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Who Benefits from Adopting the New Offshore Law in Romania*

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Abstract

A sequel to research from previous years, this article deals with a very controversial topic of recent times, namely the need to urgently start exploiting hydrocarbon reserves in the Black Sea continental shelf, and the benefits that the Romanian state can obtain from these operations. As a result of adopting new regulations regarding to the exploitation of natural gas in the Black Sea, which are more favorable than the previous ones, it seems that the investments for the effective start of exploitation have been unlocked, with benefits at multiple levels. To explain this situation, the first part of the paper conducts a brief inventory of previous measures of over-taxing the energy industry in Romania. Then, an analysis of the urgency of implementing these measures by Romania, primarily the solidarity tax, is conducted. Starting from these realities, in the second part of the article, a simulation is made of the gains that the Romanian state was estimated to be able to obtain from taxes, fees, and royalties according to the fiscal system, expressed in the Fiscal Code in force at that time, as well as according to the provisions of the Offshore Law of 2018 (in the first case study), and of the new Offshore Law adopted in 2022 (in the second case study).

Keywords: Offshore Law, oil and natural gas, royalties, over-taxation, solidarity tax

Introduction

At the price level of the wholesale natural gas market in Romania in the period 2021-2022, unimaginable even a year earlier, the estimated difference in minus between how much the state would have collected from the over-taxation of gas producers in the Black Sea based on the old offshore Law, in force since 2018 [Deloitte, 2018a; 2018b], and how much it would collect from this source according to the provisions of the Law amended in May 2022 by the vote of the Chamber of Deputies (as the decision-making chamber), would be only about 18%, compared to over 80%, as it would have been if the 2018 quotations had been practiced on the market at that time.

If the exploitation of natural gas from the Black Sea had not been blocked in 2018, based on official data from the Ministry of Energy, Romania would have had a surplus of 2.5 billion cubic meters annually on the domestic market. Thus, **instead of earning a few billion lei by selling the surplus for export, Romania paid others for imports**.

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Thanks to domestic production, Romania has one of the lowest degrees of dependence on natural gas imports from the EU [ec.europa.eu/EUROSTAT].

In addition, at the level of 2022, the amounts we are talking about reach to billions of lei annually, not hundreds of millions, as in 2018. The statement refers exclusively to the estimated revenues from the tax on additional income of producers (the *"sur-taxation"* itself), without taking into account the money that the state will collect from oil royalties, as well as from the taxation of the profits of offshore oil companies, tax burdens that have remained unchanged since 2018 and that will remain in their current form in the future.

And this is the urgency of such a research

Literature Review

In this section, we shall explain the need for a New Offshore Law, as it was argued in specialized literature. The rapid increase in gas prices made it much *"cheaper"* for the Romanian authorities, from a political point of view, to change the Offshore Law in favor of the concessionaires of natural gas perimeters in the Black Sea. In addition, the argument for the need to eliminate dependence on Russian gas imports by increasing domestic production was substantially stronger in 2023 than in 2018, after the military aggression of the Russian Federation on Ukraine in February 2022, when the issue of completely stopping Gazprom's deliveries to the entire European Union was very serious.

In addition to the logistical and technical problems generated by the pandemic restrictions, as well as the inflationary financial and monetary policies of governments and central banks, the actions of the Russian state-owned producer giant since the summer of 2022, by drastically cutting spot deliveries and by deciding not to refill its storage facilities in continental Europe, were among the causes of the explosion of gas prices across Europe. The war in Ukraine only further inflamed these pre-existing conditions.

Moreover, now, half of the rights to the largest Romanian offshore field, Neptun Deep, have been acquired by the state company Romgaz [2023], in exchange for the sum of 1.1 billion dollars paid to the Americans from ExxonMobil. Of course, if the law had not been amended in a way that would be considered at least acceptable by OMV Petrom [2023], the other concessionaire and operator of the Neptun Deep perimeter, the state's future revenues from this exploitation would have been *exactly zero*.

For example, in the case of the extraction project that started production in June 2022, i.e. at the Midia perimeter operated by Black Sea Oil&Gas, the concessionaires were obliged by the provisions of the oil agreement to make the final investment decision as early as 2018, but there is still a risk that maintaining the over-taxation will lead them to initiate an international arbitration procedure against Romania.

