

OIL INDUSTRY IN ROMANIA IN THE PERIOD 1918-1948 BETWEEN DOMESTIC AND FOREIGN CAPITAL

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Abstract

The development of the Romanian oil industry covers a relatively short period of only 160 years, but the interest that oil has produced has been and still remains enormous. The influx of foreign capital in the Romanian oil industry has undoubtedly contributed to its development, but foreign capitals have monopolized almost all the oil industry in the country. Romania has experienced the consequences of this situation, which has marked the future general development of the country. The year 1947, or "the final year of the Romanian oil industry based on private capital", did not complete the period of restoration, despite the aggressive intervention of the communist power. The nationalization of the Romanian and foreign oil companies from June 11, 1948, made the first step towards the absolute management and control of the Romanian oil industry, the clear signal of Romania's political and economic isolation, with all its consequences, at least until 1964.

Keywords: oil industry, domestic and foreign capital, oil and petroleum products trade, the oil law

JEL classification: Q35, N50, K11

Introduction

The development of the Romanian oil industry covers a relatively short period of only 160 years, compared to iron, copper, silver, gold or salt mining, for which evidence has been found since ancient times. However, the interest that oil was given has been and still remains enormous.

The influx of foreign capital in the Romanian oil industry has undoubtedly contributed to its development⁵⁸. The role of foreign capital was positive in the beginning of modern industrialization of Romanian crude oil exploitation, i.e. at the confluence of the nineteenth and twentieth centuries. Then the economic development of the country requested, among other things, the immediate capitalization of petroleum resources, which was impossible to achieve only through the activity of local capital, insufficiently quantitative and lacking entrepreneurial spirit.

Oil extraction and the creation of a competitive industry with that of other producing countries also required large amounts of capital that could only be bought across the border. At the same time, it should be underlined that in a short time (10-15 years) foreign capitals have monopolized almost all the oil industry in the country. Romania has experienced the consequences of this situation, which has marked the future general development of the country.

At the time of the outbreak of WW1⁵⁹, in country's oil industry were invested capitals of 11 different originated nationalities: German, English, Dutch, French, American, Belgian, Austro-Hungarian, Italian, Swedish and Romanian⁶⁰.

1. The legal framework

In the second half of the nineteenth century, mining wealth (including oil) gained more attention, given their role, which could never be neglected, in the economic development of the modern Romanian state. From now on, they have been the subject of special legislation - mining laws. It is significant that in the second half of the nineteenth century were submitted to the Parliament in

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⁵⁸ Octav Constantinescu, 'Contribution of foreign capital to the Romanian petroleum industry', Bucharest, 1937, pp. 57-59; T. Savin, 'Foreign Capital in Romania', Bucharest, Eminescu Publishing House, 1947, p. 45.

⁵⁹ The First World War.

⁶⁰ According to Tancred Constantinescu, 'Reason for Mines Law', in "The Mines Law with Explanatory Memorandum", Bucharest, Imprimeria de Stat, 1924, p. 135.

Bucharest no less than six draft mining laws, in 1863, 1870, 1873, 1881, 1886 and 1895⁶¹. Of these, only one project - drafted by the conservative Minister P.P. Carp in 1895 - got to life. This project has a triple significance: it became the first mining law in Romania, introduced an important mining property reform, and finally inaugurated a state policy in the field of mining industry⁶².

Within the mining laws, oil has played an increasingly important role, in direct relation to the increase in its significance in the modern age. Thus, first, the stipulations relating to oil were briefed in some articles of the law in 1895. Then there have been developed specific oil laws or have been granted a clear preponderance in the mining laws. This is the case with the laws of 1924, 1929 and 1937 which, although called "Mines Laws", were, by excellence, "Oil Laws".

Overall, until 1918, the Romanian state has managed to retain the largest part of its oilfields, an important prerequisite for promoting an adequate liquid fuel policy and avoiding the country's transformation into a battlefield for the international trusts (like Mexico or Persia). At the same time, however, the Romanian State, showing a "culpable passivity"⁶³, did not intervene promptly to repeal oil property regime introduced in 1895. This facilitated trusts offensive in Romania on private oil fields, a domain our country reached before 1914 as "a factual situation similar to colonies"⁶⁴.

