



U.S. Hopes for Venezuelan Oil Failed. Fight Between Democrats and Republicans Intensifies

Description

Washington refused to go along with Maduro in negotiations on Venezuelan oil after facing a wave of criticism, The Financial Times reported.

The Biden administration saw the Ukraine crisis as an opportunity to reengage with the Nicolas Maduro government in Venezuela, hoping to secure alternative oil supplies and deprive Moscow of a key ally.

The White House sent three high-ranking officials to negotiate with Maduro, even though the U.S. does not recognize him as president and has charged him with drug trafficking, with a \$15 million bounty on his head.

Some analysts warn that if the U.S. thought Venezuela could compensate for the lack of Russian oil, it was wrong. Venezuela has huge reserves, but its oil infrastructure is dilapidated after years of neglect and now accounts for less than 1% of the world's oil supply.

The negotiations seem to have strained relations between the Biden administration and Guaido, even if the U.S. still recognizes him as Venezuela's legitimate leader.

For their part, Republicans will introduce a bill this week to ban oil imports to the U.S. from Venezuela and Iran. Republicans are just as happy as their fellow rogue nations to thwart their Democratic president's plans and relish his humiliation.

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At the same time, Democrats continue to follow their own peculiar understanding of markets rules.

Democratic Senator Sheldon Whitehouse introduced The Big Oil Windfall Profits Act, a bill in the U.S. Congress that would impose a tax on each barrel of oil equal to 50% of the difference between current prices and the average price before the 2015-19 pandemic.

The law would only apply to companies that produce or import at least 300,000 bpd. The measure is aimed at reducing the skyrocketing price of gasoline, but analysts say it will make its cost rise even

higher and lead to fuel shortages.

Among those blasting the proposal was Brian Brenberg, associate professor of business and economics at The King's College in New York City, who called the proposal "absolutely foolish."

"We've heard a lot of bad ideas in recent years. This might be the worst," Mr. Brenberg said on "Fox & Friends." "We've got an oil and gas crisis, and these guys want to basically put a price control in, okay? This tax, it's a price control. Where have you seen stuff like that? It's called Venezuela."

Such a tax would result in fuel shortages and "send energy markets into a tailspin," he said.

While Democrats accuse oil producers of jacking up prices, industry representatives argue that oil and gas prices are not determined by companies, but by the world market, which is influenced by factors such as growing post-pandemic demand, production, net imports and storage.

President Biden has been accused by Republicans and industry figures of exacerbating the crisis by canceling the Keystone XL pipeline and preventing oil and gas production on federal lands and waters.

No matter how the situation develops in the domestic political confrontation in the U.S. or on the Ukrainian fronts, one thing is clear: the U.S. economy will face difficult times. On the other hand, America's competitors in the EU are in a much worse position.

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Date Created

03/15/2022