

REPUBLIC OF ALBANIA

THE PARLIAMENT

LAW

No. 8450, date 24.02.1999

**FOR PROCESSING, TRANSPORTATION, AND BUSINESS INTERCOURSE
OF OIL, GAS, AND THEIR SUB-PRODUCTS**

Pursuant to the articles 78 and 83, item 1 of the Constitution of the Republic of Albania,
upon proposal of the Council of Ministers,

THE PARLIAMENT

OF THE REPUBLIC OF ALBANIA

DECIDED:

SESSION I

GENERAL DISPOSITIONS

Article 1

The state establishes the politics for the development of the activities in the field of processing, transportation, and business intercourse of oil, gas and their sub-products. The state also exercises its regulatory function, in accordance with the necessities of the country, the national defense, and the public security, respecting the market economy.

Article 2

With the purpose of the implementation of this law, the Ministry that covers the activity of the hydrocarbons is the representative of the state concerning the field of processing, transportation, and business intercourse of oil, gas and their sub-products.

For supervising the implementation of the dispositions of this law simultaneously with the law no. 7746, date 28.07.1993 "Concerning the hydrocarbons" (the research and the production), with the respective changes, near the respective ministry functions the General Directorate for Hydrocarbons.

Article 3

All the juristic, public or private persons, Albanians or foreigners, without any exclusions, whose object of their activity is the processing, transportation, and the business intercourse of oil, gas and their sub-products, shall comply with the dispositions of this law.

Exclusively, the Council of Ministers gives to the determined juristic persons, some functions or competencies that apply to the public sector and are related to the development of the activities object of this law.

Article 4

Only juristic persons who are previously supplied with the related licenses and work authorizations, in accordance with the specifications of this law, are allowed to exercise the respective activities in the field of processing, transportation, and the business intercourse of oil, gas and their sub-products.

Article 5

The dispositions of the Albanian legislation concerning the environment protection apply to the exercise of the activities foreseen by this law.

Article 6

The import-export of oil, gas, and their sub-products can be liberally performed from and to every country, in accordance with the dispositions of this law and the international agreements concerning this field of action, where our country is a party, by respecting our economic benefit.

Article 7

The Council of Ministers owns the respective competencies concerning the liberalization of the retail selling prices for the oil and gas sub-products. On particular market situations, the Council of Ministers may apply temporary limitations (roof prices or floor prices) for the retail selling prices concerning the oil and gas sub-products.

Article 8

The juristic persons, who exercise their activities based on this law, are constrained to present to the Ministry all the relative information concerning the development program, and the periodical data, which are related to the accomplishment of their activities. The above-mentioned Ministry establishes the type of the information to be presented, the form and deadlines for their presentation by the juristic persons.

This Ministry is responsible for processing and publication of this information, establishing the form, the deadline and the way of the publication.

Article 9

Security and Emergency Supply

1. In order to cover the necessities for the national consumption in periods of crisis and extraordinary situations inside the Albanian territory, the oil refineries and the wholesaler companies are obligated to keep security and emergency supplies. The Council of Ministers establishes the specific categories of oil and its sub-products that should keep the security and emergency supplies.

2. The oil refineries and the wholesaler companies for the oil, natural gas and their sub-products are obligated to keep security and emergency supplies equivalent to 30 days of their average sales. This quantity shall be calculated based on the data and the factual results of the activities of the previous year.

3. The quantity of the security and the emergency supply, that is obligated to keep every oil refinery and every wholesaler company, is established based on the above-mentioned criteria, with the Minister's order. The General Directorate of the hydrocarbons is responsible for the control of the quantity for the security and the emergency supply kept from every subject.

The oil refineries and the wholesaler companies are constrained to complete the respective quantity of the security and the emergency supply within 9 months from the entrance into power of this law.

4. The oil refineries may keep their security and the emergency supply, in 50% of its quantity, in the form of the gross oil in their reservoirs or in the reservoirs of the oil production companies that are their suppliers and with whom they have regular supplying contracts. The wholesaler companies keep their security and the emergency supply in the reservoirs that are their property or that are being utilized by them based on a regular contract.

Article 10

In the meaning of this law, oil, natural gas, and their sub-products are classified in categories, as follows:

O Category

- A. Gross Oil
- B. Natural Gas

I Category

- A. Liquid Gas

II Category

- A. Fuel for vehicles
- B. Fuel for the equipment of the air transportation
- C. Other sub-products, liquids as benzyls, toluene, xylems, solvent, white spirits, etc.