Regarding the relationships established between Romania and the oil trusts, it should be noted that our country did not enter into direct conflict with the powerful foreign companies, although the actions of the latter proved several times to be damaging to national interests. Until 1918, Romania showed an attitude of "neutrality" to international trusts, only reacting to their tendencies to seize the oil fields of the State⁶⁵. That was of greatest significance as Romania gained thus the ability to regulate later, in 1924, the issue of oil States' resources exploitation, considerably strengthened by the nationalization of mining subsoil in 1923, in conditions undeniably more favorable to its own interests than if, at the Paris Peace Conference, had satisfied its allies' claims.

The importance of nationalization of the mining subsoil has also been underlined by the viability of the reform. Mining subsoil regime introduced in 1923, was subsequently maintained by all ordinary or fundamental laws. Besides noted positive elements, consequences of mining subsoil nationalization in 1923 were less profound in practice. With regard to oil, the conflict broke out between the foreign and the domestic capitals, manifested in 1923, when the reform of the mining subsoil nationalization was carried out. It culminated in the period 1923-1924 during the elaboration and adoption of the new Mines Law which had to implement the principle of nationalization of the mining subsoil and to establish the rules for the capitalization of natural riches. The Government has introduced into the law some regulations favoring national oil companies, which triggered a strong reaction from foreign capitalists⁶⁶.

The Mines Law of 1924 was one of the most complete and modern laws in the field, which strengthened the Romanian economy, opening a wide path to the development of domestic capitalism. The law has given special importance to the rational exploitation and capitalization of oil, the country's main mineral resource, and is rightly called the "Oil Law". Thus, the chapters of the law regulate all the technical, economic and social aspects related to highlighting, exploration, exploitation and valorization of mineral resources of the country for its national interest.

If the Romanian Government got positive solution with the Great Powers regarding the Mines Law in 1924, this was impossible when the two global oil trusts, Standard Oil Co. and Royal Dutch-Shell, did not accept the regulations of the new mining regime at any time (Pearton, 1971) and, as

⁶¹ According to I.G. Vântu, 'The Mining Fields Ownership in Romania', Bucharest, "Mârvan" Institute, 1938, p. 10; N.I. Moruzi, 'The legal regime of the mines in Romania' (Loi des Mines de 1924), Paris, Jouve et C-ie, Éditeurs, 1926, p. G.G. Anagnoste, 'Mining Legislation and Romanian Petroleum', Ploiești, Tip. "Aurora", p. 15.

⁶² M. Plătăreanu, 'Economic and Social Policy of Romania in the Past and Current Legislation', pp. 169-170.

⁶³ According to I.N. Angelescu, 'Report on the draft law on the trade of petroleum products in Romania', in "The debates of the Deputies Assembly" (sitting of 28.III.1921, p.1570).

⁶⁴ *Ibidem*.

⁶⁵ *Ibidem*.

⁶⁶ Some assessments of the mining legislation of 1924 were presented in the following studies: S. Mihail, 'The Character and the Trace of the Mines Law of 1924', in "Studies on the Economic History of Romania", I, Bucharest, 1960; Gh. Buzatu, 'Some aspects of the fight for Romanian oil' (Mines Law of 1924), *passim*; *idem*, 'The place of oil problem ...', *passim*; *idem*, 'Romania and the oil trusts ...', p. 143 et seq.

long as it applied, they would not cease the struggle to obtain its abrogation. But the key reason that prompted the Maniu Government to fundamentally modify the 1924 Mines Law was the Royal Dutch-Shell international oil trust's intervention, in particular. There was no doubt that, by resorting to the modification of the 1924 Mines Law, the national-peasant Government acted at the request or under the pressure of the most powerful international oil companies.

In January 1929, there were already recorded the practical measures for Maniu Government to change the law of 1924 (Buzatu, 1998, p. 263). The new law, for the "modification of the Mines Law of 4 July 1924", was promulgated by Royal Decree no. 971 of 1929 and published in the "Official Gazette" of March 28, 1929. Indeed, developed in accordance with the "*opened gates*" economic doctrine taught consistently by the National Peasant Party, the Mines Law of 1929 abandoned the core principles enshrined in oil policy program adopted by the Liberals five years earlier. Thus, this new amending law no longer retained the old regulations regarding the encouragement of the national capital (art.32-33), the ones related to determining the preponderance of the Romanian element in the governing bodies of the oil companies in the country, etc. According to the *opened gates* doctrine, the legislator body from 1929 established the fullest equality of treatment between foreign and domestic capital, resulted in art. 30 that stipulated: "The concessions may be granted *to companies of any kind, Romanian and foreign* (our underline), who fulfill the forms required by the Romanian laws, as well as legal persons of any kind"⁶⁷.

