

COVID-19: New measures for the petroleum market

4 May 2020

Background

Whilst the COVID-19 outbreak continues have implications for a wide range of energy markets including electricity, gas and renewables, its impact on the petroleum market is particularly severe through preventing people and goods from moving around and consequently causing a significant decrease in demand for transport fuels. As companies and heavy industries were forced to close down or suspend their operations due to social distancing measures, the economic forecasts for businesses operating under petroleum market licences seem gloomy.

In our previous COVID-19 updates, we have discussed the consequences of the outbreak on the regulatory obligations of the **petroleum** market licence holders, in addition to the **electricity** and **natural gas** market licence holders, by referring to the already governed force majeure provisions under the relevant regulations.

As we anticipated in our previous **alert**, the Ministry of Energy and Natural Resources (**Ministry**) has now acted and on 29 April 2020 made an announcement (the **Announcement**) introducing certain measures with respect to the regulatory obligations of the exploration and production licence holders (the **Licence Holders**) in an attempt to provide temporary relief to the petroleum market players and to ensure the continuing security of energy supply.

The Ministry's Announcement on the extension of certain deadlines

With its Announcement, the Ministry introduced the following measures for the Licence Holders.

(a) extension of deadlines for fulfilling certain obligations as follows:

	Obligation	Original Deadline	New Deadline
March 2020 Period	state share (<i>devlet hissesi</i>) payments	30 April 2020	31 July 2020
	submission of declarations	30 April 2020	20 July 2020
April 2020 Period	state share (<i>devlet hissesi</i>) payments	31 May 2020	31 August 2020
	submission of declarations	31 May 2020	20 August 2020
May 2020 Period	state share (<i>devlet hissesi</i>) payments	30 June 2020	30 September 2020
	submission of declarations	30 June 2020	20 September 2020

- (b) extension of deadlines for the performance of regulatory obligations of the Licence Holders for six months.

Conclusion

In light of the recent steps taken by the Turkish government to reduce the impact of the COVID-19 outbreak, we suggest that Licence Holders continue to monitor the Ministry's announcements closely in anticipation of new measures, in particular where the deadlines of further financial obligations may be subject to postponement.

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