NEWS

Venezuelan Oil Production Recedes as PDVSA Finds New Partners

Venezuela has increased crude shipments to China amidst the tightening of US sanctions against the oil industry.

Ricardo Vaz | June 16, 2025

Venezuelan authorities are reportedly mulling a 50 percent increase in domestic gasoline prices. (Archive)

Caracas, June 16, 2025 (venezuelanalysis.com) – Venezuela's oil output has contracted for a second straight month under renewed US sanctions.

The latest OPEC monthly report placed Venezuela's May production at 896,000 barrels per day (bpd), as measured by secondary sources. The figure is 32,000 bpd lower than the previous month's numbers.

In contrast, Venezuelan state oil company PDVSA reported a May output of 1.06 million bpd, up from 1.05 million bpd in April. The direct and secondary data have differed over time due to disagreements on the inclusion of natural gas liquids and condensates.

The Caribbean nation's oil industry has been targeted by successive US administrations in efforts to strangle the country's most important revenue source. Measures have included financial sanctions, an export embargo and secondary sanctions.

The Donald Trump administration escalated coercive measures by forcing PDVSA's foreign partners to cease their operations in the country by the end of May. Chevron, with the largest presence in the country, received a confidential sanctions waiver that reportedly blocks drilling and export activities, allowing only basic maintenance work.

Chevron is a minority stakeholder in four joint ventures with PDVSA that presently produce roughly a quarter of the country's total output.

With Washington also driving out oil service providers such as Halliburton, Caracas has sought to bring in new partners to run oilfields. According to reports, PDVSA has signed contracts with nine foreign firms that grant them control over drilling and sales operations in blocks located in Zulia state and the Orinoco Oil Belt.

Industry experts have argued that the Trump administration's decision to force Western corporations out of Venezuela will ultimately benefit China. Chinese refineries were already the main destination for Venezuelan crude prior to the recent sanctions ramp-up, and exports to China rose from 521,000 to 584,000 bpd last month, according to Reuters.

Venezuelan oil exports remained stable in May and virtually on a par with April figures, though they included last-minute cargoes for companies facing a wind-down deadline. PDVSA looks to deliver more shipments to Asian customers. Nevertheless, it is forced to levy significant discounts and face higher risks as cargoes have to run through intermediaries in order to sidestep sanctions.

In March, the Trump administration also threatened to impose 25 percent "secondary tariffs" on countries that import Venezuelan crude and gas. The measure has not been enacted thus far, with analysts contending that it is difficult to enforce.

A gradual fall in oil markets in recent months has likewise affected Venezuela, though prices have jumped following Israel's unprovoked attack against Iran and the latter's response, prompting a tit for tat in recent days.

The tightening of coercive measures has already been felt in the Venezuelan economy, with a steady currency devaluation process that analysts attribute to speculative activities and an inadequate Central Bank response.

With an expected revenue hit, the Nicolás Maduro government is reportedly considering raising domestic fuel prices. According to Bloomberg, the administration wants to raise gasoline prices from 50 to 75 cents per liter. Venezuelan officials have not commented on the matter.

Caracas introduced private-run gas stations with "international prices" in 2020, alongside subsidized pumps where Venezuelans could access a fixed amount of gasoline per month, prioritizing public transportation. However, authorities have gradually phased out subsidized fuel to leave 50c/L as the predominant option.

Edited by José Luis Granados Ceja from Mexico City, Mexico.

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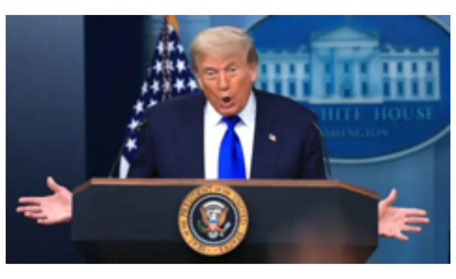

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