

Law of Trade in Petroleum Products

Article 1

In this Law, the following terms and phrases shall have the meanings assigned thereto, unless the context requires otherwise:

Law: Law of Trade in Petroleum Products.

Ministry: Ministry of Energy.

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Petroleum Products: Crude oil and its derivatives, including aviation fuel, kerosene, gasoline, diesel, fuel oil, and asphalt.

Feedstock: A petroleum product used as input in the industrial process and is a component of the finished product; this shall not include gas supplies and pricing.

Permit: To grant a person the right to export or import petroleum products or substances containing petroleum products, whether priced by the State or not.

Company: The company to which the State grants a concession in the field of petroleum products.

Regulations: Implementing regulations of this Law.

Article 2

This Law aims to regulate all activities relating to trade in petroleum products, including the use, sale, transport, storage, distribution, import, and export thereof.

Article 3

Without prejudice to the jurisdiction of other government agencies, the Ministry shall undertake the following for the implementation of the provisions of this Law:

1. Set the necessary procedures to regulate all matters relating to trade in petroleum products, including the use, sale, transport, storage, distribution, import, and export thereof.
2. Record the violations provided for in this Law independently, or, if necessary, in collaboration with other relevant agencies.

Article 4

Petroleum products priced by the State may be used only as fuel in the burning process, including means of transport, industry, and the like, as specified by the Regulations. The use of petroleum products as feedstock must be at the international price.

Article 5

1. Petroleum products or substances containing petroleum products, whether priced or unpriced, may not be exported or imported without the Ministry's approval. The Regulations shall specify the substances that could be exported or imported.
2. Any person previously convicted of a duty evasion offense may not export petroleum products unless a period of five years has lapsed since the conviction decision. If the offense is repeated, he shall not be granted a permit unless a period of 10 years has lapsed since the date of the conviction decision. The Saudi Customs shall provide the Ministry with the names of persons convicted of duty evasion.
3. The Ministry may require persons who engage in a business relating to trade in petroleum products to regularly submit reports thereto, as specified by the Regulations.

Article 6

Any difference between the price set by the State for the exported product and its price in the international markets shall be collected from authorized exporters by the Saudi Customs and shall be transferred to the State treasury.

Article 7

A person committing any of the following acts shall be deemed a violator under this Law:

1. Disposing of petroleum products in violation of the permit, unless the Ministry's approval is obtained.
2. Purchasing petroleum products for trade purposes from a source other than the Company without the Ministry's approval.
3. Selling petroleum products without the Ministry's approval, except for the sales of the Company and licensed fuel stations.
4. Transporting or distributing petroleum products to an entity not in contract with the Company without the Ministry's approval.
5. Using petroleum products for trade purposes in violation of the provisions of Article 4 of this Law.
6. Disposing of the product prior to obtaining the sample test results, in violation of the provisions of Article 11 of this Law.

Article 8

A person who commits any of the violations provided for in this Law, except for the violation provided for in Article 13 of this Law, shall be punished by one or more of the following penalties:

1. Revocation of permit.
2. Denial of a permit for a period not exceeding three years.
3. Suspension of supply contracts for a period not exceeding three years.
4. Payment of a fine not exceeding double the value of the petroleum product subject of the violation at the international price.

The penalty may be doubled if the violation is repeated.

Article 9

Officers, appointed by the Minister, shall record the violations provided for in this Law and shall have the powers of preliminary criminal investigation officers.

Article 10

The officers referred to in Article 9 of this Law shall have access to plants, warehouses, and the like, and may collect samples of suspect petroleum products.

Article 11

If any of the officers referred to in Article 9 of this Law believes, based on sufficient grounds, that a violation of the provisions of this Law has been committed, he may collect samples of the suspect petroleum product for testing. He shall prepare a report wherein all the data necessary to identify the samples and the product from which they were drawn are included, as specified by the Regulations.

The suspect petroleum product shall not be disposed of prior to the release of the test results. The relevant agency shall test the product and release the results within a period not exceeding 15 days from the date of receiving the sample; otherwise, the product shall not be deemed in violation.

Article 12

1. A committee or more shall be established pursuant to a decision by the Minister; said committee shall be composed of at least three members, one of whom shall be a legal advisor. It shall review violations of this Law, with the exception of the violation provided for in Article 13, and shall impose the penalties stipulated in Article 8 of this Law.
2. Committee decisions shall be passed by majority vote and shall become effective upon the Minister's approval.

Article 13

Without prejudice to the penalties stipulated in Article 8(1), (2), and (3) of this Law, the following shall apply:

1. A person who intentionally presents a priced petroleum product as an unpriced product shall be punished with one or more of the following penalties:
 - a) Imprisonment for a term not exceeding five years.
 - b) Payment of a fine not exceeding three times the value of the petroleum product at the international price.
 - c) Confiscation of the petroleum product pursuant to a decision by the competent court.
2. The penalty may be doubled if the violation is repeated.
3. The Public Prosecution shall, in accordance with its law, investigate and prosecute before the competent court the violation referred to in paragraph (1) of this Article.

Article 14

1. Any person involved in any of the violations provided for in Articles 7 and 13 of this Law who reports other persons involved in the violation to the Ministry prior to its knowledge thereof and prior to the occurrence of any damage shall be exempt from the penalties stipulated in this Law. If the reporting is made after the violation becomes known to the Ministry, the reporting person may only be exempt if his report leads to identifying the other violators.
2. Any person, other than the violators, who provides information leading to the detection of any violation of the provisions of this Law shall be entitled to a financial reward by the Ministry the amount of which is determined pursuant to rules approved thereby, provided that said reward does not exceed the prescribed fine.

Article 15

The Minister shall issue the Regulations within 60 days from the date of promulgation of this Law. The Regulations shall become effective from the date this Law enters into force.

Article 16

This Law shall enter into force 60 days following its date of publication in the Official Gazette.