III Category

- A. Gasoline (diesel)
- B. Lighting Petroleum
- C. Other combustibles for the reactive air transportation (kerosene)

IV Category

- A. Oils
- B. Solar

V Category

- A. Bitumen (Asphalt)
- B. Pitch

SESSION II

THE JURISTIC PERSONS THAT EXERCISE THE ACTIVITY OF PROCESSING, TRANSPORTATION AND BUSINESS INTERCOURSE OF OIL, GAS AND THEIR SUB-PRODUCTS

Article 11

The juristic persons, subservient to this law, according to the nature of the activity exercised by them, shall be classified as follows:

- a. Oil refineries, that exercise their activity of processing of gross oil;
- b. Oil pipe liners and gas pipe liners, that exercise the activity of transportation of gross oil and natural gas (O category);
- c. Wholesaler companies that exercise the activity of wholesaling for gross oil, gas and their sub-products;
- d. Fuel selling stations that exercise the activity of fuel selling for vehicles;
- e. Combustible selling points that exercise the activity of selling combustibles to the customers for heating purposes.

Article 12

The Oil Refineries

1. The oil refineries are juristic persons, founded as an anonymous society. Once they receive the concession permission, they may exercise the activity of processing of gross oil, producing its sub-products. The oil refineries, for the business intercourse of their products have the right to create wholesaler companies for the oil sub-products or to possess shares from these companies. In these cases, the oil refineries shall respect the dispositions concerning the competition.

2. Building a new oil refinery is possible only with the special permission from the Council of Ministers, after the preliminary completion of the necessary documentation established by the ministry.

3. The oil refineries have the right to process gross oil of local origin or imported. They have also the right to make gross oil provision agreements with oil production companies, oil pipe liners, wholesaler companies, etc. They have also the right to make gross oil importing agreements.

4. The oil refineries have the right to sell their products in local market or to export them.

5. The oil refineries are not allowed to make any agreements concerning the direct supply of the fuel selling stations, combustible selling points, retail selling companies, or non-licensed companies, conform the dispositions of this law.

6. The oil refineries are responsible for the production mark and the quality of oil sub-products produced by them.

7. The oil refineries are responsible for respecting the norms established by this law, concerning the security and emergency supply.

Article 13

The oil and gas pipe liners

1. Oil and gas pipe liners are juristic persons founded as anonymous societies that, in accordance with concession permission, have the right to exercise the activity of importing, exporting, and transportation of the gross oil and natural gas, locally produced or imported, until the determined location of acceptance from the oil refineries or the wholesaling companies. The installations of oil and gas pipe liners include the lines (pipes), the storage reservoirs (warehouses), and other equipments needed for the transportation and handling of the fluid.

2. The building of the oil and gas pipe liners for the transportation, importing and exporting of the gross oil and the natural gas is allowed only with a decision by the Council of Ministers.

3. The juristic persons that exercise the activities of locally production of the gross oil and natural gas, have the right to build respective installations and to exercise the activity of transportation, in accordance with the dispositions of the law no. 7746, date 28.07.1993 “Concerning the hydrocarbons” (the research and the production).

4. The transportation of the gross oil and the natural gas for importing or exporting purposes is achieved through the contracts that ensure the continuous supplying of the customers for many yeas. One copy of these contracts, within 10 days from the stipulation, shall be deposited at the General Directorate of Hydrocarbons.

Article 14

The wholesaler companies

1. The wholesaler companies exercise the activity of wholesaling for the gross oil, natural gas, and their sub-products locally produced or imported. On this regard, there are some exclusions from this law:

- a. The juristic persons that produce hydrocarbons according to the law no. 7746, date 28.07.1993 “Concerning the hydrocarbons” (the research and the production) have also the right of the business intersection for their products;
- b. The oil refineries have the right to trade their products.

The wholesaler companies have the right to exercise their activities on the entire Albanian territory or in one part of it. These companies possess plants for depositing oil, gas or other sub-products and are responsible for the functioning of these plants in accordance with the technical norms approved by the respective ministry and Measures of protection against fire (MNZ).

2. The wholesale for oil, gas and other sub-products shall be exercised only by the commercial companies, founded as anonymous societies, once they have been provided with the trading license, according to the dispositions of this law.

3. The wholesaler companies have the right to establish or to participate in companies that exercise activities as fuel selling stations or combustible selling units.

4. The wholesaler companies realize the transportation of oil, gas, and their sub-products through the pipe liners, based on the transportation contracts stipulated with them, by the means of the rail, naval, and terrestrial transportation, which are provided with a license in accordance with the law no. 8308, date 18.08.1998 “Concerning the terrestrial transportations”. These transportation equipments can be property of the wholesaler company or can be rented by

them for the utilization purposes. The wholesaler company is responsible for the quantity and the quality of the cargo during the transportation.

