

Bulgarian Court Supports LUKoil

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SOFIA — LUKoil's Bulgarian refinery can continue operating until a final ruling is given on a tax dispute with the customs office, a top Bulgarian court ruled Wednesday.

Bulgaria's Supreme Administrative Court upheld a previous court ruling that allowed the 142,000 barrels-per-day refinery to restart work after the customs office stripped it of key licenses blocking its processing and sales at the end of July.

A court session on the tax dispute is scheduled for Aug. 31.

The revocation of the licenses, followed by a probe into allegations of abuse of a dominant market position, is part of the Bulgarian government's efforts to boost transparency in the fuel market. It also indicates a deepening rift with Russia over energy.

The actions aimed at LUKoil, which many in the poorest European Union state blame for high fuel prices, are likely to boost support for the center-right government ahead of October local and presidential elections.

They are also meant to show Brussels that the cabinet of Prime Minister Boyko Borissov, urged to work harder to fight high-level corruption, is willing to impose strict rules.

Sofia and LUKoil have indicated that a solution is likely to be found because the oil major is the Balkan country's key fuel provider and taxpayer and has invested more than \$1.7 billion in its operations there since 1999.

The Burgas refinery provides about 70 percent of the fuels on the local market, secures jobs for about 6,000 people and its payments to the state budget for the first six months make up 13 percent of all tax revenues.

It is the only jet fuel supplier for Bulgaria's airports and its temporary shutdown forced the government to release jet fuel stocks from state reserves.

The customs office stripped the refinery of its tax fuel depot licenses after it failed to install on time product metering designed to let customs officers monitor its output and calculate taxes and excise duties precisely.

The oil plant has pledged to have the meters installed by December and argued that the government's deadline was unrealistic, given the complexity of its facilities. It appealed against the revocation of the licenses.

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