On the other hand, in order to encourage investments in increasing production, one of the main conditions is **legislative stability**. Unfortunately, the Romanian oil and gas market has suffered as local legislation changes rapidly, without thoroughly analyzing the effects of these changes [Lungu, 2021].

As an example: **legislation impacting the offshore natural gas sector in Romania was amended over 15 times between 2013 and 2020** [Biris, 2019; EPG, 2019; Mitrita and Nita, 2021]. There is also a need for attractive taxation, which ensures the balance between the interests of the state and those of investors [World Bank, 2019; GDZ, 2021; Van Meurs, 2021; EY, 2022; FPPG, 2022; Nicut, 2022].

As such, a series of provisions governing the exploration and exploitation of deposits in offshore perimeters in the Black Sea were amended by law at the end of May 2022. Through these amendments, the provisions of the Offshore Law [2022] were also extended to deep-sea onshore perimeters (at depths situated over 3,000 meters), which shows the legislator's desire to highlight Romania's onshore deposits, whose potential should not be neglected.

The adoption of new regulations regarding the exploitation of natural gas in the Black Sea, more favorable than the previous ones, seems to unlock investments for the effective start of exploitation, with benefits on multiple levels: prospects for additional budget revenues, profits for companies, creation of new jobs, and the country's approach to the much-discussed energy independence, but most of the benefits will be visible only after the gas from offshore fields reaches the market [CPAG, 2021].

The legislative changes, which came almost four years after the adoption of the first law, which was intensely contested by the business community and which led to the freezing of investment projects, represent a positive signal in the current geopolitical context, in which all European countries are looking for solutions to reduce their energy dependence on Russia [FIC, 2021; CEC, 2022; EPG, 2022]. At the same time, the investment environment is more difficult now, due to the military conflict or increased costs, aspects that could determine the postponement of some projects. But beyond the current challenges, the successful exploitation of natural gas deposits in the Black Sea presents benefits for all parties involved.

And we will talk about these benefits in the following paragraphs.

Data and Discussions

In this section, first we shall introduce the surcharge measures in place at the date of adoption of EU Regulation 2022/1854. But before making a comparison between the implementation of the surcharge provided for by this Regulation in Romania (as of October 6, 2022) versus the other EU member states, we will start by making a brief inventory of previous surcharge measures for the energy industry in Romania in force at that moment.

So, these surcharge measures are as follows:

- Government Ordinance No. 7/2013 ("OG 7/2013") amended by Law No. 73/2018 (onshore gas);
- Government Ordinance No. 6/2013 ("OG 6/2013");
- Law no. 256/2018 (offshore gas), amended by Law no. 157/2022;
- Order of the National Agency for Mineral Resources No. 32/2018;
- Government Emergency Ordinance No. 114/28.12.2018 ("GEO 114/2018");
- Government Emergency Ordinance No. 27/27.03.2022 ("GEO 27/2022");
- Government Emergency Ordinance No. 119/01.09.2022 ("GEO 119/2022");
- Government Emergency Ordinance No. 106/01.07.2022 ("GEO 106/2022");

Without claiming that the above inventory is complete, we finally arrive at EU Regulation 2022/1854, implemented by Government Emergency Ordinance No. 186/28.12.2022.

Hence, next in the analysis, we shall discuss the provisions of EU Regulation 2022/1854 and shall analyze the urgency of implementing GEO 186/2022. As such, the first question that arises in this context concerns ***the justification of the urgency of GEO 186/2022***.

In the introductory part of GEO 186/2022, it is stated that the urgency is motivated, among other things, by the fact that failure to comply with the provisions of art. 14(3) of the Regulation could lead to the initiation, by the European Commission, of a formal procedure to establish the failure to fulfil obligations by Romania (infringement).

Another element indicated in supporting the urgency is the need to increase energy independence, finance strategic investments, as well as investments in energy efficiency and/or renewable energy. Hypothetically speaking, the

Government probably considers that such strategic investments (e.g. offshore gas exploitation in the Black Sea, or onshore gas exploitation in Caragele gas-field) should not be made by Romgaz and/or Petrom, which it wishes to leave without financial resources.

Returning to Article 14(3) of the Regulation, included in *Chapter III – Measure concerning the crude oil, natural gas, coal and refining sectors*, it indeed provides that *"Member States shall adopt and publish the measures implementing the mandatory temporary solidarity contribution referred to in paragraph (1) by 31 December 2022"*. However, the following question arises:

- ***Was it mandatory for Romania to implement the solidarity contribution?***

Paragraph 1, referred to in paragraph 3, provides that *"excess profits generated by Union companies and permanent establishments carrying out activities in the oil, gas, coal and refining sectors shall be subject to a mandatory temporary solidarity contribution, unless Member States have adopted equivalent national measures"*.

