Our View

Trump's Venezuelan Oil Play: Destroying US Oil Producers, Part II

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The Trump administration likes to trumpet US energy dominance. Let's leave aside, for now, the fact that the United States is a high-cost producer and thus cannot be energy-dominant. I will turn to the dominance idiocy in a future missive. In this and several subsequent posts, I focus on the US plan to change Venezuela's oil industry. The steps involved will reduce domestic oil production and cause significant economic harm to many US producers if US refiners once again import large volumes of Venezuelan crude.

In this second post, I discuss Venezuelan crude production volumes. In my previous post, I noted that the oil produced in the western area of the country was similar to crudes produced in much of the world, while the crude produced in the eastern Orinoco Belt was different—very heavy and requiring specialized refining capacity that is primarily available at a few US Gulf Coast facilities.

After the removal of Nicolas Maduro from power and the end of sanctions on Venezuelan oil, US refiners will be able to access perhaps 500,000 to 600,000 b/d of the country's heavy crude. Much of this was previously being imported by China.

I use the word "perhaps" because China has reported far lower imports. That said, Bloomberg's David Fickling has observed that China masks its imports from Venezuela by attributing them to imports from Malaysia or Indonesia. As he noted, the export volumes from those nations "have run far in excess of the volumes those countries can actually produce. That's a blaring signal that the real source is sanctioned crude getting transferred between ghost-fleet ships in international waters to disguise its origin."[1]

I estimated China's oil imports from Venezuela in 2025 by subtracting US imports from Venezuela (150,000 b/d) from an estimate of Venezuela's exports published by Reuters (900,000 b/d). Net Chinese imports came to 750,000 b/d. The calculation suggests that the diversion of exports to China to the United States could total that much.

The volume of available crude may also be less. An unnamed source cited in a December 2025 S&P Global article noted that "production in the Orinoco Belt, Venezuela's main oil-producing area, fell to 540,000 b/d in December from 630,000 b/d in November."[2] Analysts at Argus Media who follow the matter closely reported an even smaller figure for exports to China of 420,000 b/d. *World Oil* put

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[1] David Fickling, "Venezuela's Key Customer China No Longer Needs It," Bloomberg, January 6, 2026 [https://tinyurl.com/4cn4hpfc].

[2] Kate Winston and Mery Mogollon, "Venezuelan oil production, exports fall as US ramps up sanctions enforcement," S&P Global, December 30, 2025 [https://tinyurl.com/3dr4md6x].

forward a similar number, attributing the declining output to a lack of storage space caused by the US embargo on shipments:

> Oil production in the Orinoco Belt fell to 498,131 barrels a day on Dec. 29, a 25% drop from two weeks earlier, according to internal data at state oil company Petróleos de Venezuela. PDVSA, as the company is known, has begun shutting oil wells in some fields because it's running out of storage space and can't export quickly enough.
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> The Orinoco Belt, which yields extra-heavy and heavy crude oil, has traditionally made up almost two-thirds of the country's total production.[3]

Still, based on the limited information available and given that the constraints on Venezuelan crude exports no longer apply, I believe Venezuelan heavy oil exports will average around 600,000 b/d for much of 2026, possibly rising to 700,000 b/d by year-end.

This will provide sufficient supply to boost coking activity on the US Gulf Coast by 600,000 b/d over 2026. I will explain this calculation in my next post.

[3] "Venezuela oil output drops 25% in Orinoco Belt as US pressure builds," *World Oil*, December 31, 2025 [https://tinyurl.com/yb37tws2].