Later, like the previous Mines Laws (from 1895, 1924 or 1929), the law of March 1937 was eminently concerned with the issue of liquid fuel. It was not a coincidence, therefore, that it had preceded another one, released in 1942, which was to be an *Oil Law*. However, the preparations for the elaboration and promulgation of the new law, which was to be exclusive of oil, were prolonged until the summer of 1942 (Pearton, 1971). The Oil Law⁶⁸ - as observed⁶⁹ - indisputably gave advantage to companies with Romanian capital (Article 96 - granting exploitation rights on mining exploitable properties); in fact, Title XI (Various regulations), Chapter IV bared this heading: *Encouraging companies with Romanian capital* (Art. 269)⁷⁰. Developed after the outbreak of WW2⁷¹ and Romania's entry into war on the part of Nazi Germany, under the pressure of increasing demand for oil for the German army, the new law laid down the rules to be applied to the valuation of solid and liquid bituminous deposits throughout the country, except for the land for which the State or individuals have granted exploration rights prior to this law. So, the goal of the new law was essentially increasing the production of crude oil in the country to meet the German army's increasing fuel demands and reduce sabotage.

2. The period 1918-1939 (the interwar period)

After the end of WW1, for the ruling authorities in Bucharest it became as clear as possible that Romania could no longer dispense in the future of approving an appropriate program in the field of oil policy. The imperatives that led to this conclusion were added to the conviction that a foreseeable policy, appropriate to the great national interests, could be successful, despite the

⁶⁷ "Official Gazette", no. 71/1929, p. 2460; C. Hamangiu, 'General Code of Romania', 1929, Bucharest, p. 290 et seq.

⁶⁸ The text contained 293 articles, arranged in several sections (headings): General regulations (I, 1-5), Prospecting (II, 6-11), Exploration (III, 12-60) (IV, 61-90), Exploitation (V, 91-119), Exploitation of oil deposits (VI, 120-165), Gas fields (VII, 166-178), Processing and marketing of gas, oil and its derivatives (IX, 192-214), the National Petroleum Institute (X, 215-231), Various regulations (XI, 232-293).

⁶⁹ A. Simion, 'Political and Diplomatic Preliminaries ...', pp. 158-159.

⁷⁰ We recall from this article paragraph I: "In order to stimulate the participation of Romanian capital in petroleum exploitation and to encourage the grouping of existing Romanian companies, the State grants to existing or established enterprises, which will have a minimum capital of 400,000,000 lei in nominative shares, owned by 75% of ethnic Romanians - natural persons or anonymous companies, having 75% shares or shares held by ethnic Romanians, individuals - and whose chairman, board of directors, steering committee and committees censors will be composed of ethnic Romanians, in the same proportion"; that gave a number of advantages (tolls reduction, royalties reduction, tax reduction, exemption from tax on dividends, tax exemptions up to 500,000,000 lei, money loans, tax exemptions of the 0.5% tax on new shares). See: C. Hamangiu, 'General Code of Romania ...', XXX/III, 1942, p. 2547; comments on these regulations, in Maurice Pearton, 'Oil and the Romanian State', Oxford, Clarendon Press, 1971, pp. 241-242.

⁷¹ The Second World War.

opposition of international trusts that was easy to see. This was because, unlike the situation before the war, Romania reunited after 1918 and the local bourgeoisie consolidated positions offered hope, if not certainty, for the successful completion of a positive program on liquid fuel. The approach of the oil policy program resulted from the interaction of multiple factors, which had a more or less important role.

In January 1918, the "Societatea Națională de Petrol"⁷² was founded by a group of engineers and geologists supported by "Creditul Minier" Society, with the participation of several banks. By adopting the liberal slogan "*through ourselves*", "Creditul Minier", which dealt with the exploitation and processing of crude oil, later became a company with exclusively Romanian capital and managed to build in 1934 one of the most modern refineries from the country and abroad, namely the Brazi refinery, which, modernized, operates at competitive parameters at present (Ivănuș, 2008).

