

Sri Lanka signs Contract Agreement with Sinopec to Secure Fuel Supply



Exchanging of the agreement by Chen Chengmin, Managing Director of Fuel Production and Marketing Department of Sinopec Company and Secretary of the Ministry of Power and Energy M.P.D.U.K. Mapa Pathirana in the presence of President Ranil Wickremesinghe and other officials.

In a significant move to address Sri Lanka’s fuel supply challenges, an agreement was signed with Sinopec, a leading international petroleum company. The agreement marks a crucial step in ensuring the nation’s steady and uninterrupted fuel supply. The agreement marks a crucial step in ensuring the nation’s steady and uninterrupted fuel supply. The signing ceremony took place at the Presidential Secretariat, with representatives from both Sri Lanka and Sinopec in attendance.

Secretary of the Ministry of Power and Energy M.P.D.U.K. Mapa Pathirana and Chen Chengmin, Managing Director of Fuel Production and Marketing Department of

Sinopec Company, signed the agreement in front of the President. On the Sri Lanka side, the Secretary of the Ministry of Power and Energy, the Chairman & Managing Director of the Ceylon Petroleum Corporation, and the Chairman of the Ceylon Petroleum Storage Terminals participated. Sinopec, representatives from Sinopec Fuel Oil Lanka, Sinopec Fuel Oil Sales Co (People's Republic of China), and Sinopec Fuel Oil (Singapore) were present to formalize the agreement.

In response to the on-going foreign exchange crisis in Sri Lanka, the Ministry of Power and Energy has taken this decisive action to ensure an uninterrupted fuel supply to consumers. With the inability to provide sufficient foreign exchange for fuel shipments, the Ceylon Petroleum Corporation (CPC) and Lanka Indian Oil Company (LIOC) faced significant challenges. To tackle this issue, the Ministry explored various strategies and one of them involved inviting Expression of Interests (EOIs) from reputable petroleum companies established in producing countries. The goal was to import, store, distribute, and sell Petroleum Products in predetermined Distribution Dealer operated Networks in Sri Lanka. The Cabinet of Ministers approved this initiative.

One of the key requirements for new retail suppliers entering the market was their ability to secure forex requirements without depending on the domestic banking sector. It was mandated that these companies source their own funds for fuel procurement through foreign sources, at least during the initial one-year period of operation.

After receiving EOIs, the shortlisted companies were invited to submit detailed proposals in response to a Request for Proposal (RFP) document. The Cabinet Appointed Special Committee (CASC) and the Technical Evaluation Committee (TEC) thoroughly scrutinized the proposals and recommended awarding contracts to the following companies, subject to negotiations:

M/s Sinopec Fuel Oil Lanka (Private) Limited, F5, Hambantota Maritime Center, Mirijjawila, Hambantota, Sri Lanka

M/s United Petroleum Pvt Ltd, 600 Glenferrie Rd, Hawthorn, Victoria 3122, Australia

M/s RM Parks, 1061 N. Main St, Porterville, CA 93257, USA, in collaboration with Shell PLC

The Cabinet of Ministers, considering the recommendations made by the CASC and

the Committee Appointed by the Cabinet, approved to award the contracts to the selected suppliers.

Sinopec, along with its affiliated companies, is set to commence operations in Sri Lanka within 45 days following the issuance of the license. This development brings hope for a more stable and reliable fuel supply, boosting the country’s energy sector and providing assurance to consumers.

Minister of Power and Energy Kanchana Wijesekera, State Ministers D.V. Chanaka, Indika Anuruddha, Shehan Semasingha, President’s Senior Advisor on National Security and Chief of Staff Sagala Ratnayake, President’s Secretary Saman Ekanayake, Central Bank Governor Dr. Nandalal Weerasinghe, Chinese Ambassador Qi Zhenhong and representatives of Sinopec Oil Lanka, Sinopec China and Sinopec Singapore were present on this occasion.



Chen Chengmin, Managing Director of Fuel Production and Marketing Department of Sinopec Company; a representative from Sinopec; Chinese Ambassador Qi Zhenhong; President Ranil Wickremesinghe; Minister of Power and Energy Kanchana Wijesekera; State Minister of Finance Shehan Semasinghe; State Minister of Power and Energy D.V. Chanaka; President’s Senior Advisor on National Security and Chief of Staff Sagala Ratnayake; State Minister of Power and Energy Indika Anuruddha; and Secretary of the Ministry of Power and Energy M.P.D.U.K. Mapa Pathirana.



President’s Senior Advisor on National Security and Chief of Staff Sagala Ratnayake and Minister of Power and Energy Kanchana Wijesekera.



Chinese Ambassador Qi Zhenhong and President’s Senior Advisor on National Security and Chief of Staff Sagala Ratnayake.



Chen Chengmin, Managing Director of Fuel Production and Marketing Department of Sinopec Company; a representative from Sinopec; Chinese Ambassador Qi Zhenhong; President Ranil Wickremesinghe; Minister of Power and Energy Kanchana Wijesekera; State Minister of Finance Shehan Semasinghe; State Minister of Power and Energy D.V. Chanaka; President’s Senior Advisor on National Security and Chief of Staff Sagala Ratnayake; State Minister of Power and Energy Indika Anuruddha; and Secretary of the Ministry of Power and Energy M.P.D.U.K. Mapa Pathirana.