

# Winners and losers from lifting of sanctions on Venezuela



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Suezmaxes and aframaxes look set to be the beneficiaries of last week's announcement that the US will ease sanctions on Venezuelan oil, though analysts remain divided on whether the development is good news for the tanker sector as a whole.

The US has issued a six-month license authorising transactions in Venezuela's oil sector after Venezuelan administration and opposition leaders reached an agreement to ensure fair 2024 elections.

"A shift from the Pacific to the Atlantic will probably mean that Venezuela will use more Aframaxes and Suezmaxes and less VLCCs," analysts at brokers Poten & Partners suggested, adding: "More importantly, the lifting of sanctions will allow PDVSA to use mainstream tankers rather than rely on the (expensive and unreliable) dark fleet."

Experts at rival brokerage Gibson hailed the news as a "positive development" for the tanker sector, principally because it will shift Venezuelan export volumes from the dark fleet to mainstream tankers.

Gibson's database tracks at least 169 tankers over 25,000 dwt involved in Venezuelan trade since sanctions were enacted, comprised of over 50 VLCCs, 80 suezmaxes and aframaxs and more than 30 LR1/MR/handies.

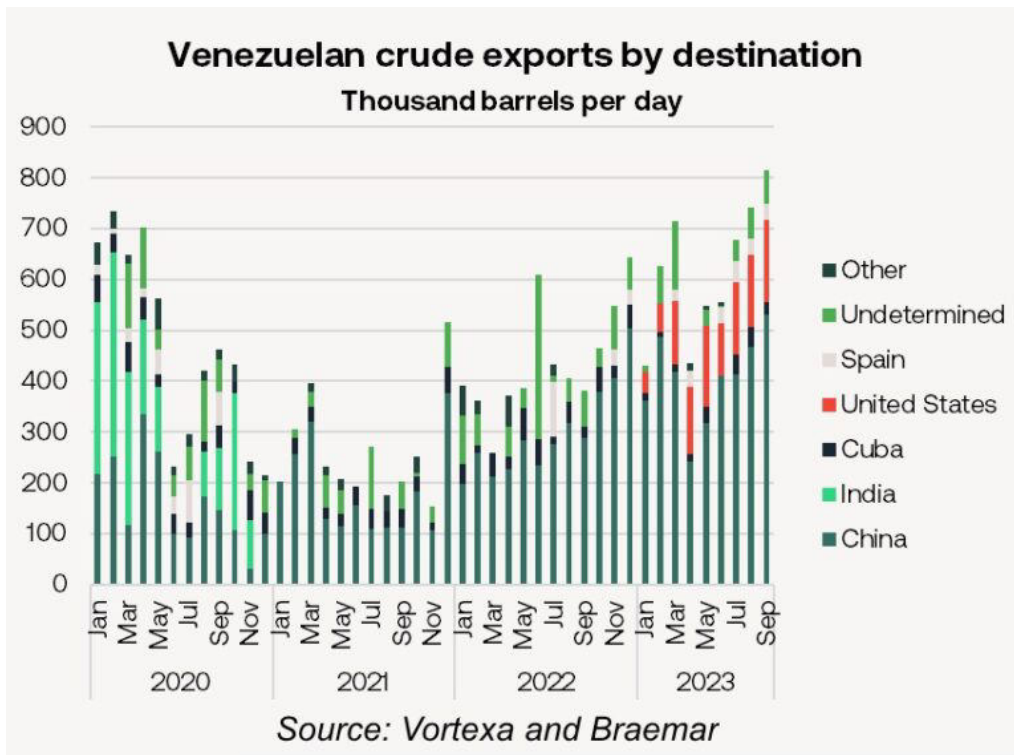
"Whilst these vessels are unlikely to disappear overnight, they may soon be marginalized as new buyers emerge for Venezuelan cargoes," Gibson predicted in its latest weekly report.

Demand for the country's heavy crude is likely to come from the US, India, major Chinese buyers as well as complex European refiners, given the tightness in the heavy sour crude market, Gibson forecast.

Tanker experts at brokers Braemar expect the extra Venezuelan oil will mostly flow to the US Gulf, with some additional barrels to Europe, likely to back out some US Gulf crude imports from Saudi Arabia and other Middle Eastern producers.

"The tonne-mile affect of this switch will be net bearish for tanker demand, although the additional crude would boost global oil trade in the short-term – as it slows a broadly-expected stock draw over the next few months," Braemar suggested.

Finally, analysts at Clarksons Research argued that while there is the potential for increased Venezuelan crude exports over the coming months, the gains are likely to be limited and gradual amid significant challenges in the country's oil sector.



#Venezuela