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Dirty Venezuelan Fuel Imports Threaten Colombian Leader's Green Credentials

Patricia Laya and Fabiola Zerpa, Bloomberg News



Gustavo Petro, Colombia's president, left, and Nicolas Maduro, Venezuela's president, meet at the Tienditas International Bridge in Cucuta, Colombia, on Thursday, Feb. 16, 2023. During the meeting near the border, the heads of state signed a memorandum of understanding focused on modernizing trade rules between Colombia and Venezuela. Photographer: Ferley Ospina/Bloomberg, Bloomberg

(Bloomberg) -- President Gustavo Petro's pledge to phase out Colombian fossil fuel production is likely to mean importing cheap energy from Venezuela, one of the world's dirtiest producers.

Petro floated the idea of "energy integration" between the two countries following a meeting with Venezuelan leader Nicolás Maduro in Caracas this month.

Petro, who was elected last year on a pledge to phase out oil and coal, said that natural gas can "sustain the transition" to clean energy, while Venezuelan imports can also cut the cost of gasoline for Colombian motorists.

Venezuela's natural gas reserves are more than 70 times the size of Colombia's, whose reserves fell last year to the equivalent of about seven years of production. But the current state of Venezuela's energy industry clashes with Petro's green credentials.

Decades of underinvestment, aggravated in recent years by US sanctions, have made Venezuela's energy industry among the world's most toxic. Repeated pipeline ruptures have polluted fishing grounds, while flaring and leaks waste the equivalent of more than a quarter of Spain's gas output, according to data from Gas Energy Latin America.

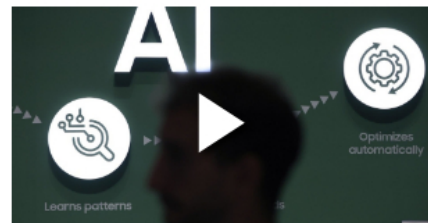
Petro's press office and the Ministry of Energy didn't reply to written requests for comment.

Idle Pipeline

An idle and decayed 139-mile pipeline connects Venezuelan gas fields with northeast Colombia. The pipeline would require significant maintenance to function.

Since Petro's Caracas trip, Colombian state oil producer **Ecopetrol** SA said it was

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analyzing the import of Venezuelan natural gas starting at the end of 2024, while the Energy Ministry said it may also import light crude from its neighbor.

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Natural gas imports would help Colombia diversify its electricity production, which is currently relies on hydropower for most of its energy. That gives Colombia one of the world's cleanest grids, but leaves the economy vulnerable to droughts caused by the El Niño weather phenomenon, which can cause energy prices to spike.

There are questions whether Venezuela's energy sector can be a reliable supplier for its neighbor. Petróleos de Venezuela SA can't currently produce enough gasoline to supply local demand and often relies on Iran or Italy's Eni SpA for components.

Fuel shortages routinely keep drivers queuing for days to fill up their tanks.

The outlook for the sector improved after the US lifted some sanctions on oil and gas operations in Venezuela last month after Maduro agreed to work on a deal for a fairer 2024 election.

New firms are looking to enter and replace long-standing partners in ventures as Venezuela is expected to both expand its output and steer more of its existing production to refineries in the US, a development that could help contain American gasoline prices ahead of the 2024 presidential campaign.

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