tangible steps towards progress may see a softening in the US' stance, of which India has borne the brunt of late.
- Even in the best-case scenario, it now looks like the chances of Russian pipeline gas flows to Europe restarting are remote. The EU is highly likely to adopt legislation to phase out flows by the year end, while Germany remains strongly opposed to any restart of the Nord Stream pipelines.

Chevron Receives Limited Venezuela License

The US quietly approved Chevron's return to operations in Venezuela, likely driven by a tightening heavy sour market in the US, coupled with Caracas falling down the political priority list. With Russian oil facing a further squeeze and the Middle East calming from the 12-day Iran-Israel war, the US likely determined that further measures which could limit global oil supplies were counterproductive.

- Venezuela's exports fell to 727k b/d in July, but the restart of the Chevron deal could help add another 200k b/d of production and eventually help bring flows back to 1.2m b/d.
- While the US has not yet received any Venezuelan oil, tankers are en route to collect the cargoes and should arrive to the USGC later in August.
- The new deal allows Chevron to export oil from Venezuela and trade with PDVSA but likely prevents direct cash payments. Instead, this is likely to be done in the form of diluents needed for Venezuela's extra-heavy crude.
- This has several benefits. First, it limits the circulation of US dollars Maduro's government can use. Secondly, it pushes out Iran and Russia who were previous providers of diluents to Caracas.

OUTLOOK: Given the lack of announcement around this deal, it appears the Trump administration change of policy was more an acquiescence to market forces rather than a political strategy. Consequently, a wider general license which existed under the later years of the Biden administration is unlikely to return.

- The Trump administration appears to have clearly shifted from its position on maximum pressure and regime change in Venezuela, instead looking at achieving a deal on repatriating migrants.
- However, to propitiate Trump's base who take a more hard-line approach to Caracas – especially his constituency in south Florida – the White House is likely to continue with hard rhetoric and gesturing. For example, The US doubled its reward for the arrest of Nicolás Maduro's for drug charges to \$50mn on Aug. 7.

Iraq-Kurdistan Flow Restart Uncertain

Despite Iraqi oil minister Hayan Abdul Ghani's announcement Aug. 6 that oil exports from Kurdistan to Turkey's port of Ceyhan would restart "today or tomorrow", this appears to have been premature, with the pipeline still dry.

- While renewed efforts and progress towards a deal between Baghdad and the KRG, sources told Reuters that there is still no deal between Baghdad and the international oil companies operating in Kurdistan.
- Producers have been pushing to be paid for the money lost due to the pipeline's closure since March 2023. Without a deal between Baghdad and the IOC's, flows are unlikely to resume.
- The matter is also complicated by Turkey's intention to renegotiate the terms of the pipeline deal which is due to expire in June 2026.

OUTLOOK: The progress between Baghdad and the KRG was a key hurdle to overcome, but a restart is unlikely until an agreement with the IOCs in Kurdistan is also reached. Watching for announcements from IOCs is likely a better indicator for return of flows to Ceyhan, given the frequency of promised restarts from the Iraqi government.