

Federal Law No. 14 of 2017

ON TRADING IN PETROLEUM PRODUCTS

We Khalifa Bin Zayed Al Nahyan President of the United Arab Emirates,
Pursuant to the perusal of the Constitution;
Federal Law no. (1) of 1972 on Competencies of the Ministries and Powers of the Ministers and its amendments;
Federal Law no. (26) of 1981 on the Maritime Commercial Law and its amendments;
Federal Law no. (3) of 1987 on the promulgation of the Penal Code and its amendments;
Federal Law no. (35) of 1992 on the promulgation of the Criminal Procedure Law and its amendments;
Federal Law no. (19) of 1993 on the Delimitation of Maritime Zones in the UAE;
Federal Traffic Law no. (21) of 1995 and its amendments;
Federal Law no. (23) of 1999 on the Exploitation, Protection and Development of Living Aquatic Resources in the UAE State, its Implementing Regulation, and its amendments;
Federal Law no. (24) of 1999 on the protection and development of the Environment and its amendments;
Federal Decree-Law no. (1) of 2001 on guarding the land and sea borders of the State;
Federal Law no. (28) of 2001 concerning the establishment of Emirates Standardisation and Metrology Authority (ESMA), and its amendments;
Federal Law no. (23) of 2006 concerning Civil Defence;
Federal Law no. (24) of 2006 on Consumer Protection and its amendments;
Federal Decree-Law no. (2) of 2011 on the establishment of the National Emergency, Crisis and Disasters Management Authority;
Federal Decree-Law no. (6) of 2011 on the establishment of the General Authority for the Security of Ports, Borders and Free Zones and its amendments;
Federal Law no. (9) of 2011 concerning Land Transport;
Federal Law no. (2) concerning commercial companies;
Federal Law no. (8) of 2015 on Federal Law no. 8 of 2015 on the Federal Customs Authority;
Federal Law No. (19) of 2016 on combatting commercial fraud; and
Based on the proposal of the Minister of Energy and the consent of the Cabinet, the Federal National Council and the approval of the Federal Supreme Council,
Have issued the Following Law:

Article 1 - Definitions

In application of the provisions of the present Law, the following terms and expressions shall have the meanings assigned thereto, unless the context requires otherwise:

State: United Arab Emirates.

Ministry: Ministry of Energy.

Minister: Minister of Energy.

State Territory: It covers all the territory and maritime areas of the State, and the airspace above its territory and maritime areas, including free zones.

Marine areas: Inland water, territorial sea, exclusive economic zone and continental shelf, defined by the legislation in force in the State.

Competent Authority: The local authority having competence to issue the Trading Authorisation.

Concerned Entity: Any federal or local entity that is legally mandated to respond to accidents and emergencies in the State.

Trading: Entering, manufacturing, storing, packaging, transporting, marketing, distributing, offering for sale, selling, and purchasing petroleum products to the territory of the State or supplying them to third parties.

Illegal trading: Trading that takes place in violation of the provisions of this Law and the decisions issued by virtue thereof.

Trading Authorisation: The document issued by the competent authority, which authorises the trading of petroleum products in accordance with the provisions of this Law and the decisions issued thereunder.

License: The document issued by the competent authorities to permit the exercise of economic activities in the Emirate, based on the Trading Authorisation.

Committee: Committee regulating the trading of petroleum products.

Register: The special register prepared by the Ministry for trading.

Petroleum Products: hydrocarbon gas and petroleum derivatives. Crude oil shall not be considered among the petroleum products covered by the provisions of this law.

Hydrocarbon Gas: Hydrocarbons in their gaseous state, including without limitation: the petroleum derivatives that are produced or imported for circulation, natural, compressed and liquefied gas and the gas residues remaining from the process of separating crude oil, the waste disposal sites or any other source.

Petroleum Derivatives: Materials extracted from crude oil, including without limitation: gasoline, kerosene, gas oil (diesel), fuel oil, base oils and lubricants of various kinds, such as motor oils, industrial oils and grease, bitumen, liquefied petroleum gas (domestic), and biofuel.

Authorised Person: Natural or legal person having obtained a Trading Authorisation.

Means of transport: Any land, sea or air means used for trading.

Authority: Emirates Authority for Standardisation and Metrology.

Article 2 - Objectives of the Law

The present Law aims at achieving the following objectives:

- 1- Organising the trade of petroleum products.
- 2- Determining the conditions and procedures of trade of petroleum products.
- 3- Combating the practices intended to harm the national economy, the security and the environmental safety related to the present Law.

Article 3 - Scope of Application of the Law

1- The provisions of this law shall apply to the entire territory of the State, including free zones, special development zones and investment zones.

2- Any entity designated by a Cabinet Decision upon the proposal of the Minister in coordination with the competent authority shall be excluded from the provisions of this Law.

Article 4 - Licensing

1- No natural or legal person may trade petroleum products in the territory of the State unless he is authorised to do so.

