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## **U.S. Sanctions and the Insolvency Proceedings of Romania's Petrotel Refinery**

**Romania's Petrotel refinery, owned by the Russian energy company Lukoil, entered into insolvency proceedings at the end of August 2026. The decision of the Ploiești Tribunal, which has jurisdiction over Prahova County, followed nearly a year of inactivity at the facility after Lukoil was placed under U.S. sanctions in the autumn of 2025. State supervision over the assets as well as temporary sanctions waivers helped stabilise the refinery's legal status, but they did not create the conditions needed to resume production without resolving the underlying ownership, financial, and operational problems. As a result, Petrotel's shutdown has deepened Romania's dependence on fuel imports and forced the authorities to apply protective measures on the domestic market.**

**Origins of the Crisis Surrounding Petrotel.** The Petrotel refinery is the smallest facility in the portfolio of the Russian company Lukoil, but it is of systemic importance to Romania. Before the sanctions were introduced, the plant, with a refining capacity of 48,000 barrels per day, accounted for almost 25% of domestic fuel production. Prior to the suspension of operations, it processed mainly crude oil supplied by pipeline from the port of Constanța. The immediate source of the problems was the U.S. and British sanctions imposed on the Russian company in October 2025. At that time, Petrotel was undergoing scheduled maintenance, which was due to be completed in November 2025. However, after the sanctions entered into force, the refinery did not resume operations.

The refinery's vulnerability to the crisis was also shaped by earlier investment shortcomings and its limited competitiveness, which made it difficult to restore operations quickly after a prolonged shutdown. As early as the beginning of 2026, the Romanian authorities indicated that the extended outage was having a significant impact on the economy, as it reduced domestic fuel production and increased the market's exposure to imports. In February 2026, the Romanian government formalised state supervision over the Petrotel refinery, Lukoil Romania, and Lukoil's other assets in the country. The supervisor was granted the right to attend meetings of company bodies, approve external transactions and payments, and monitor the compliance of corporate activity with the sanctions regime. The purpose of this arrangement was to mitigate risks to the state's fuel security without formally nationalising the assets.

The next stage involved an attempt to find an ownership solution after Lukoil announced its intention to sell its foreign assets, including the Petrotel refinery, Bulgaria's Neftohim Burgas, and the Zeeland refinery in the Netherlands. An initial proposal for Gunvor to acquire the assets failed to materialise, and on 29 January 2026, Lukoil announced an agreement with the U.S. investment fund Carlyle. The transaction, however, required regulatory approvals, including clearance from the U.S. Department of the Treasury. Successive short-term deadline extensions suggested that the sale process remained uncertain. From Romania's perspective, this meant that the ability to restart the Petrotel refinery depended not only on decisions taken by local authorities but also on the outcome of negotiations concerning Lukoil's entire foreign asset portfolio, and on the acceptance of any potential buyer by the authorities responsible for enforcing sanctions (["IEŚ Commentaries", No. 1474](#)).

**Failed Restart and Loss of Domestic Supply.** At the end of February 2026, Romania's Ministry of Energy indicated that the shutdown of the Petrotel refinery had resulted in a 25% decline in domestic fuel production. This was a particularly sensitive moment, as Romania's two other refineries – Petromidia and Petrobrazi – were simultaneously preparing for scheduled maintenance. In practice, Romania had to compensate for the absence of Petrotel's output through higher fuel imports and a greater reliance on the remaining domestic refineries.

In mid-April 2026, reports emerged that Romania had obtained approval from the U.S. authorities for a sanctions waiver, enabling the refinery to be restarted. At that time, the Ministry of Energy stated that the facility could resume operations within approximately 45 days and produce diesel, gasoline, and aviation fuel for the Romanian market. However, the sanctions waiver removed only some of the existing obstacles. It did not resolve the uncertainty over ownership, the financing of operations, commercial relationships, or the refinery's ability to rebuild normal operational flows after several months of inactivity.

In early September 2026, the Ministry of Energy confirmed that Petrotel had remained out of production for around 11 months. As a result, despite the Romanian state's intervention in February 2026 and the declared approval for a restart in April 2026, the facility could not be restored to normal operations. The failure to resume production increased the importance of fuel imports, including deliveries from Saudi Arabia, which accounted for 43% of Romanian fuel imports in May 2026, compared with 2% in May 2025.

**Insolvency Proceedings and Protective Measures.** The latest stage of the crisis began on 26 August 2026, when the Ploiești Tribunal, which has jurisdiction over Prahova County, opened insolvency proceedings against the refinery. This information was made public by Romania's Ministry of Energy on 1 September 2026. The company has one week to appeal the decision. The opening of insolvency proceedings is not the starting point of Petrotel's problems, but rather the result of their cumulative escalation: sanctions, the shutdown of the facility, the uncertain asset-sale process, and the failure to achieve an effective restart despite earlier announcements. Together, these factors have ultimately led to the refinery's current legal situation.

At the same time, the Romanian government applied measures aimed at easing pressure on the domestic market. In March 2026, emergency regulations were introduced to limit the margins of gasoline and diesel suppliers. The authorities also imposed a requirement to obtain prior approval for fuel exports and introduced temporary tax reductions to mitigate rising costs for consumers. These measures were taken amid heightened uncertainty on the European fuel market, driven in part by tensions in the Middle East and concerns over supply security. In the second half of August 2026, the government applied, among other measures, a 20% reduction in the diesel tax. These instruments were intended as stabilising and crisis-management tools, but they did not replace the lost refining capacity.

## Conclusions

- Despite its relatively limited refining capacity of 48,000 barrels per day, the Petrotel refinery accounted for 25% of Romania's fuel production before the sanctions were introduced. The almost year-long shutdown translated into a tangible reduction in domestic fuel supply, increasing pressure on both imports and Romania's remaining refineries. Although the sanctions were formally directed at Lukoil as a Russian entity, in practice they triggered a broader economic effect: they constrained the availability of local infrastructure, forced the state to introduce supervisory measures, and made it necessary to stabilise the market through administrative instruments.
- The Romanian authorities placed Lukoil's assets under state supervision, introduced fuel export-control mechanisms, capped margins, and applied temporary tax relief measures aimed at mitigating the impact of rising prices on end users. Such a broad set of measures shows that the Petrotel issue was not perceived merely as a problem affecting a single company but also as a potential threat to the entire national fuel balance, as well as to transport, agriculture, and consumers. At the same time, these actions exposed the limited flexibility of the Romanian market: with one refinery offline and the remaining plants preparing for scheduled maintenance, Romania had to increase its dependence on imports, including from Saudi Arabia, which altered existing fuel supply patterns.
- The refinery had already been struggling with underinvestment and declining competitiveness, so the sanctions merely accelerated the escalation of its operational and financial problems. The insolvency proceedings before the Ploiești Tribunal demonstrate that the measures taken—including state supervision and the U.S. approval for a potential restart—were insufficient to restore production in practice. The key issue will be whether Lukoil manages to finalise the sale of its foreign assets, including



Petrotel, to an entity accepted by U.S. regulators. Only a takeover by a credible investor capable of ensuring sanctions compliance, financing modernisation, and providing stable management could create the conditions for the refinery's lasting return to the market. Without this, Petrotel may remain a distressed asset whose perceived significance for Romania's fuel security exceeds its actual contribution to domestic supply.