

Romania: OMV won lawsuit at ICC

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The lawsuit against Romanian Ministry of Environment was filed at the International Chamber of Commerce (ICC) in Paris (ICC). Austrian OMV Group, which owns the largest Romanian oil and gas company OMV Petrom, has won this lawsuit.

The ICC's Arbitral Tribunal ruled on 9 July that Romania must pay 59 million euros in damages plus an unspecified amount as related interest to OMV Petrom. The sum represents the value of well decommissioning and environmental remediation works supported by OMV Petrom, which the company should have recovered from the Romanian state, according to the privatization contract.

The statement from the company said that the impact of this ruling is reflected in Q2 2020 results and is mainly related to the recognition of an interest income in the net financial result.

OMV launched the case against Romania in March 2017, as the Ministry of Environment failed to make the payments agreed in Petrom's privatization contract. In 2004, when Romania sold Petrom to OMV, the Government agreed to pay OMV the costs related to closing old wells and recultivation of the sites over a period of 30 years, estimated at over 500 million euros.

OMV took 51 % stake in Petrom in 2004 in a deal worth some 1.5 billion euros, out of which the state got 668 million euros, while 832 million euros went into the company via a capital increase. OMV, which holds 51% of OMV Petrom, has already recovered its initial investment from dividends in the past 15 years. The Romanian state still holds a 20.64 % stake in the company.