Earlier we have shown that Romania had already implemented equivalent measures applied in 2022 (some applicable since 2018), measures with much greater intensity than an additional tax of 33% (the minimum required by the Regulation), their calculation basis being income (and not profit):

- 80% of income, tax on additional gas income;
- 80% and then 100% of additional revenues (over 450 lei/MWh) from electricity production, including for electricity production from gas;
- the difference between the market price and the imposed prices of 150 lei, respectively 250 lei/MWh for suppliers of household customers;
- 0.21 lei/litre borne by gasoline/diesel traders from the pump price.

Since no calculation of the effects of all these measures was presented, but even in the absence of official analyses, taking into account the above, it is hard to believe that Romania was obliged to introduce this new tax.

So, the argument invoked in support of the emergency seems to be wrong, as long as Romania had equivalent measures, according to art. 14(1), and it was not obliged to introduce the contribution, so the reference to art. 14(3) as a justification for the emergency becomes at least strange.

- ***What did the rest of the EU states do?***

EU regulations are mandatory, but they are under the conditions set out in the Regulation. The fact that Romania had the option not to introduce this tax is supported by the fact that not one, but five EU Member States (Spain, Poland, Hungary, Denmark, and Estonia) notified the Commission that they will not implement the contribution/tax, because they already have additional taxation of the income of these companies.

Romania did not do this; on the contrary, it implemented the solidarity contribution at a much higher level (60%) than the minimum provided for by the Regulation (33%), and this, while the Regulation was under discussion, they rushed to increase the level of taxation through GEO 119/2022.

Moreover, there are only two countries that have adopted higher contribution rates than Romania, Slovenia (which has an irrelevant oil and gas sector), and Ireland (which has a single natural gas field in production, but for which no additional taxation is due in 2022 and 2023).

Under these conditions, the real goal of the Romanian authorities becomes obvious: additional revenues to the budget, but in no case *"increasing energy independence and financing strategic investments",* as stated by the Government.

- ***Who owes, and how is the solidarity contribution calculated?***

According to Article 15 of the Regulation, the contribution is owed by companies operating in the crude oil, natural gas, coal, and refinery sectors, but only on their excess profits.

Companies operating in the listed sectors are defined in Article 2(17) of the Regulation as companies in the Union that derive at least 75% of their turnover from economic activities in the field of extraction, mining, crude oil refining or the manufacture of coke oven products.

Excess profit is defined in art. 2 point 18 of the Regulation, as the taxable profit in the years 2022 and 2023 (calculated under national rules) that exceeds by more than 20% the average of taxable profits in the 4 financial years starting on or after January 1, 2018 (years 2018, 2019, 2020, and 2021).

GEO 186/2022 has implemented these provisions exactly, with the mention that, for clarity and in accordance with the provisions of art. 2 point 17 of the Regulation, it has individualized the listed activities, depending on the Romanian NACE codes (respectively #0610, #0620, #0510, #1910, and #1920). In addition to the Regulation, GEO 186/2022 has extended the scope of application of the contribution to affiliates of companies that owe the solidarity contribution and that achieve at least 50% of their turnover with it.

It is worth mentioning that, in Art. 15, the Regulation leaves Member States the option to apply the contribution for one year (excess profits from 2022 or 2023) or for two years (excess profits from 2022 and 2023), but also calculated on the 4-year reference period starting with 2018.

In fact, through GEO 186, Romania opted for:

- Implementing the contribution, although it already had equivalent measures, some implemented even while the new Regulation was being discussed in Brussels (GEO 119/01.09.2022);
- Implementing the contribution at a level much higher than the minimum required (60%, compared to the minimum of 33% established by the Regulation).

The solidarity contribution is therefore calculated according to the following formula:

Contribution = (profit 2022/2023 – 1.2 x average fiscal profits 2018–2021) x 60%

In addition, it is difficult to understand why GEO 186/2022 provides, in art. 2 (11), that the amounts related to the solidarity contribution, due for profits in 2022 and 2023, are not deductible when calculating corporate income tax, although it is an expense established as mandatory for Romanian companies that fall within the scope of Regulation/GEO 186/2022.

