

Romania will not be affected, in the short term, by the drastic drop in the price of oil in the United States, given that the country consumes a lot of oil from domestic production, Virgil Popescu, Romanian Minister of Economy and Energy has said.

Minister Popescu also said that this situation is worrying because the global economy will be negatively influenced by the fact that the United States cannot sell oil at a fair price. Brent crude oil, a benchmark for the European market, recently fell below the total cost of production of OMV Petrom in Romania. The Brent quotation has relevance on the price of oil and petroleum products in the region and it can directly affect Romania, if the situation with record low oil prices persists. Romania is a producer of oil and gas, through OMV Petrom and state-owned Romgaz OMV Petrom has an operating cost of production of about 11 dollars/barrel, but neither capital nor taxes are included. However, there is an indicator that the company does not publish, but that represents the total cost - it is the "total lifting cost" which is about 25 dollars for each barrel extracted. Therefore, at the current cost structure, if the price of oil stays at these levels, the extraction of hydrocarbons becomes a losing business in Romania.