Oil soars on Venezuela coup attempt

China's energy consumption hits 5-year record

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Venezuela's opposition leader, along with some factions of the military, have staged an attempted coup to overthrow President Nicolas Maduro.

Standing alongside soldiers at a military base, opposition leader and self-proclaimed president of Venezuela, Juan Guaidó, launched a military uprising to oust Maduro. Notably, he stood with Leopoldo Lopez, another opposition leader who had been jailed by the government, but who said he had been released by elements of the military that had turned on Maduro. Both urged the military to rise up and called for the whole country to mobilize in the streets.

"Today, brave soldiers, brave patriots, brave men attached to the Constitution have followed our call," Guaidó said in a video. He called it the "definitive end" of Maduro's rule, before adding that "we are counting on the people of Venezuela today," and that the "armed forces are clearly on the side of the people."

The events are fluid and reports are confusing - the clashes between some military forces and protestors suggest that the military has not abandoned Maduro entirely. Police loyal to Maduro fired tear gas at protestors. The Venezuelan government has downplayed the uprising and insists that it is still in control. "A mediocre coup d'état attempt has failed," Defense Minister Vladimir Padrino Lopez said. American officials made a series of statements on Tuesday and took to twitter to cheer on the attempted coup. For now, it is unclear what the effect on Venezuela's oil production will be. Argus Media reports that sources inside Venezuela's oil industry say that operations have not yet been impacted.

Venezuela's oil production plunged to 732,000 bpd in March, down 289,000 bpd from the month before, according to OPEC's secondary sources. That huge decline was made much worse by the widespread blackout that swept over the country for a period of time. But the losses, by all accounts, are expected to continue.

U.S. sanctions have closed off a lot of the global market for PDVSA with buyers around the world having cut off ties with the Venezuelan oil company. At the same time, the infrastructure within the country is already crippled by a lack of investment, a financial and economic crisis, a brain drain and the deteriorating state of the electric grid.

Chevron is reportedly struggling to bring the Petrozul facility, an oil upgrader that it operates with PDVSA, back online, according to Bloomberg. In early April, production at Petrozul was operating at half the level that it was back in January. Most worrying for Venezuela is that the joint ventures have been more resilient than the operations that PDVSA runs on its own, so the decline of the joint venture operations does not bode well. Related: New Models Suggest Much Faster Global Warming

Petrozul - and many other oil projects - will struggle to return to full capacity because of electricity rationing. Electricity shortages, in turn, are unlikely to be resolved anytime soon. "The electricity problem for PDVSA is in addition to two previous problems the government needs to deal with: sanctions and lack of investment, which
are at the base of Venezuela's falling production numbers," said Francisco Monaldi, a Fellow at Rice University's Baker Institute, told Bloomberg.

Growth in China's energy consumption remains robust while the forms of energy continued to diversify in 2018, according to an annual report on China's energy development released Sunday by the China Electric Power Planning and Engineering Institute.

Total energy consumed last year reached 4.64 billion metric tons of standard coal, a year-on-year growth of 3.3 percent - a five-year record, according to the report.

Consumption of clean energy, including natural gas, hydropower, nuclear power and wind power, accounted for 22.1 percent of energy consumption last year, up 1.3 percent compared with the same period in 2017. Non-fossil energy accounted for 14.3 percent, up 0.5 percentage points year-on-year, the report said.

China produced 3.77 billion tons of standard coal last year, up 5 percent year-on-year, a seven-year high. It has also become the world's largest natural gas importer, with a heavier reliance on energy imports.

The annual report estimates that total electricity consumption in 2019 is expected to grow 5.8 percent.