

US to allow Venezuelan oil exports to Europe

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The Biden administration in the US looks set to permit Venezuela to export oil to Europe.

Ever since Russia invaded Ukraine on February 24th the US has been thawing its dealings with Venezuela, partly to replace the oil no longer being exported from Russia to Europe, and partly to try to weaken Venezuela's strengthening ties with Russia over the past few years.

The US has said it will ease sanctions to enable Venezuelan oil to flow to Europe to help those countries reduce their dependence on Russian oil.

Italy's Eni and Spain's Repsol are the only major European oil producers with operations in Venezuela and both are working with the Biden administration to divert Venezuelan oil that had been heading to China to be taken to Europe instead.

Bloomberg reported that Chevron would be allowed to negotiate its licence with Venezuela's oil company PDVSA to resume operations in the country. Several Venezuelans, including Carlos Erick Malpica Flores, a former PDVSA treasurer, will be removed from the US sanctions list.

Shipbroker Lorentzen & Co noted in a markets update that "in reality, little is known to what may come out of Chevron being allowed to try anew its terms with PDVSA, except that more drilling will not be allowed, nor the state-owned company's revenues being boosted."