

‘Dragon gas future requires clarity on power relations’



Francisco Monaldi, lecturer in Energy Economics at Rice University's Department of Economics and in Energy Management at the Jones Graduate School of Business in the US. PHOTO VIA FACEBOOK



US President Donald Trump at his Mar-a-Lago club in Palm Beach, Florida.
AP PHOTO



Venezuela's Acting President Delcy Rodríguez gives a press conference at the Miraflores presidential palace in Caracas, Venezuela, in March last year. AP PHOTO

RAPHAEL JOHN-LALL

Last Saturday's removal of Venezuelan President Nicolás Maduro by the US military opens new possibilities for the Dragon gas field and relations in the energy sector between the two countries.

This is the view of US energy economist Professor Francisco Monaldi who spoke to Guardian Media on what the latest developments could mean for the

volatile energy relationship between T&T and Venezuela.

Monaldi is a lecturer in Energy Management at the Jones Graduate School of Business, and a lecturer in Energy Economics at Rice University in the United States.

In December, the Venezuelan Government cancelled all energy agreements with T&T over claims that T&T is aligning itself with US plans to carry out an invasion.

Over the past few years, potential deals to develop the Dragon gas field in Venezuelan waters have been hampered by US sanctions.

Delcy Rodríguez, who is now Venezuela's interim President, is also the country's Energy Minister and has been able to raise Venezuelan oil production to over one million barrels of oil per day. She is also responsible for turning the country's economy around by implementing pro-market economic reforms which resulted in Venezuela's economy growing by 6.5 per cent in 2025 according to the United Nations Economic Commission for Latin America and the Caribbean (ECLAC).

According to a New York Times article on Sunday, she has the reputation of being an "economic troubleshooter" and US Government officials are impressed by her ability after having raised Venezuelan oil production despite sanctions. They are also impressed by her business friendly reforms.

On Saturday, at the press conference, US President Donald Trump said his country would "run" Venezuela and open up its energy sector to American oil companies. He also said he wants to work with Venezuela's new acting president.

Monaldi acknowledged that events are fluid and that anything is possible.

"The Venezuelan saga continues and so we have to continue analysing it. I think that Dragón and other energy deals with Trinidad could go back on the table, but that will require some clarity of a new type of relationship between the US and Venezuela. Is that possible without full regime change? I'm not sure. I think that with Delcy Rodríguez in power, she will try to be pragmatic and she will try to negotiate with the United States, both in oil and the gas sectors for Trinidad."

On Monday, Guardian Media reported that Prime Minister Kamla Persad-

Bissessar said that T&T's position on the Dragon gas field remains unchanged, despite the removal of Maduro.

“Dragon gas is the property of the Venezuelan people. Whenever they choose a leader through free and fair democratic elections, that leader will make a decision on Dragon gas,” the Prime Minister said.

She added that T&T had never sought to appropriate Venezuelan resources and would instead focus on maximising its own assets.

Time will tell

Monaldi is also of the view that the Venezuelan regime right now is in a situation that is not necessarily very stable and energy companies will take a wait-and-see approach.

“There are different factions that would want to control power.

They all are together now because they fear the United States, but that might not play out the way that the US might plan. So, I think there is lots of uncertainty that will make companies unwilling to perhaps negotiate deals, but I don't see significant investments flowing under a regime led by Delcy Rodríguez. I don't think that's a long-term stable equilibrium.

Although I could be wrong, but even if it's a stable equilibrium, I think companies will be hesitant to invest the massive amounts that they could have invested if the political conditions above ground align.”

Having said that, he thinks the projects could be back on the table because once Secretary of State Marco Rubio thinks that T&T is a reliable partner he will give permission to future potential deals.

“Again, will these deals happen? I think it depends on the factors that I mentioned before about political stability, rule of law, etc, aligning.”

He added that if there is a positive relationship between the US and Venezuela, this will be a major factor contributing to investments in the whole region because that will reduce the risk of investing in Guyana and Suriname, given that Venezuela has been a threat to Guyana.

“It will make viable the deals with Trinidad and Tobago and it will allow for massive investments in Venezuela. But again, that's not a given. I think we

are very early in this process to have any guarantees that this is going to happen. I think it's premature to say that the conditions are there for any relevant investment. And I think the most likely scenario at this time, if there is no regime changes, it's a modest increase in production (and investment in Venezuela)."

He also said he is not sure that even if the deals with T&T are greenlighted, if the investment will actually flow.

"So again, it is very early to tell. The events are fully in flow, in development and we'll have to wait and see how the dust settles and how that impacts sort of the relationship between the two countries and the long-term sort of credibility of the political scenario in Venezuela, the stability.

And I don't think that that will happen without regime change.

However, it could also be the case that there is regime change and not stability. And that scenario will also be problematic. So sorry for not having a clearer answer, but I think the events are very foggy and for now it's too early to tell."

Economist Dr Anthony Gonzalez told the Business Guardian that there is a likelihood that the Dragon gas deal can be revived if Venezuela's new President is pro-business.

"If the Delcy Rodríguez Government comes to some deal with the US and starts welcoming foreign companies to invest in oil and gas, then the dragon deal is still quite possible."