From these considerations, in our opinion, it becomes obvious that the only motivation for implementing the tax was to tax/charge Romanian companies as high as possible, but not as stated in the introductory part of the ordinance, namely, *"the need to increase energy independence"*.

Analysis and results interpretation

Starting from these realities, in this paragraph we shall simulate the gains that we estimate that the Romanian state could obtain from taxes, fees, and royalties according to the fiscal system, expressed in the Fiscal Code in force at the time of the analysis, as well as in accordance with the provisions of the 2018 Offshore Law (in the first case study), and the Offshore Law adopted in 2022 (in the second case study).

Since 2021 (discussions continued into 2025 as well), one has witnessed endless discussions about increases in gas and electricity prices, how this affects the population, and what the state must do to "protect" its citizens and companies. Romania already had an ordinance (GEO no. 118/2021) that aimed to protect citizens by capping the price, which was amended twice in a few weeks, followed by a third amendment.

But where does this money go? Who benefits from this money?

In order to answer these questions, we shall further study the situation with natural gas and the increase in its prices by introducing two case studies.

Case study # 1. First, we analyze how much the Romanian state earns from taxes, fees, and royalties ***before the adoption*** of the offshore law in 2022.

In doing this we start from the reality that Romania produces 80% of its domestic natural gas needs, with the remaining 20% being imported from Gazprom (Russia).

In 2021, in March, the price of Romanian gas was approximately 70 lei/MWh, in September 2021 it had reached 100 lei/MWh, and in December 2021 it had reached 250 lei/MWh [Bulearca and Muscalu, 2023].

We have two main manufacturers:

- Romgaz – state-owned (about 60%), and
- Petrom – private (about 40%).

So, under these conditions, let's see who and how benefits from *the increase of 180 lei*, from 70 lei/MWh (a price at which producers had a small profit), to 250 lei/MWh.

First, we shall calculate the taxes, consisting of:

- the oil royalty;
- the additional income tax, according to Government Decree No. 7/2013; and

- the profit tax, considering a domestic production of 1,000 MWh (in reality it is slightly higher, but this aspect is not very important because we shall do the calculations in percentages).

This results in a total additional income of:

$$180 \text{ lei} \times 1{,}000 \text{ MWh} = 180{,}000 \text{ lei.}$$

From this "whole", we cut the first "part", i.e. the royalty. The royalty is calculated at the reference price of natural gas, which is calculated by NAMR (the National Agency for Mineral Resources) based on an erroneous methodology (as we have already argued in a previous paper [Bulearca, 2025]), according to the CEGH Day Ahead index in Austria, which has no connection with average prices in Romania, being approximately double, in recent months.

On average, the royalty rate is about 7%, meaning 30,100 lei, which goes directly to the budget:

$$7\% \times (250 \text{ lei/MWh} \times 2 - 70 \text{ lei/MWh}) \times 1{,}000\text{MWh} = 30{,}100 \text{ lei.}$$

We multiplied the 250 lei/MWh by 2 because this is the CEGH Day Ahead index from Vienna, which we were talking about above, based on which the royalty is calculated.

As such, 149,900 lei remain (i.e. 180,000 – 30,100). In addition to the royalty, domestic producers must also pay to the budget the additional tax, introduced in 2013 (60% of income over 45.71 lei/MWh, minus the royalty, minus a maximum of 30% of the additional income for investments), modified in 2018, when, for additional income over 85 lei/MWh, a new tax bracket of 80% of income minus the royalty was introduced (without the possibility of deducting the investment from this tranche).

Let's now calculate these additional taxes:

$$IVS1 = [(85 - 70)\text{lei/MWh} \times 1000 \text{ MWh} - (85 - 70)\text{lei/MWh} \times 1000 \text{ MWh} \times$$

$$\times 7\% - 30\% \times (85 - 70) \text{ lei/MWh} \times 1000 \text{ MWh}] \times 60\% = 5{,}670 \text{ lei;}$$

$$IVS2 = [(250 - 85)\text{lei/MWh} \times 1000 \text{ MWh} - (250 - 85)\text{lei/MWh} \times 1000 \text{ MWh} \times 7\%] \times$$

$$\times 80\% = 122{,}760 \text{ lei;}$$

$$IVS = IVS1 + IVS2 = 5{,}670 + 122{,}760 = 128{,}430 \text{ lei.}$$

From the "whole" we cut the second "part", and 21,470 lei remain (i.e. 149,900 - 128,430), which is the producers' profit.

