

Energy experts Vasile Iuga and Radu Dudau said that Romania does not have the administrative capacity to manage its offshore natural gas deposits, as it needs to build up institutional, administrative and know-how capacities in order to benefit from newly discovered gas resources in the Black Sea.

The report said that the Black sea has the potential to become a new North Sea, regarding the hydrocarbon resources. However, this potential is not yet fully confirmed, since geological exploration is still at the beginning, and significant discoveries have been found only in Romanian waters so far, but in Bulgaria and Turkey exploration efforts have not been successful.

According to the experts, given the high level of risk in the Black Sea region, Romania needs to act to increase its attractiveness and competitiveness as a destination of offshore capital, technology and know-how, always considering best practices in the world, as well as international and regional trends.

The Government of Romania needs to develop institutional, administrative and know-how to properly manage the peculiarities of the offshore oil industry. It would have been desirable that the institutional capacity and specialized human resources needed to define an optimal oil tax framework in accordance with the best practices and the recent international trends would have been established in recent years.

However, even after the anticipated start of development and production works in the deep waters of the Black Sea, it will be necessary to develop a smart and competitive regulatory framework and create an institutional environment capable of managing the development of a new and extensive field of activity in the energy sector, aligned with the country's fundamental strategic objectives

A recent study of Deloitte estimates that investments in the Romania's Black Sea oil and gas sector will generate revenues of over 26 billion dollars to the public budget and an additional 40 billion dollars to the country's GDP until 2040, as a result of total investments of 22.2 billion dollars. Deloitte estimates a total production of close to 170 billion cubic meters of natural gas in Romania's offshore fields, based on a prudent scenario.

In the past few months, Romanian ruling coalition is pushing to adopt the new amendments to offshore hydrocarbon law. Without the law, which regulates vital fiscal and technical aspects related to oil operations in the Black sea, the concessionary operators would not be able to take the final investment decisions in Romanian offshore gas exploitation projects. The most advanced projects are those by the ExxonMobil-OMV Petrom consortium and by Black Sea Oil & Gas (BSOG).