Also, "Creditul Minier", along with other banks, founded "Industria Română de Petrol"⁷³ (IRD) Society in June 1920, designed to concession land, to secure the monopoly on exports, the exploitation of oil fields and pipelines (to Giurgiu and Constanța) and to ensure sales on the domestic market. The establishment of this society by a group of Romanian businessmen, under liberal protection, meant the beginning of the re-launch of the Romanian capital in the Romanian oil industry.

In this respect, it should be noted that at the end of 1920, the German and Austro-Hungarian capital was completely eliminated in the oil industry and the Romanian capital controlled six large oil companies, which accounted for 30% of the total volume of exported goods. The main companies with foreign capital were: "Astra Română", with Dutch and English capital, and "Româno-Americană" with American capital. Thus, during the first part of the interwar period, Romanian, foreign and mixed capital was distributed as follows (Table 1).

Table 1. Capital structure in the Romanian oil industry, between 1925 and 1928 (%)

Nature of the capital	1925	1926	1927	1928
National	30.6	28.4	27.2	24.5
Foreigner	40.1	35.0	34.9	41.5
Mixed	29.3	36.6	37.9	34.0

Source: Buliga et.al., 2014, p. 447.

Ten years later, the Report of the National Bank of Romania's Sixth Commission again took into account the nature of the capital in the oil industry. According to the Commission's data, the predominance of foreign capital was indisputable (Table 2), either in terms of the value of the investments or the value of the output:

Table 2. Capital Structure in the Romanian oil industry in 1937

Indicator	Capital (lei) / Production (tons)	Weight (%)
Foreign capital	7,281,568,000	72.92
Romanian capital	1,460,403,000	14.63
Mixed capital	1,243,710,000	12.45
Production of foreign companies	6,054,895	86.73
Production of Romanian companies	743,533	10.66
Production of mixed capital companies	182,572	2.61

Source: 'Contributions to the Raw Materials Problem in Romania, II, Petroleum, Colorants, Rubber, Plastics and Natural Resins', National Bank of Romania, Monetary, Economic and Financial Library, Bucharest, 1939, p. 101.

Six years took for post-war Romania, until 1924, to overcome the pre-war level of crude oil production. In fact, as seen above, the year 1924 was a crucial year, important in the evolution of the Romanian oil industry: the adoption of the new Mines Law stimulated the interest for oil, limiting the access of foreign capital.

The progress made between 1924 and 1928 in the development of oil industry, under the regime of the liberal Mines Law, is illustrated primarily by the increase in the gross production of "*black gold*". Thus, in the four years of applying the Mines Law, the increase of production exceeded about 2.5 times the level of 1924⁷⁴. The average yield obtained from the processing of Romanian

⁷² National Petroleum Society.

⁷³ Romanian Petroleum Industry.

⁷⁴ Romanian Oil Monitor (ROM), no. 8 / 15.IV.1931 (Supplement).

crude oil during the research period oscillated around the following figures: 25% - gasoline; 18% - kerosene; 8% - diesel and mineral oils; 49% - fuel oil or black oil⁷⁵. As can be seen, the lower products (fuel and residues) still had a large share of the obtained derivatives, while gasoline - the main and the most appreciated of the higher products - was obtained in small quantities.

Crude oil yields in the interwar period have made Romania rank the sixth in the world hierarchy of oil producing countries (after the USSR, USA, Mexico, the British Indies and the Dutch Indies - Indonesia). These productions were carried out by 63 oil companies, of which "Astra Română", "Steaua Română", "Concordia", "Romano-Americană", "Creditul Minier", etc., had a capital over 100 million lei (the strongest ones were "Astra Română" with over two milliards, and "Steaua Română" with one billion lei). In 1939, the total capital owned by the Romanian oil companies was 9,686,471,000 lei (MOP, 1900-1948).

What essentially changed the issue of the Romanian oil policy after 1929 was the economic crisis that broke out that year, which seriously and almost equally affected industry, agriculture, transport and trade. Despite all reasons, in the four years of the economic crisis (1929-1933), Romania's oil production has grown unjustifiably compared to previous years. We appreciate that this growth, precisely in the years of the economic crisis, during which almost all countries, with the exception of the Soviet Union, reduced their production, was based on the interests of the world's big oil trusts with strong societies in Romania; these companies exploited the most productive deposits, with minimal spending, yielding maximum productions that they have thrown on the foreign market, especially the European one, at competitive lower prices, but still profitable.

