

PROCLAMATION NO. -----/2024

A PROCLAMATION ISSUED TO PROVIDE FOR THE MARKETING SYSTEM OF PETROLEUM PRODUCTS

WHEREAS, petroleum products are strategic for economic and social development and ensuring their supply, storage, distribution, safety, quality and price in compliance with accepted international safety and quality standards is essential to safeguard human and Animal health, property and the environment;

WHEREAS, it has become necessary to create a conducive environment to control illegal activities in the value chain of petroleum products from the importer to the end user by establishing a modern, effective, transparent, reliable, equitable and accessible supply, distribution and retailing transaction system;

WHEREAS, ensuring the required competence of institutions and professionals engaged in the sector in accordance with the prevailing international practice is essential to promote safe and legal marketing of petroleum products;

NOW, THEREFORE, in accordance with Article 55(1) of the Constitution of the Federal Democratic Republic of Ethiopia, it is hereby proclaimed as follows.

PART ONE

GENERAL

1. Short Title

This Proclamation may be cited as the “Petroleum Products Marketing Proclamation No./2024.”

2. Definitions

In this Proclamation, unless the context otherwise requires:-

- 1/ **“Petroleum Products”** means organic compounds, pure or blended, which are derived from refining or processing of crude oil, bio-fuel or synthetic fuel and includes Benzene, Kerosene, Diesel, Light and Heavy Diesel oils, Jet fuel and others;
- 2/ **“Blending”** means an activity of legally mixing petroleum products with biofuel or other petroleum products according to a legally approved facility and set quality standards to obtain better economic and environmental benefits;
- 3/ **“Adulteration”** means illegally mixing low-price petroleum products with other fuel products, or with other things that may compromise the set quality level In order to gain an unfair advantage due to the difference in price;
- 4/ **“Storage”** means depositing petroleum products with their quality standard in a fixed storage depot;
- 5/ **“Transporting”** means delivering of petroleum products, using different means of transportation, from a depot facility located outside Ethiopia to a depot facility located in the country, or from a storage facility located in the country to distributors, fuel stations or direct users;
- 6/ **“Marketing Chain”** means the network comprising the relationship of market actors across the line from buying and importing petroleum products from abroad to retail business, and their interaction with regulatory bodies;
- 7/ **“Market Actor”** means a person who is issued a business license to import, blend, transport, store, distribute or retail petroleum products or undertake other related activities;
- 8/ **“Importer”** means the Ethiopian Petroleum Supply Enterprise or any other person permitted to import petroleum products in accordance with the law;
- 9/ **“Distributor”** means any person who buys petroleum products from an importer and sells in bulk to fuel stations or direct users;
- 10/ **“Fuel Station”** means any person who buys petroleum products from a distributor and sells in retail to the end users;
- 11/ **“Direct User”** means a person who is granted a permit to buy petroleum products in bulk from a distributor and use them for the consumption of his approved project or government enterprise;

- 12/ **“End User”** means a person who buys petroleum products at retail and uses them for his own consumption;
- 13/ **“Digital Payment System”** means selling and buying petroleum products by electronic means;
- 14/ **“Certificate of Competence”** means a written evidence granted to a market actor witnessing his professional ability to import, blend, transport, store, distribute or retail petroleum products or undertake such other similar activities for commercial or non-commercial purposes;
- 15/ **“Petroleum Infrastructure”** means any infrastructure used to import, blend, transport, store, distribute, retail or undertake such other related activities of petroleum products;
- 16/ **“Construction”** means the construction of petroleum infrastructure, excluding the construction of related buildings;
- 17/ **“Ministry”** means the Ministry of Trade and Regional Integration;
- 18/ **“Authority”** means the Petroleum and Energy Authority;
- 19/ **“Region”** means any state referred in Article 47 of the Constitution of the Federal Democratic Republic of Ethiopia, and for the purpose of this Proclamation includes the Addis Ababa and Dire Dawa city Administrations;
- 20/ **“Relevant Body”** means an office authorized to administer trade in a region;
- 21/ **“Person”** means any physical or juridical person;
- 22/ Any expression in the masculine gender includes the feminine.

3. Scope of Application

- 1/ This Proclamation shall be applicable on the marketing and market actors of petroleum products in Ethiopia.
- 2/ Notwithstanding the provisions of sub-Article (1) of this Article, this Proclamation shall not be applicable to petroleum exploration and development operations and its transportation and storage within the development area, as well as on the supply of petroleum products for military service.

