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EXTRAORDINARY

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**PART I : SECTION (I) — GENERAL**

**Government Notifications**

L.D.-B 5/2022

**PETROLEUM PRODUCTS (SPECIAL PROVISIONS) ACT, No. 33 OF 2002**

REGULATIONS made by the Minister of Power and Energy under Section 7 of the Petroleum Products (Special Provisions) Act, No. 33 of 2002 read with Sections 5 and 6 of that Act on the advice and recommendation of the Committee appointed under section 3 of that Act.

**KANCHANA WIJESKERA,**  
Minister of Power and Energy.

Colombo,  
10th July, 2023.

**Regulations**

1. These regulations may be cited as the Petroleum Products Licensing Regulations No.1 of 2023.
2. These regulations shall apply to an applicant and any person or body of persons issued with a license under these regulations to import, export, sell, supply or distribute petroleum in Sri Lanka under section 5 of the Act.

**PART I**

**CONDITIONS FOR GRANTING A LICENCE**

3. (1) Any person or body of persons may make an application in terms of these regulations to the Secretary to the Ministry of the Minister (hereinafter referred to as the “Secretary”) to obtain a licence under section 5 of the Act.



(2) An application under sub-regulation (1) shall be substantially in the Form specified by the Secretary.

(3) Every application under sub regulation (1) shall be accompanied with a proposal which confirms, the financial and technical capacity of the person or body of persons who makes an application under sub regulation (1) (hereinafter referred to as the “applicant”) to carry out the importation to Sri Lanka, exportation from Sri Lanka or sell, supply or distribute in Sri Lanka, of petroleum, in the interest of the requirements of the petroleum sector and the national economy.

4. In considering the application and the proposal referred to in sub regulations (1) and (3) of regulation 3, a proper evaluation and due diligence shall be carried out by the Committee appointed under section 3 of the Act (hereinafter referred to as the “Committee”), based on the industry standards relating to the financial and technical capacity of the applicant to carry out the importation, exportation, sale, supply or distribution of petroleum.

5. Where the Minister grants a licence to an applicant in terms of section 5 of the Act, to import to Sri Lanka, to export from Sri Lanka or to sell, supply or distribute in Sri Lanka, of petroleum, (hereinafter referred to as the “licensed activity”) such applicant shall, prior to the commencement of the licensed activity –

- (a) if the applicant is not a company incorporated under the Companies Act, No. 07 of 2007, take steps to incorporate as a company under that Act;
- (b) comply with the requirements under the Board of Investment of Sri Lanka Law, No. 4 of 1978 and the regulations made thereunder; and
- (c) enter into a contract with any other Authority specified by the Committee taking into consideration the activity for which the licence is granted.

6. The licence granted by the Minister shall specify the licensed activity, the applicant has been authorized to carry out under such licence.

7. Every applicant granted a licence (hereinafter referred to as the “licensee”) shall carry out the licensed activity subject to the conditions specified under these regulations and amendments made thereto from time to time.

## PART II

### GENERAL CONDITIONS APPLICABLE TO A LICENSEE

8. The licensee may obtain infrastructure facilities from the Ceylon Petroleum Storage Terminals Limited, a public company duly incorporated under the paragraph (ii) of subsection (2) of section 2 read with subsection (2) of section 3 of Conversion of Public Corporations or Government Owned Business Undertaking into Public Companies Act, No. 23 of 1987 and registered under the Companies Act, No. 07 of 2007, adhering to the terms and conditions specified in the contract entered under paragraph (c) of regulation 5.

9. (1) Every licence shall –

- (a) be valid for a period of twenty (20) years, upon payment of a licence fee of Two Million United States Dollars (USD 2,000,000);
- (b) be non- transferable; and
- (c) be renewable.

(2) Every licensee shall pay the licence fee of Two Million United States Dollars (USD 2,000,000) in each and every year on or prior to the date specified by the Secretary.

(3) Where a licensee fails to pay the licence fee referred to in paragraph (a) of sub regulation (1) on or prior to the date specified by the Secretary, the licence granted to such licensee shall be cancelled by the Minister with effect from that date.

(4) (a) Where a licensee breaches any condition of the licence, such licence may be suspended by the Secretary with reasons assigned therefore.

(b) The Secretary shall notify the suspension referred to in paragraph (a), to the licensee stating the date of such suspension and shall require the licensee to take corrective measures within the period specified in such notice.

(c) Upon taking the corrective measures by the licensee and where the Secretary is satisfied with such measures, the Secretary may withdraw the suspension.

10. (1) Any licensee who intends to renew a licence for a further period, shall make an application to the Secretary in the Form specified by the Secretary, not less than six (6) months prior to the date of expiry of such licence.

(2) Every application for renewal of licence shall be accompanied with a proposal in accordance with sub regulation (3) of regulation 3.

(3) The provisions of regulation 4 shall apply in respect of granting of renewal of licence under this regulation.

11. Every licensee shall ensure that the rights of the consumers are protected and the directions or guidelines issued on the consumers by the Government based on the decision of the Cabinet of Ministers titled “Empowering consumers of petroleum products by establishing their rights and obligations as well as handling complaints and resolving disputes” dated March 29, 2021 and amendments made thereto from time to time are adhered to in carrying out the licensed activity.

12. Every licensee shall be subject to the provisions of every written law applicable to the licensed activity carried out by the licensee and every written law applicable to the licensee including the Import and Export (Control) Act, No. 1 of 1969, the Foreign Exchange Act, No.12 of 2017 and the Inland Revenue Act, No. 24 of 2017.

### PART III

#### SPECIAL CONDITIONS APPLICABLE TO CERTAIN LICENSEES

13. Every licensee shall distribute the petroleum in respect of which the licence has been granted in compliance with the standards and procedures specified by the Government of Sri Lanka from time to time.

14. Any licensee granted a licence to export petroleum shall carry out such activity subject to the special conditions specified in such licence.

### PART IV

#### GENERAL

15. In these regulations –

“Act” means the Petroleum Products (Special Provisions) Act, No. 33 of 2002.

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