The quantities of exported liquid fuel provided Romania with a leading position (7) among the exporting countries and a 4% share in the world trade in petroleum derivatives in 1927⁷⁶. Thus, in the general export balance of Romania, the share of oil products exports was constant, over 40%, and in the period 1932-1935, it exceeded 50% (ROM, 1900-1948), as follows: 13.1% in 1932, 55.3% in 1933, 52.8% in 1934, 51.7% in 1935, and 41.3% in 1936.

Moreover, the role of engines fuel oil in Romania's economic development during this period is also demonstrated by the share of the main products exported by our country between 1932 and 1940 (Table 3).

Table 3. Oil participation in the structure of Romania's foreign trade, between 1932 and 1940 (%)

Year	Petroleum products	Cereals	Wood	Miscellaneous
1932	43.10	34.30	7.30	15.30
1933	55.30	23.00	7.20	14.50
1934	52.80	17.40	10.80	19.00
1935	51.70	19.60	8.70	20.00
1936	41.30	31.50	7.70	19.50
1937	40.52	32.24	8.96	18.28
1938	43.24	24.42	11.45	20.89
1938	41.87	26.89	9.44	21.80
1940	62.40	18.29	4.96	14.35

Source: Buliga et.al., 2014, p. 450.

As far as the export of petroleum products is concerned, although Romania ranked seven in the hierarchy of the oil producing countries with a share of 2.18%, in 1935 it ranked first in Europe and ranked third in the world (after USA and Venezuela), accounting for 11.6% of world exports. The export of Romanian petroleum products has been on a continuous rise: 45.7% in 1924, 58.3% in 1925, 68.2% in 1927, 75.1% in 1929, 79.5% in 1930, 80.9% in 1932, 76.2% in 1936, and 70.1% in 1939.

Based on its availability, in 1936 Romania ranked third in the oil world trade (with 11.60% of the total)⁷⁷. The main export products required were gasoline (31.4% of the total in 1935) and fuel oil

⁷⁵ 'Aperçu general de l'industrie du pétrole roumain', in "La Roumanie Économique", no. 8-9 / 1927, p. 83.

⁷⁶ Mihail Pizanty, 'The Current Situation of the Romanian Oil Industry', Bucharest, 1928, p. 17.

⁷⁷ Victor Slăvescu, 'Petroleum Industry in the National Industry', p. 91; M. Constantinescu, 'Importance of Romania in the Petroleum World Trade', in ROM, Special issue, 1937, p. 68. (The author was also based on a special study by Mihail Pizanty, 'Romania's situation in the world oil trade', 1936 or 'La situation de la Roumanie dans la commerce mondial du pétrole', 1937); Șerban Gheorghiu, 'Export of Romanian Petroleum

(23.7% of the total in the same year)⁷⁸. The large companies “Astra Română” and „Româno-Americană” used for external distribution the subsidiaries of Royal Dutch Shell and Standard Oil Co. trusts⁷⁹, while “Steaua Română” had its own affiliates⁸⁰. For the internal consumption operated “Distribuția” company, to which “Astra Română”, „Româno-Americană” or “Steaua Română” were subsidiaries, while “Concordia” company (the Petrofina group) operated starting with 1934⁸¹.

3. The period 1939-1945 (the period of WW2)

All the events in the Romanian oil industry of years 1939-1943 were indissolubly linked to the Romanian-German economic and political agreements. These agreements were numerous and culminated in the Agreement of March 23, 1939, excellently prepared by the Romanian specialists (Preda, 2001). We will nominate several such agreements: September 29, 1939, 5-year Agreement, by which Romania exported oil against German armaments; May 27, 1940, known as the "Weapons against Steel Pact - Öl Pakt", which introduced the principle of compensation for mutual deliveries of goods; December 4, 1940, the Romanian-German Protocol, in which the emphasis is on the Romanian import of industrial machinery and tools necessary for the modernization of the industry in general and of the oil industry, especially for oil, cereals and other products; January 29, 1941, concerning the production of aviation gasoline, which Germany was in great need in invading Greece and imposed on the Romanian refineries the obligation to produce 10,000 tons of aviation gasoline per month.

Saying that the above-mentioned economic agreements did not represent their total number but only a part of them, we emphasize that the Romanian oil was the one that has always been at the forefront of the war, extremely important to the German industry and its allies, the most notable being the exports of petroleum products between 1940 and 1944 (Table 4).