PART TWO

OBLIGATIONS OF MARKET ACTORS

4. Obligations of an Importer

Any importer shall have the following obligations to:-

- 1/ Prepare annual procurement plan of petroleum products based on the demand of the country and import, store and sale same to distributors;
- 2/ Ensure that imported petroleum products are in compliance with international petroleum agreements and the national quality standard requirements of the country;
- 3/ Verify the quality and quantity of petroleum products to be loaded, and issue a shipping order and loading documents to the carrier when requested to load them from the port of origin or its depots;
- 4/ Keep data and submit reports to the Authority regarding the type, quantity and purchase price of petroleum products daily loaded from the port of origin or its depots;
- 5/ Sell price regulated petroleum products at the rate set by the appropriate government body;
- 6/ Keep data regarding his activities and submit reports to the Authority in writing or through other established electronic communication systems; and
- 7/ Observe such other related obligations determined by directives issued hereunder.

5. Obligations of Ethiopian Petroleum Supply Enterprise

Ethiopian Petroleum Supply Enterprise shall, in addition to the obligations specified under Article 4 of this Proclamation, have the following obligations to:-

- 1/ Store and administer national reserve of petroleum products based on the direction of the Authority;
- 2/ Notify to the Authority the amount of petroleum products necessary for distribution when the supply is reduced or disrupted due to the delay of ships or other reasons and distribute same upon approval and cause the reinstatement of such reserve;
- 3/ Upgrade its storage and loading capacity based on annual demand growth of petroleum products of the country.

6. Obligations of a Distributer

Any distributor shall have the following obligations to:-

- 1/ Commence operation with a depot that can store at least five hundred thousand liters of petroleum products and four fuel stations, and construct additional six fuel stations

within three years from the date of the issuance of Certificate of Competence if he is a beginner;

- 2/ Construct a depot that can store at least five hundred thousand liters of petroleum products and four fuel stations within two years from the effective date of this Proclamation and to have additional six fuel stations within the following three years if it is an existing distributor;
- 3/ Refrain from committing adulteration and any other activities that degrade the quality of petroleum products;
- 4/ Distribute petroleum products in wholesale to fuel stations and direct users;
- 5/ Sell price regulated petroleum products at the rate set by the appropriate government body;
- 6/ Ensure that the carrier has unloaded petroleum products at the premises of the desired destination;
- 7/ Follow up that any fuel station working under it has properly delivered petroleum products to end users;
- 8/ Keep data regarding petroleum products loaded, distributed and remaining at its petroleum depots and submit report to the Authority in writing or through other established electronic communication systems; and
- 9/ Observe such other related obligations determined by directives issued hereunder.

7. Obligations of Fuel Stations

Any fuel station shall have the following obligations to:-

- 1/ Obtain a certificate of competence for each fuel station upon the fulfillment of the requirements of the Authority;
- 2/ Cause the regular inspection of the equipment used to retail petroleum products and operate by fulfilling other materials determined by directives issued hereunder;
- 3/ Refrain from any act that may distort the measurement of recording devices of petroleum products verified by the relevant government body;
- 4/ Buy and receive petroleum products only from the contracting distributor, unload them at the fuel station and provide appropriate information to the carrier, the distributor and the authority or the appropriate body in writing or through the established electronic communication system;

- 5/ Refrain from committing adulteration and any other acts that degrade the quality of petroleum products and sell them to the end users in a retail trade;
- 6/ Sell price regulated petroleum products at the rate set by the appropriate government body;
- 7/ Provide uninterrupted twenty-four hours service to the end users;
- 8/ Keep data related to the marketing of petroleum products and provide to the Authority or the Relevant Body upon request; and
- 9/ Observe such other related obligations determined by directives issued hereunder.

8. Obligations of the Carrier

Any carrier of petroleum products shall have the following obligations to:-

- 1/ Cause the inspection of the means of transportation by an appropriate government body and hold a valid calibration certificate;
- 2/ Refrain from carrying any other cargo except petroleum products;
- 3/ Carry the shipping and cargo documents provided by the importer, transport only at the permitted route and show the documents when requested by regulatory bodies;
- 4/ Transport and deliver petroleum products at the premises of the desired destination according to the contract made with the Distributer;
- 5/ Notify to the Authority or the Relevant Body and perform according to the direction given to him where he faces any conditions that prevent him to perform in accordance with the contract or any other problem during the transportation process;
- 6/ Keep data related to the transportation of petroleum products and submit reports to the Authority or the Relevant Body in writing or through other established electronic communication systems; and
- 7/ Observe such other related obligations determined by directives issued hereunder.