But this amount does not represent what is left to them. No, because the state also takes a 16% profit tax, that is, another 3,435 lei (21,470 x 16%). This is, therefore, the net profit that remains to the producers, in the amount of 18,035 lei (that is, 21,470 – 3,435).

If we express these calculations in percentages, it turns out that we have a total of *90% composed of royalty + additional tax + profit tax.*

From this net profit (of 18,035 lei), let's not forget, however, that the state retains, on average, 50% in the form of dividends, i.e. 9,017 lei. It follows that for the rest, i.e. for the remaining shareholders of Romgaz and Petrom (OMV, stock exchange), ***only 9,017 lei remain***.

The conclusion is clear:

- From 100 lei increase in gas price:
- The state withholds 95 lei (taxes + dividends);
- Private investors get: 5 lei (dividends).

For electricity, the situation is more or less identical, with an additional tax of 80% there as well, and state-owned companies (Hidroelectrica, Nuclearelectrica, CEO, etc.) produce over 80% of total electricity.

In conclusion, the solution to the energy price crisis is to increase domestic production, including by amending the Offshore Law and unblocking the Black Sea natural gas projects. This way, the state will have enough money to protect consumers when prices are high. These aspects will be detailed in the next case study.

Case study #2. Second, we discuss how much the Romanian state earns from taxes, fees, and royalties ***after the adoption*** of the offshore law in 2022

Romania is one of the few EU states that has the capacity to be not only energy independent, but also to be an important supplier of energy (gas, electricity) in the region, thus contributing to Europe's energy security and ensuring significant income from production (prices are still high, even if decreasing).

Romania can access this status (net energy exporter) provided that the major companies in the field (Romgaz/OMV Petrom/BSOG) invest significant amounts in the development of gas production, in new perimeters (Romgaz – Caragele, Buzau; OMV/Romgaz – Neptun Deep, to provide with just two examples) with massive gas deposits already identified, but also investments in deposits already in operation, where production is in decline (naturally) as a result of the exploitations of recent years, where, in order to maintain production, investments in new technologies are needed. It is very likely that investments in exploration, in other perimeters, could bring new discoveries and increase domestic gas production.

Romania also has significant resources to increase electricity production in the renewables area - wind, solar, but also hydro (where there are investments close to completion, but not finalized) as well as in the gas area (Romgaz has an almost completed power plant in Iernut [Romgaz, 2023]), and nuclear power (where it seems that things are starting to move with NuScale).

The direction chosen by Romanian decision-makers was different, however, with the Government and Parliament choosing another path, namely that of over-taxing energy companies, in order to bring to the budget the financial resources necessary for the social protection measures for consumers (especially vulnerable ones) implemented in the last year.

It seems that the Government does not understand that the way out of this energy crisis cannot be ensured either through over-taxation or compensation, ***but through investments in production, in strengthening the transmission and distribution networks (currently investments in wind and solar are largely blocked by the lack of grid take-up capacity), as well as investments in storage capacities (batteries, hydrogen, etc.).*** However, investments in any sector are conditioned by a decent return on investment (ROI), stability and predictability of legislation (especially in the energy field, where investments are recovered over long periods of time).

The implementation, through Government Ordinance No. 186/29.12.2022 (why precisely on that date?!) of EU Regulation 2022/1854 (of October 6, 2022) of a new surcharge *("solidarity contribution")*, at a level much higher (60%) than that provided for by the Regulation (minimum 33%) is just the latest surcharge in a long line of other surcharges applicable to natural gas and crude oil producers, who owe royalties anyway (this topic was also addressed in another previous paper [Bulearca, 2025]).