2- The license shall be only issued based on the Trading Authorisation.

Article 5 - Trading

1- In coordination with the Competent Authority, the Minister shall issue the following:

a- The common conditions and procedures for the issuance of the Trading Authorisation.

b- The common conditions and procedures for the issuance of a permit of transportation among emirates.

c- The common conditions and procedures for registration in the Register.

d- The requirements and conditions of trading for each petroleum material.

e- Requirements and conditions related to the places of preservation, storage and manufacture of the petroleum products and the means of transportation thereof as well as the safety and security criteria applicable in the State.

2- The Competent Authority may add any additional conditions or procedures, without contradicting the conditions and procedures issued by virtue of the decision issued by the Minister.

Article 6 - Register

1- A register shall be created in the Ministry, in which the data of the authorised persons and the facilities and means of transportation through which the trading is made shall be recorded.

2- The Implementing Regulation of the present Law shall determine the form of the register, the data to be included therein, and the mechanism of registration.

3- The competent authorities shall provide the Ministry with the date of the licensees.

4- The fees due for the implementation of the provisions of this Article shall be prescribed by a Cabinet decision and based on a proposal of the Minister of Finance.

Article 7 - Competences of the Competent Authority

The Competent Authority shall have the following duties and powers:

1- Issuing the Trading Authorisation based on the recommendation of the Committee, in accordance with the conditions and requirements prescribed in the present Law and the decisions issued thereunder.

2- Verifying the compliance of the Authorised Person with the provisions of this Law and the decisions issued thereunder, including verifying the availability of conditions and requirements for the means of transport, warehouses, facilities and utilities belonging to the authorised person, that are used for trading, and verifying their compliance with the security and environmental safety standards.

3- Considering any application submitted to it by the authorised person regarding any amendment or change of the legal form of the establishment or the data of the Trading Authorisation.

4- Supervision and inspection of the Authorised Persons, to ensure their compliance with the provisions of this Law, the decisions issued thereunder, and the Trading Authorisation issued to them.

5- Any other duties that are necessary for the application of the provisions of this Law and the decisions issued thereunder.

Article 8 - Trading Organisation Committee

A committee called the "Committee for the Organisation of Trading of Petroleum Products" shall be formed in each emirate. The members of the Committee shall include representatives of the Ministry, the Ministry of the Interior, the Federal Authority for Land and Marine Transport, and the entities related to the trade of petroleum products in the Emirate.

Article 9 - Competences of the Trading Organisation Committee

The Committee shall have the following competences:

1- Studying the applications for issuance of the Trading Authorisations referred to it by the Competent Authority, verifying that such applications have met to the

conditions adopted in this regard, and giving the Competent Authority the recommendations it deems appropriate.

2- Verifying the fulfillment of the adopted security and environmental safety requirements by the means of transport, the means of manufacture and storage, and the establishments through which the trading will be done.

3- Any other duties assigned to it by the Competent Authority.

Article 10 - Trading Activities

1- The Trading Authorisations required for the exercise of the following activities shall be issued in accordance with the provisions of this Law:

a- Importing petroleum products from outside the State.

b- Distributing petroleum products.

c- Transporting petroleum products.

d- Selling and purchasing petroleum products.

e- Manufacturing petroleum products.

f- Marketing petroleum products.

g- Storing petroleum products.

h- Any other activity determined by the Competent Authority.

2- The term of the Trading Authorisation shall be of one year renewable for similar periods.

3- The licence shall contain a designation of the place where the Authorised Person will exercise the activity specified in the Authorisation, the petroleum products he is authorised to trade in, and any other conditions necessary in this respect.

Article 11 - Determination of Petroleum Products

Each emirate may specify the petroleum products the licensee may trade in according to the provisions of this Law.

Article 12 - Illicit Trading

The commission of any of the following acts shall be deemed as illicit trading:

1- Trading petroleum products in the territory of the State without a license issued by the Competent Authority.

2- Selling, buying or supplying to third parties or distributing or offering for sale any petroleum products that do not conform to the standard specifications approved by the Authority.

3- Possessing petroleum products in commercial quantities of unknown origin for distribution, sale or supply to third parties.

4- Procuring petroleum products from unauthorised persons or establishments, whether on a paid or unpaid basis.

5- Replacing the fuel tank of any means of transport or adding or modifying any such tank for the purpose of entering petroleum products to the State or for

distributing such products, or offering them for sale, or selling them, or supplying them to third parties without any licence.