9. Obligations of Direct Users

Any direct user shall have the following obligations to:

- 1/ Submit an application to the Authority and obtain permission of direct user upon the fulfillment of the requirements specified by directives issued in accordance with this proclamation hereunder;

- 2/ Buy the permitted type and amount of petroleum products from a distributor and use them only for the purpose of the permitted project or government enterprise;
- 3/ Keep data regarding the utilization of petroleum products and submit a report to the Authority in writing or through other established electronic communication system within a period specified by directives issued hereunder;
- 4/ Notify to the Authority and its distributor in writing or through other established electronic communication systems and return the permit to the Authority when he ceases to be a direct user due to any reason;
- 5/ Comply with other terms and conditions of use specified by directives issued in accordance with this proclamation hereunder.

PART THREE

REGULATORY BODIES, CERTIFICATES OF COMPETENCE AND construction PERMITS

10. Powers and Duties of the Authority

Without prejudice the powers and duties given by other laws, the Authority shall have the powers and duties to:-

- 1/ Classify fuel stations as large, medium and small level by setting the criteria of competence taking users and the environment in to account and determine their establishment and working area based on such level;
- 2/ Issue a certificate of competence and a construction permit to market actors ensuring the fulfillment of the requirements specified in this Proclamation, regulations and directives issued in accordance with this proclamation hereunder;
- 3/ Issue a construction permit to a distributor for the construction of depots and fuel stations to be constructed pursuant to sub article (1) and (2) of Article 6 of this Proclamation upon the review and approval of a project study and action plan prepared by a legally licensed consultant and follow-up its implementation;

- 4/ Ensure that safety precautions necessary to protect the health and safety of the community and the environment are met in the marketing chain by consulting with the relevant executive bodies when examining applications for certificate of competence or construction permit;
- 5/ Notify the importer the annual supply ceiling of petroleum products based on the study of the country's demand, follow-up the procurement process and its delivery into the port terminal according to the schedule;
- 6/ Put in place alternative marketing frameworks;
- 7/ Establish a controlling system for the marketing of petroleum products, Develop and implement contractual agreements and reporting formats of market actors and oversee their implementation;
- 8/ Take administrative measures against any market actor who has committed an illegal act in accordance with this Proclamation, regulations and directives issued in accordance with this proclamation hereunder;
- 9/ Carry out studies and research activities to enhance the development of the downstream petroleum industry, and implement same upon approval;
- 10/ Prepare and submit draft directives to the Ministry and follow-up their enforcement upon approval;
- 11/ Charge fees for the services it renders in accordance with the rate determined by the regulation of the Council of Ministers;
- 12/ Perform other related activities necessary for the marketing of petroleum products.

11. Powers and Duties of the Relevant Body

The Relevant Body shall have the following powers and duties to:-

- 1/ Collect organize and disseminate to the concerned bodies the amount of petroleum products that the carrier received from the Distributor and unloaded to the fuel stations as well as other relevant information of the sector;

- 2/ Control whether petroleum products are transported, distributed and sold in accordance with the retail price set by the relevant government body;
- 3/ Ensure that fuel stations provide service to the end users in accordance with their demand and the price they pay;
- 4/ Give a written permission when it is deemed necessary to sell petroleum products in a barrel or similar containers at a place where there is no accessible fuel Stations, and control that its implementations carried out in accordance with directives issued in accordance with this proclamation;
- 5/ Control that petroleum products delivered to end users are not adulterated and take measures in accordance with the law where substandard products are delivered;
- 6/ Assign competent inspectors and control the marketing of petroleum products in the region;
- 7/ Collect, analyze and organize data relating to the marketing of petroleum products in the region, submit same to the appropriate body and follow-up its implementation upon approval;
- 8/ Exchange information with the Authority regarding the marketing of petroleum products;
- 9/ Perform such other activities related to the marketing of petroleum products in the Region.

12. Issuance of Certificate of Competence

- 1/ No person can engage in the marketing of petroleum products without having a valid certificate of competence issued in accordance with this Proclamation.
- 2/ Any person who desires to engage in the marketing of petroleum products may file a written application to the Authority requesting a certificate of competence upon the fulfillment of the necessary requirements.
- 3/ The procedure for the submission, evaluation, acceptance and rejection of an application, as well as the conditions to be met, the information and evidence required shall be determined by directives issued in accordance with this proclamation .

- 4/ The Authority shall issue the requested certificate of competence within 30 (thirty) working days from the receipt of the application when it is satisfied that the application is complete in accordance with sub-article (2) and (3) of this Article.
- 5/ The Authority shall explain the reason in writing to the applicant within 30 (thirty) working days from the receipt of the application If it rejects the application for the request of the certificate of competence.

