



POTEN & PARTNERS

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POTEN TANKER OPINION



Pirates Of The Caribbean?

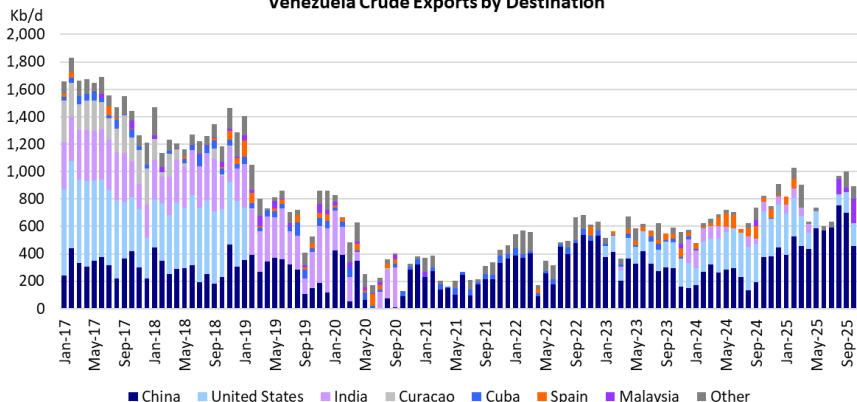
Pressure on Venezuela is mounting

The Trump administration is ramping up the pressure on the Maduro regime in Venezuela. In the same week that Venezuela's opposition leader, María Corina Machado, was smuggled out of the country to enable her to go to Oslo to receive the Nobel Peace prize, the U.S. seized a sanctioned VLCC laden with Venezuelan crude, reportedly heading for China. This represented a sharp escalation of the maximum pressure campaign, which already involves a wide array of sanctions targeting Venezuela's state, its oil sector, financial system and President Maduro's inner circle. Since early September 2025, the U.S. Southern Command has also conducted at least 21 strikes on Venezuela-linked vessels suspected of drug smuggling. President Trump has repeatedly urged his counterpart, Nicolas Maduro to leave the country, but so far, the Venezuelan leader has been defiant. For obvious reasons, this latest escalation has caught the attention of the oil and tanker markets. The seizing of an oil tanker raises the risk of disruptions in both oil supply and tanker movements.

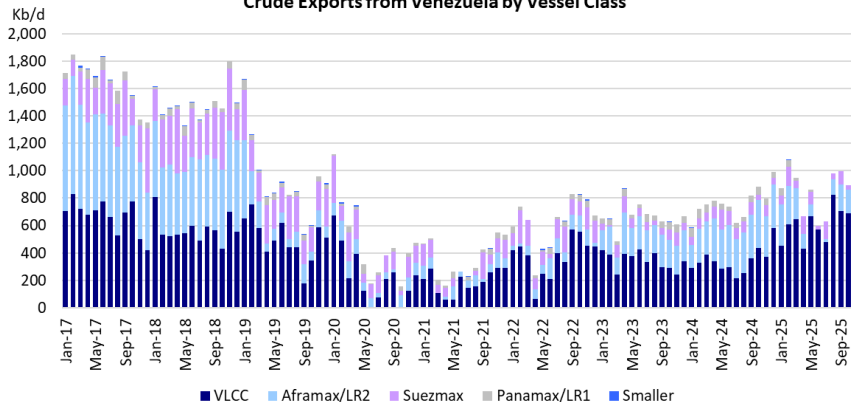
As we discussed in previous Tanker Opinions, the relationship between the United States and Venezuela has been fractious for decades. It began to deteriorate in the 2000s, after Maduro's predecessor Hugo Chavez, who came to power in 1999, started to adopt socialist policies. He nationalized oil assets and established close alliances with Russia, China and Iran, to the dismay of the U.S. The first sanctions against Venezuela were initiated by President George W. Bush in 2006. President Obama declared Venezuela a national security threat in March 2015 enabling more targeted sanctions. In his first term (2017-2021), President Trump started his maximum pressure campaign, vastly expanding sanctions. Under President Trump, who sanctioned PDVSA oil exports in 2019, Venezuela's crude oil exports declined to a trickle by 2020. The Biden administration tried a hybrid approach, blending targeted sanctions with diplomatic engagement to encourage democratic reforms. Biden lifted some sanctions in 2023 when the Maduro regime committed to free and fair elections to be held in 2024. However, these elections were anything but free and fair and President Maduro was "reelected" in July 2024. After his reelection, President Trump reinstated and intensified the maximum pressure campaign on Venezuela.

The U.S. government has cited a number of reasons for their focus on Venezuela. The Trump administration sees Maduro's regime as a socialist dictatorship that fuels illegal migration, supports drug trafficking and causes regional instability. A democratic Venezuela would likely make the country more liberal and pro-market, addressing most of these concerns. Sanctions would be lifted, foreign investment would return and

Venezuela Crude Exports by Destination



Crude Exports from Venezuela by Vessel Class



Source: Vortexa

the country would get back on its feet. Venezuela is blessed with abundant natural resources. Venezuela has world's largest petroleum reserves (mainly in the Orinoco Belt, Maracaibo Basin), but it also has ample mineral deposits, including gold, bauxite, iron ore, coal, nickel and copper. However, mismanagement and underinvestment has severely limited crude oil production and exports from Venezuela. Despite U.S. sanctions, the Maduro regime has been able to continue to export about 900K – 1Mb/d of crude oil. Chevron, who is again operating in the country since its export license was reinstated in July 2025, exports around 200,000 b/d to the United States, while China imports most of the rest (directly or via Malaysia). While Chevron uses vessels from the mainstream fleet (mostly Aframax), the exports to China are largely done on sanctioned VLCCs from the shadow fleet (such as the VLCC that was seized this week). U.S. authorities have indicated that they could target more vessels. As a matter of fact, the U.S. Treasury's Office of Foreign Assets Control (OFAC) yesterday issued new sanctions on the Venezuelan oil sector that included six shipping companies and six VLCCs associated with them. If the Venezuelans lose access to the dark fleet, and can no longer export meaningful volumes of crude oil, this will have a dramatic impact on the country's foreign exchange revenues and cripple their economy.

Time will tell how far the U.S. will go in pressuring Venezuela, but it does seem that there are few good outcomes for the Maduro regime, and as employment opportunities for the dark fleet diminish, mainstream tankers will benefit.