

Austrian oil group OMV, which controls Romania's former state-owned Petrom, has filed an arbitration suit accusing Bucharest of not reimbursing environmental clean-up costs and violating its privatisation contract.

Energy group OMV has launched a case against Romania at the International Court of Arbitration, demanding the reimbursement of environmental clean-up expenses worth 34 million euros which the Austrian group says it is entitled to according to the contract with Bucharest.

According to the 2016 OMV annual report published on Monday night, the complaint was filed to the court in Paris in March.

The group's management said it decided to sue after the Romanian government failed to reimburse expenses for decontamination of historically polluted sites and the abandonment of certain categories of oil rigs.

The operations cost around 86 million euros, but Romania has only reimbursed 18 million since 2009, OMV said in a statement.

OMV took over Petrom in 2004 after buying 668 million euros worth of shares and increasing its capital by 832 million euros.

According to the privatization contract, the state, which exploited oil resources for 50 years, is obliged to reimburse expenses for the clean-up of pollution that happened before the takeover.

"OMV Petrom actually acts like a contamination agent for the Romanian state, it pays for the decontamination operations and is to get reimbursed by the Romanian state," the oil group said in its 2016 report.

The Austrian oil group also sued Romania in 2012, asking for the reimbursement of 91.6 million lei [approximately 20 million euros] for environmental clean-up during 2009-2010. The law suit was handled for Romania by the Ministry of Environment and Forests, which asked the government to increase its budget by 20,000 euros to be able to pay the arbiters. The case is still ongoing.

According to the privatisation contract, Romania owes over half a billion euros to OMV Petrom for environmental clean-up of historical pollution.

However, the company asks for the reimbursements in tranches, as it finishes individual projects.

OMV Petrom is the biggest integrated oil group in south-east Europe. In 2016, it reported an annual production of oil and gas of 64 million BOE.

The group has a 4.5 million tons per year refining capacity and also operates a power plant and a wind park.

It holds a 51 per cent stake in Petrom, while the Romanian state through the Ministry of Energy holds 20.64 per cent, the Property Fund holds 12.57 per cent and the remaining 15.78 per cent is traded on the stock exchanges in Bucharest and London.

Source: balkaninsight