13. Validity and Renewal of Certificate of Competence

The period validity as well as the conditions for the validity and renewal of the certificate of competence granted to any market actor shall be determined by directives issued in accordance with this proclamation.

14. Transfer of Certificate of Competence

Certificate of competence may not be transferred to another person unless the authority approves in writing.

15. Suspension or Cancellation of Certificate of Competence

- 1/ A certificate of competence shall be suspended until the market actor corrects the deficiencies if he has violated the provisions of this Proclamation or any other law relating environmental protection, community safety, the minimum storage capacity and the number of fuel stations required under the distributor, the quality standard of petroleum products, established marketing system, tax evasion or any other obligations.
- 2/ The Authority shall notify the market actor in writing the reason for the suspension of the certificate of competence and the corrective measures to be taken within a reasonable period of time.
- 3/ The authority shall withdraw the suspension if the market actor submits an application for the lifting of the suspension by correcting the deficiencies within the prescribed period of time.
- 4/ The Authority shall cancel the certificate of competence if the market actor failed to correct the deficiencies within the prescribed period of time.

16. Issuance of Construction Permit

- 1/ No market actor can undertake construction work of petroleum infrastructure without having a valid construction permit issued in accordance with this Proclamation; however a construction permit is not required for regular maintenance works in an existing petroleum facility.
- 2/ A market actor who desires to have a construction permit may file the application form prepared by the Authority with the following annexes:-
 - a) Petroleum Infrastructure Project Study and its Action Plan;
 - b) An environmental impact assessment study approved by the appropriate environmental protection Authority;
 - c) The study of social benefits and economic viability of the petroleum infrastructure;
 - d) Construction plans and specifications;
 - e) Where it is a pipeline construction, the Plan indicating the departure and destination as well as the land use permit issued by the appropriate government body;
 - f) Other particulars specified in the regulations and directives issued in accordance with this proclamation.
- 3/ The Authority shall issue the requested construction permit within 30 (thirty) working days from the receipt of the application when it is satisfied that the application is complete pursuant to sub-article (2) of this Article.
- 4/ The Authority shall explain the reason in writing to the applicant within 30 (thirty) working days from the receipt of the application if it denies the requested construction permit.

17. Suspension or Cancellation of Construction Permit

- 1/ The Authority may suspend the construction permit when it is satisfied that the obligations specified in this Proclamation, regulations and directives issued in accordance with this proclamation or the conditions in the construction permit are not complied with.

- 2/ The Authority shall notify the market actor in writing the reason for the suspension of the permit and the corrective measures to be taken within a reasonable period of time.
- 3/ The Authority shall withdraw the suspension if the market actor submits an application for the lifting of the suspension by correcting the deficiencies within the prescribed period of time.
- 4/ The Authority shall cancel the construction permit if the market actor failed to make the required corrective measures within the prescribed period of time or if the construction work is not started within 12 (twelve) months from the issuance of the permit.

PART FOUR

MISCELLANEOUS PROVISIONS

18. Digital Marketing System

- 1/ Any market actor shall make the transaction payment of petroleum products through the digital payment system recognized by the Authority.
- 2/ Any market actor shall implement the digital marketing system that the authority introduces and announces through public notice from time to time.

19. Retailing of Petroleum Products in Areas Where Fuel Stations are not accessible

The retailing of petroleum products in areas where fuel stations are not accessible shall be determined by directive issued in accordance with this proclamation.

20. Informants

Payment shall be made for informants who expose illegal trade or contraband offenses; Particulars shall be determined in accordance with the regulation issued by the Council of Ministers.

21. Administrative Measures

- 1/ The Authority may suspend or cancel a certificate of competence or a construction permit of any market actor who violates the provisions of this Proclamation, regulations or directives issued hereunder.

- 2/ The Authority shall issue a written warning to any market actor who violates the provisions of this Proclamation, regulations or directives issued in accordance with this proclamation relating record keeping or reporting requirements for the first time; Failure to make the required corrections based on the written warning or committing a similar offense for the second time may cause the suspension or cancellation of a certificate of competence or a construction permit of the market actor.
- 3/ The business license of any existing market actor shall be cancelled if he failed to obtain a certificate of competence within six months from the effective date of this Proclamation upon the fulfillment of the prescribed requirements.
- 4/ The business license of any distributor shall be cancelled if he failed to construct a depot and fuel stations required under sub-article (1) and (2) of Article 6 of this Proclamation.
- 5/ The permit of any direct user shall be cancelled if it is found using petroleum products out of the purpose of his permit and is not allowed to apply for such permit for the next five consecutive years.
- 6/ Particulars for the suspension and cancellation of a certificate of competence or a construction permit under this Article shall be determined by regulations and directives to be issued following this proclamation.