So, given the statements and reasons previously presented, we now make a quick estimate for Romgaz (a company that borrowed 300 million euros to acquire Exxon's share of Neptun and from which investments of at least two billion euros are expected in the next 3-4 years, in the exploitation of the gas-fields at Caragele and Neptun Deep/Black Sea):

- The approximate average price of gas (the main source of income) in the period 2018–2021 was approximately 100 lei/MWh. Based on these revenues, it obtained its profits in those years;
- The average gas price in 2022 was around 425 lei/MWh (with peaks of over 1,000 lei/MWh in August 2022);
- This results in an additional income (in 2022, compared to the period 2018-2012) of 325 lei/MWh (i.e. 425 – 100), of which the state has already taken 13% of the royalty (325 lei/MWh x 13% = 42.25 lei/MWh), plus the additional tax of 80% of what remains after we subtract the royalty (i.e. 325 – 42.25), so: 282.75 lei/MWh x 80% = 226.2 lei/MWh;
- Of the 325 lei/MWh additional income in 2022, the state takes 268.45 lei/MWh, and the company is left with 56.55 lei/MWh, an amount that we can consider as excess profit compared to previous years;
- The solidarity contribution introduced by GEO 186/2022 imposes on the company a tax of 60% of this additional profit, i.e. 56.55 lei/MWh x 60% = 34 lei/MWh, payable in 2023;

- However, the year 2023 began with significantly lower gas prices, of 275 lei/MWh, following the sharp declines in gas prices in the latter part of 2022 (a decline compared to which the implementation of the Regulation appears to be completely out of step with economic reality!);
- Let's assume that prices will not fall further (in 2016 they reached 60 lei/MWh) and that Romgaz will be able to obtain an average price of 275 lei/MWh in 2023;
- At this price, the 13% royalty will be 35.75 lei/MWh (i.e. 275 lei/MWh x 13%);
- There are 239.25 lei/MWh left (i.e. 275 – 35.75), from which we also subtract the additional tax of 60%/80%, i.e. 147.4 lei/MWh;
- From 275 lei/MWh, Romgaz therefore has 91.85 lei/MWh of income;
- We consider a cost of 40 lei/MWh;
- There remains a profit of 51.85 lei/MWh;
- The state also takes 16% profit tax, i.e. 8.3 lei/MWh;
- Romgaz remains with a net profit of 43.5 lei/MWh;
- From this net profit, they must pay an amount of 42.25 lei/MWh (due for 2022), which means that, in reality, the net profit almost completely disappears (basically, ***only 1.25 lei/MWh remain***).
- Thus, appears justified the question as to whether an impact study was conducted before approving GEO 186/2022? Moreover, what happens if prices fall below an average level of 275 lei/MWh?

The situation is, however, even more serious for BSOG, a company that began extracting gas from the Black Sea in June 2022.

These calculations were not made for OMV Petrom because it seems that this contribution is not owed by this company as a result of the application of the conditions of Regulation/GEO 186/2022.

Obviously, the calculations above are perhaps not the most accurate, nor do they take into account the impact of the regulated price of 150 lei/MWh, but they were made to estimate the state's revenues following the application of all these fiscal regulations in the hydrocarbons industry, as well as the impact that these regulations have generated on natural gas producers in Romania, producers who are expected, however, to ensure Romania's energy independence.

Conclusions

If we consider the amounts of money remaining at the disposal of natural gas producers in Romania, as they result from the calculations made previously, populist temptations like *"We don't give our resources to foreigners!"* or the seemingly endless adversarial discussions in Parliament, seem to have faded.

Although, strictly economically, any amount of money collected is preferable to the absence of any collection, political logic shows that, at the level of prices and estimates of budget receipts from that period, it seems that it was much easier for decision-makers, especially in the current geostrategic context, to change the Offshore Law in favor of the oil-businessmen.

Under these conditions, the fiscal policies applicable to the energy sector in Romania, in the period 2018–2022 (especially in 2018 and 2022), seem to have no logical explanation.

Therefore, we can either say that the need for budget revenues prevailed over any fiscal logic of the decision-makers-legislators (Parliament and Government), or that the interest of the decision-makers-legislators is completely different from the declared one, as we showed earlier (attracting investments in order to ensure Romania's energy independence).

In conclusion, the results of this analysis reveal the growing importance of the oil and gas sector in the economy. This comes at a time when global energy prices are at high levels, and Europe in particular is facing higher natural gas and electricity prices, largely amplified by the conflict in Ukraine.

While a significant portion of the recent growth is contextual, attributed to rising energy prices, some of it is also due to the so-called *"base effect"* as the sector was on a recovery path following the low demand experienced during the pandemic.

The recent energy crisis has shown that the economic role of the Romanian oil and gas sector remains very important. Higher than expected tax contributions paid by oil and gas companies have allowed the authorities to redistribute these revenues and to finance, in particular, measures to protect population against high energy prices.

Therefore, tax contributions paid by the oil and gas sector have an important contribution to keeping the budget deficit on its downward adjustment path.

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