Table 4. Exports of Romanian petroleum products between 1940 and 1944 (tons)

Year	Crude Oil Production	Total exports of petroleum products	Germany	Italy	USSR
1940	5810000	3492957	1552033	305636	-
1941	5453179	4072306	2960706	76167	-
1942	5665357	3373542	2211385	862391	-
1943	5273432	3159168	2546006	391436	-
1944	3525000	2115711	1288611	3312	744082
Total	25726988	16213664	10557734	2324442	744082

Source: ROM, 1900-1948.

Analyzing these data, it results that a total quantity of 12,982,976 tons of petroleum products was exported to the Axis countries during the period 1940-1944, i.e. approx. 78% of the total Romanian exports. Surprisingly, only between 12 September and 31 December 1944, 749,086 tones of Romanian oil products were delivered to the Soviet Union, and between 1 January and 30 June 1945 were delivered another 981,108 tones, whereas for the battle lines were actually destined only 147,752 tons (it was just the beginning of a new calvary for Romania and Romanian oil industry).

Even during the war years, the major oil companies had a huge share in crude oil production (Table 5).

Products, ROM, special issue, 1937, p. 142 et seq. (comments and export table by destination countries 1913, 1920-1936); Paul Zotta, ‘Contributions to Some Problems of the Romanian Oil Distribution’, Bungay (Suffolk), Richard Clay and Sons, Ltd., 1936, passim.

⁷⁸ C. Osiceanu, ‘World Liquid Fuel’, 2nd Edition, Bucharest, 1936, p. 65.

⁷⁹ Paul Zotta, ‘Contributions to Some Problems of the Romanian Oil Distribution’, Bungay (Suffolk), Richard Clay and Sons, Ltd., 1936, passim, p. 1-3.

⁸⁰ *Ibidem*, p. 3.

⁸¹ *Ibidem*, p. 7.

Table 5. The share of production made by major oil companies in Romania in the years 1942 and 1943

The society	Share of production (%) achieved in the year:	
	1942	1943
Astra Română	30.93	31.69
Concordia	11.66	12.32
Româno-Americană	10.89	10.48
Steaua Română	10.24	10.14
Unirea	9.27	9.32
Colombia	7.63	7.84
Creditul Minier	4.73	5.01
Prahova	4.32	4.16
IRDP	2.13	2.42

Source: Șandru, D., Saizu, I., *On the Occupation of Romanian Oil by Hitlerite Germany (1940-1944)*, in "The Yearbook of the Institute of History and Archeology "A.D. Xenopol", Iași, 1.11 / 1965, page 17 (table).

The balance of the participation of the Romanian oil industry in WW2 is demoralizing, due to its huge damage: the exploration and exploitation drilling activity has been considerably diminished and reflected by the drop in crude oil production, while the oil products deliveries to the USSR (representing 42% of the total compensation for the war) have slashed the Romanian economy; pipelines, pumping stations, oil tankers and installations were severely affected. In 1944 compared to 1940, the processing capacity of Group I refineries was reduced by 52%, Group II refineries by 37% and refinery storage capacity by 61%.

The allied aerial bombardments over the oil regions and especially the city of Ploiești, caused extensive damage in oil scaffoldings, crude oil and petroleum products transport system (of major or local interest pipelines), pumping stations and petroleum harbors, amounting to 5,245,000,000 lei, and completely destroyed some refineries, while others were severely damaged, the total damages suffered by them amounting to 25,968,000,000 lei, the biggest damages of 16,840,000,000 lei being recorded in 1944 (Preda, 2001).

The destruction of large refineries, tanks and products stored in refineries and oil scaffolding, lack of investment and the numerical reduction of skilled workforce, the closure of more than 25% of the extraction oil-wells have made the country's oil production continuously decreasing from 6,610 million tons in 1938, to only 3,525 million tons in 1944. The war damages added to the confiscation by the Soviet authorities of 50,678 tons of oil equipment and machinery, drilling and extraction materials, means of transport, including those from the repair workshops which, between September and December 1944, were dismantled and transported to the USSR, being considered war trophies for delivering petroleum products to the German army.

4. The period 1945-1948 (the restoration of oil industry potential)

After WW2, 26 companies still activated in the Romanian oil extraction industry: 19 foreign companies, which accounted for 86% of the total production, and 7 Romanian companies, which made the remaining 14% of the country's crude oil production⁸².