22. Grievance Handling

- 1/ Any person who is aggrieved with the decision of any concerned official regarding matters covered in this Proclamation, regulations and directives issued in accordance with this proclamation may lodge his complaint in writing to the Head of the Authority or the Relevant Body, as appropriate, within 10 (ten) consecutive days from the rendering of such decision.
- 2/ The Head of the Authority or the Relevant Body shall notify his decision in writing to the aggrieved person within 15 (fifteen) working days from the receipt of the complaint.
- 3/ The complainant may lodge his complaint to the competent Court within 30 (thirty) consecutive days from the rendering of the decision if he is aggrieved by the decision of the Head of the Authority or the Relevant Body or if he has not received a written decision within the time limit specified under sub-article (2) of this Article.

23. Criminal Penalty

- 1/ Any person who has been found storing or selling petroleum products out of the permitted place, person or marketing system or in containers specified by directives to cause danger Shall, in addition to the confiscation of such products, be punished with simple imprisonment not exceeding three years and with fine from Birr fifty thousand to one hundred thousand.
- 2/ Any person who intentionally Adulterates petroleum products and delivers them for marketing shall be punished with rigorous imprisonment from three years to seven years and with fine from Birr one hundred fifty thousand to three hundred thousand.
- 3/ Any market actor who is found selling price regulated petroleum products above the determined rate shall be punished For the first offense with fine from Birr one hundred fifty thousand to three hundred thousand, and if he commits it repeatedly, he shall be punished with simple imprisonment not exceeding three years and with fine from Birr one hundred thousand to two hundred thousand.
- 4/ Any person who detached a plumb seal or distorted calibrated meter of petroleum products shall be punished with rigorous imprisonment from three years to seven years and with fine from Birr one hundred fifty thousand to three hundred thousand.
- 5/ Any person who has been found transporting or selling petroleum products without a calibration certificate or distorting the calibrated equipment shall, in addition to the confiscation of petroleum products, be punished with rigorous imprisonment from three years to seven years and with fine from Birr one hundred fifty thousand to three hundred thousand.
- 6/ A carrier who has been found transporting or unloading petroleum products outside the permitted route or facility or smuggling to a neighboring country shall, in addition to the confiscation of such products, be punished with rigorous imprisonment from three years to seven years and with fine from Birr one hundred fifty thousand to three hundred thousand.
- 7/ The owner of the carrier who is aware of the illegal transportation referred in sub-article (5) or (6) of this Article and fails to take appropriate measures to prevent or stop the commission of the act shall, in addition to the confiscation of the vehicle

with the petroleum products, be punished with rigorous imprisonment from three years to seven years.

- 8/ Any person who has been found selling petroleum products in areas where there is no fuel station without obtaining the written permission of the Relevant Body shall, in addition to the confiscation of such products, be punished with simple imprisonment not exceeding six months and with fine from Birr twenty five thousand to fifty thousand.
- 9/ Any person who opposes, obstructs or unduly influences the controlling process of the Authority or the relevant Body shall be punished with simple imprisonment not exceeding three years and with fine from Birr ten thousand to twenty thousand.
- 10/ A juridical person who violates the provisions of this Article shall be fined from Birr one hundred thousand to five hundred thousand.

24. Duty to Cooperate

Any person shall have the duty to cooperate for the enforcement of this Proclamation, regulations and directives issued in accordance with this proclamation.

25. Transitional Provisions

Any existing market actor shall apply to the Authority and obtain a certificate of competence within 6 (six) months from the effective date of this Proclamation.

26. Power to Issue Regulations and Directives

- 1/ The Council of Ministers may issue regulations necessary for the implementation of this Proclamation.
- 2/ The Ministry may issue directives necessary for the implementation of this Proclamation and regulations issued pursuant to sub-article (1) of this Article.

27. Repealed and Inapplicable Laws

- 1/ Petroleum and Petroleum Products Supply Operation Proclamation No. 838/2014 is hereby repealed.

2/ No law or customary practices shall, in so far as they are inconsistent with the provisions of this Proclamation, have effect on matters provided under this Proclamation.

28. Effective Date

This Proclamation shall enter into force upon the date of its publication in the Federal Negarit Gazeta.

Done at Addis Ababa on this____ day of ____/2024

SAHILEWORK ZEWDE

**PRESIDENT OF THE FEDERAL
DEMOCRATIC REPUBLIC OF ETHIOPIA**