5. The wholesaler companies are constrained to supply uninterruptedly their plants and, at the same time, to guarantee the normal supply of the contractors with the respective products. With the purpose of the application of this obligation, they shall keep a separate documentation based on the specifications established by the Minister of Finances and the minister responsible for the hydrocarbons.

6. The wholesaler companies exercise their activity on either the internal market or the exporting and importing of oil, gas and their sub-products through the respective contracts. The payments for the imports and the exports, the payment of the other contracting obligations, and every custom and fiscal obligation, related to these companies, shall be fulfilled by the means of the banking documentation.

7. The wholesaler companies have the right to supply the naval and air transportation equipments with the respective sub-products of the oil and gas.

8. The wholesaler companies are responsible for sending to the Ministry, within the established deadlines, the required information concerning their activities.

9. The wholesaler companies are responsible for the production mark and the quality of the oil and gas sub-products traded by them. They have the right to exercise controls in the fuel selling stations or the combustible selling units supplied by them, with the scope of ensuring the quality of the oil and gas sub-products that are offered to the customers.

10. The wholesaler companies are responsible for respecting the norms established by this law, concerning the security and emergency supply.

Article 15

The fuel selling stations

1. The fuel selling stations exercise the activity of retail selling of the fuel, including the sub-products from the categories I, II, and III, established by the article 10 of this law.

The fuel selling stations are juristic persons founded as one of the forms of societies foreseen by the commercial legislation.

The fuel selling stations are allowed to exercise their activities only after they have been provided with the respective authorization from the competent authority, according to this law. This is possible with the condition that the building of the installations and their functioning during the exercise of the activity shall be in accordance with the technical conditions established by the ministry.

2. The fuel selling stations are constrained to be supplied only from the wholesaler companies licensed according to this law based on the contracts stipulated between them.

3. The fuel selling stations, can be classified based on the types of the commercial collaboration agreement stipulated with the wholesaler companies as follows:

- This group includes the stations supplied exclusively from a wholesaler company, which are obligated to keep its trademark. These stations, with the purpose of exposing the trademark of the wholesaler companies and consumer information, are constrained to place visible and long distance distinctive signs. Until the termination of the terms for the exclusive commercial collaboration agreement, these stations are not allowed to be supplied with fuel from other wholesaler companies, either directly or indirectly;
- This group includes the so-called white stations, which do not have an activity based on an exclusive commercial collaboration agreement with a wholesaler company.

These stations have the right to keep their own specific trademark. The regulations regarding keeping of a specific trademark are established by the minister responsible for the hydrocarbons.

The fuel selling stations are obligated that, within 10 days from the stipulation, to deposit at the General Directorate for Hydrocarbons one copy of the exclusive commercial collaboration agreement.

4. The fuel selling stations are not allowed to trade fuel for the equipment of the naval and air transportation as well as the fluid and gaseous combustibles.

5. Every fuel selling station shall have exposed, in a visible and distinguished way, the types of the fuel traded, the respective prices, the working hours, in addition to the other services performed by the station.

6. The fuel selling stations are responsible for the quality of fuel they sell. For this reason, they may conserve even the respective fuel samples supplied from the wholesaler companies.

7. Every fuel selling station shall keep the necessary documentation, in accordance with the norms established from the General Directory of Hydrocarbons.

Article 16

Combustible selling units

1. The combustible selling units exercise the activity of retail selling for the combustibles to the consumers for heating purposes.

The combustible selling units are only juristic persons founded as one of the forms of the societies foreseen from the Albanian legislation.

The combustible selling units are allowed to exercise their activities once they have been provided with the specific authorization from the competent authority based on this law.

The combustible selling units are not allowed to trade fuel for the vehicles, and to exercise their activities near the fuel selling stations.

2. The installation of the combustible selling units, which includes the deposit and selling equipments in addition to their functioning, shall be in accordance with the technical norms established by the responsible ministry and the regulations of the protection against fire.

3. The combustible selling units are obligated to provide their supplies only from the wholesaler companies licensed according to this law. They are responsible for the quality of the products they trade.

4. The combustible selling units shall have exposed, in a visible and distinguished way, the information concerning the types of the combustibles traded, the respective prices, the working hours, in addition to the other services performed from the unit.

SESSION III

THE CONCESSION PERMISSIONS, TRADING LICENSES, AND AUTHORIZATIONS ALONG WITH THEIR OBTAINING PROCEDURE

Article 17

Before starting to exercise the respective activities, the juristic persons that exercise the activity of processing, transportation and marketing of the oil, gas, and their sub-products, are constrained to have the concession permissions, trading licenses and authorizations.