The recovery program had a direct reference to the number and quality of installations and materials for the oil exploration and exploitation drilling, to the commissioning of new oilfields, to the need for reconstruction of severely damaged refineries with worn out installations, and many of them decommissioned by their takeover by the Soviet Union; all of these were in need of important financial resources that were missing, although in January 1945, through Law no. 655, the "National Restoration Loan" was launched, which was not followed by beneficial effects however⁸³. Parallel to launching this program to restore the Romanian economy, in general,

⁸² Ionescu, D., Ivănescu, I., 'The evolution of the Romanian oil industry after the First World War until today', in "Oil and Gas Journal", no. 9-10, festive edition, sept-oct. 1957.

⁸³ *Ibidem*.

and the oil industry, especially, on the political and economic realm there was an almost total assimilation of the country by the Soviet Union⁸⁴.

In January 1945 were established the obligations imposed on Romania to pay a six-year (1944-1950) debt of US \$ 300 million to the USSR, representing the payment of "war reparations" claimed to Romania under art. 11 of the Armistice Convention. The largest share of this debt was represented by oil products (\$ 150 million) and oil equipment (\$ 20 million) (Buzatu, 1998). In the same scope falls the initiative, materialized in the Decree-Law of August 1, 1945, for the construction of a main pipeline on Făurei-Brăila-Galați-Reni route in order to accelerate the traffic of petroleum products to the USSR. We must point out that the realization of this pipeline was made by decommissioning an existing pipeline on Ploiești-Teleajen-Giurgiu route and that our country has borne all the construction expenses amounting to 3,800,000,000 lei (Buliga *et.al.*, 2014).

At the same time, in 1945, the deliveries of Romanian oil to the USSR, recorded the following values: on behalf of art. 10 and 11 of the Armistice Convention - 418,254 t and 2,541,592 t, respectively (i.e. 94% of the total exports), and behalf of the Romanian Soviet Trade Agreement on May 8, 1945 - 181,948 t (i.e. 5.79% of the total exports); hence the conclusion that in 1945 the entire Romanian export of petroleum products has been routed to the USSR (ROM, 1900-1948). The same route will be taken by Romanian oil products during 1946: out of a total export of 2,270,631 tons, in the Soviet Union were delivered 2,166,108 t, and the rest of approx. 77,000 t went to Czechoslovakia, Poland, Hungary and Switzerland (ROM, 1900-1948).

The year 1947, which we could call the "*final year of the Romanian oil industry based on private capital*", did not complete the period of restoration, with all the aggressive intervention of the communist power. By the nationalization of the Romanian and foreign oil companies from June 11, 1948, it was the first step towards the absolute direction and control by the State of the Romanian oil industry. The nationalization of industrial and, in particular, oil companies was the clear signal of Romania's political, economic and informational isolation, with all its political, economic and social consequences, at least until 1964 .

Conclusions

Between 1918 and 1948, past historical vicissitudes and economic crises have made that productions in the extractive industries developed in leaps and bounds, often with periods of recovery or decline. The general economic impetus of Romania after 1924, influenced by the favorable external situation, led to the commissioning of new deposits, the increase in the number of mining, oil and gas companies, of their equipment and technical level, as well as of modernization of preparation facilities.

Between the two World Wars, the mining, oil and gas industries in Romania has progressed a lot, gaining a number of technical achievements that have reflected in increased yield and reduced production costs. In the mining laws of this period, oil-related gas was given no attention, unlike oil, which played an increasingly important role, in direct relation to the increase of its significance in the modern age and, hence, the huge capitals drawn in this industry, especially from foreign companies. Thus, for the first time, the stipulations on oil were seen in some articles of the Law of 1895. Then, special Oil Laws were drawn up and timid introduction of natural gas specification began. This is the case with the Laws of 1924, 1929 and 1937 which, although called "Mines Law", were, by excellence, "Oil Laws".

⁸⁴ Thus, on May 8, 1945, an additional agreement was signed for the delivery of petroleum products to the USSR, an agreement which prefigured, under conditions imposed and accepted by the Romanian side, the establishment of the famous SOVROMs, starting with the SOVROM-Petrol Society (on July 17, 1945), by which the Romanian oil industry was left at the Russian control.

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