Article 13 - Obligations of the Licensee

The Licensee shall comply with the following:

- 1- Registration in the register.
- 2- The conditions of the Trading Authorisation issued to him by the Competent Authority.
- 3- The security and safety standards adopted by the Competent Authority, and the specifications of petroleum products adopted by the Authority.
- 4- Providing the equipment and devices conforming to the specifications adopted in the State upon trading in petroleum products.
- 5- Exercising the activity authorised to him at the place specified in the Trading Authorisation.
- 6- Keeping a register for the petroleum products that are traded by him, provided that such register includes a statement showing the quantities traded.
- 7- Keeping the documents proving the ownership and source of the petroleum products, and all records and documents related to the exercise of the activity authorised to him by the present Law, its implementing regulation and the decisions issued thereunder.
- 8- Providing safety equipment, devices and requirements of safety in the places and means of transport used for trading petroleum products.
- 9- Notifying the concerned authorities in the State, as the case may be, in the event of any accidents that pose a threat to life, properties, the public health or the environment.
- 10- Informing the Competent Authority before making any change to the place where the authorised activity is being exercised.
- 11- Enabling the employees of the Competent Authority to check the records and documents related to his activity, inspect the petroleum products, take samples, and examine the equipment, devices, facilities and means of transport used in the trading process.
- 12- Respecting the security, and environmental safety requirements in accordance with the legislations applicable when exercising the activity related to trading.
- 13- Respecting the conditions of licensing the means of transport.
- 14- Any other obligations determined by the Competent Authority in accordance with the decisions issued thereby in this regard.

Article 14 - Penalties

- 1- Imprisonment for a period of no more than one year and a fine of no less than AED (100,000) and no more than AED (500,000) or one of these penalties shall be imposed on whoever:

a- Trades in petroleum products within the territory of the State without a licence issued by the Competent Authority.

b- Offers for sale, sells, purchases, supplies to third parties, or distributes petroleum products that do not conform to the standards specifications adopted by the Authority.

c- Possesses petroleum products in commercial quantities of unknown origin for the purpose of consumption, distribution, sale or supply to third parties.

d- Replaces the fuel tank of any means of transport or adding or modifying any such tank for the purpose of entering petroleum products to the State or for distributing such products, or offering them for sale, or selling them, or supplying them to third parties without any licence.

2- In the event of recidivism, the penalty shall be imprisonment for a period of no less than one year and a fine of no less than AED (1,000,000) and no more than AED (5,000,000) five million.

3- In all cases, the court shall rule to confiscate the petroleum products and may confiscate the means of transport, equipment and devices used in the commission of the crime, without prejudice to the rights of bona fide third parties.

Article 15

1- A fine of no more than AED (500,000) shall be imposed on any licensee who breaches any of the obligations prescribed in Article (13) of the present Law.

2- The same penalty shall be imposed on whoever:

a- Transports petroleum products in any means of transport that are unlicensed to transport petroleum products or that do not meet any of the licensing conditions approved by the concerned authorities.

b- Procures petroleum products from a person who is not licensed to trade, although being aware of that fact.

Article 16

1- No criminal action shall be filed for any of the offenses provided for in Article (15) of this Law, unless at the written request of the Competent Authority.

2- Reconciliation may be reached for any of the offenses provided for in Article (15) of this Law before the case is referred to the Competent Court in return for an amount not exceeding the fine prescribed for the offense, in accordance with the controls determined by the Cabinet. The criminal proceedings shall end upon the payment of the reconciliation amount.

3- Should the offender reject reconciliation, the matter shall be referred to the Public Prosecution.

Article 17 - Imposition of the Harshest Penalty

The penalties provided for in this Law shall not prejudice any harsher penalty provided for in any other law.

Article 18 - Eliminating the Irregularities

Whoever violates the provisions of the present Law shall undertake to immediately eliminate the irregularities and the damages resulting therefrom. In case of non-compliance, the Competent Authority shall remove them while the costs shall be borne by the offender, plus 25% of the value of the costs as administrative and supervisory expenses. The Competent Authority's estimation of such costs shall be considered final and incontestable.

Article 19 - Judicial Officers

The employees of the Competent Authority, who are selected by a decision of the Minister of Justice in agreement with the chairman of the Competent Authority, shall be granted law enforcement authority to prove the commission of any offence in violation of the provisions of the present Law, its Implementing Regulation and the decisions issued in implementation thereof, within the scope of competence of each of them.

Article 20 - Regulation of Status

At the time of enforcement of the present Law, all the institutions engaged in trading petroleum products in the State shall regularise their status in accordance with its provisions, within two years from the effective date of this Law. The Cabinet may extend this period for another year.

Article 21 - Implementing Regulation

The Cabinet shall issue the implementing regulation of the present Law within a maximum period of six months.

Article 22 - Abrogating Contradicting Provisions

Any provision that is contrary to or inconsistent with the provisions of this Law shall be abrogated.

Article 23 - Publication and Enforcement

The present Law shall be published in the Official Gazette and shall come into force three months after the date of its publication.

Issued by us at the Presidential

Palace in Abu Dhabi

on 11/2/2017

Corresponding to 16 Ramadan 1438 H

Khalifa Bin Zayed Al Nahyan

President of the United Arab Emirates

The present Federal Law shall be published in the Official Gazette, issue no. 616 bis, dated 12/06/2017 p. 47.