Article 18

The Concession permission

1. The concession permissions shall be granted to the juristic persons, foreseen in items “a” and “b” in article 11 of this law.
2. The concession permission shall be approved with a decision from the Council of Ministers before starting of the installation work, for a period of 30 years with renovation rights.

Article 19

Trading license

1. The trading license shall be granted to the juristic persons foreseen in item “c” in article 11 of this law that exercise the activity of processing and marketing of oil, gas, and their sub-products, for the respective categories foreseen in article 10.
2. The trading licenses shall be divided in three types, as follows:
 - a. Trading licenses of type A:
These are trading licenses for the companies trading the products belonging to the categories 0, II, III, IV and V, excluding the sub-products designated for supplying the air transportation equipments.
 - b. Trading licenses of type B:
These are trading licenses for the companies trading the products belonging to the category I (fluid gas).
 - c. Trading licenses of type C:
These are trading licenses for the companies trading fuel for the air transportation equipment.
3. The trading licenses of type A, B, and C shall be granted by the minister responsible for the hydrocarbons, in accordance with the criteria and the procedures foreseen by this law and by the by-legal acts endorsed by the Council of Ministers with the purpose of its application.
4. The trading licenses shall be granted for a period of 10 years with renovation rights.

Article 20

Authorizations

1. The authorizations shall be granted to the juristic persons foreseen in items “d” and “e”, on the article 11 of this law that exercise their activities concerning trading of fuel for vehicles (fuel selling stations) and trading of combustibles (the combustible selling units).
2. The authorizations to the juristic persons that exercise the activities foreseen in items “d” and “e” on the article 11 of this law are approved from the respective local government unit for a period of 5 years with renovation rights.

3. The authorizations to the juristic persons that exercise the activities of fuel selling station built in highways are approved from the minister responsible for the transportation, for a period of 10 years with renovation rights.

4. The Council of Ministers establishes the respective criteria and procedures concerning the authorization granting.

Article 21

Granting conditions for trading licenses

The juristic persons that present their request for trading licenses in accordance with article 19 of this law are constrained to fulfill two important preconditions:

- The availability of the minimal capital for the trading firms,
- The depositing capacity either in their own installations or in installations rented by them with the purpose of the employment for a period of time equivalent to the validity of the trading license.

The Council of Ministers establishes the preconditions concerning the trade license granting. The minimal capital precondition shall be specified according to the license type required, whereas the depositing capacity precondition shall be specified according to the license type required and the category of the products to be traded.

SESSION IV

THE CONTROLS ATTAINED TO THE JURISTIC PERSONS THAT EXERCISE THE ACTIVITIES OF PROCESSING, TRANSPORTATION, AND BUSINESS INTERCOURSE FOR OIL, GAS AND THEIR SUB-PRODUCTS

Article 22

The state organizes and pursues controls to the juristic persons that operate in the field of processing, transportation and marketing of the oil, gas, and their sub-products. The principal directions of these controls include:

- The observance to the technical norms and the protection measures against fire for the installations, fixtures, and equipment used by the juristic persons shall comply with;
- The enforcement of complying with the qualitative indicators concerning the legal standards and other legal and by-legal dispositions with the scope of preventing the misuses and adulteries eventually performed by the juristic persons;
- The enforcement of complying with the legal and by-legal dispositions concerning the financial outcomes and the fulfillment of the fiscal liabilities from the juristic persons.

Article 23

The National Inspectorate for controlling of Oil, Gas, and their Sub-products

1. The National Inspectorate for controlling of oil, gas, and their sub-products shall constitute the national organism specialized for inspecting the activities of juristic persons exercised in accordance with the dispositions of this law. This inspectorate shall function and respond to the minister responsible for the hydrocarbons.

The organizational structure of this Inspectorate shall include one Central Laboratory for Controlling.

2. The National Inspectorate for controlling of oil, gas, and their sub-products shall be responsible for exercising inspections concerning the implementation of preconditions foreseen in the respective licenses and authorizations granted to the juristic persons related to the installations, fixtures, and equipment used. These inspections aim the enforcement of their compliance with the technical norms of the measures against fire, the qualitative indicators, national standards, and legal and by-legal dispositions in order to prevent the eventual misuses and adulteries that may happen. For the achievement of these assignments, the inspectorate cooperates with other national organisms.

The Council of Ministers establishes the regulations concerning the organization, functioning, and the activities of the National Inspectorate for Controlling of Oil, Gas and their Sub-products.

Article 24

Inspections performed by the customs and taxes organisms

The Ministry of Finance, including its customs and taxation organisms, shall organize and perform:

- inspections to the juristic persons exposed to this law concerning their compliance with the legal dispositions related to their financial provisions and the fulfillment of fiscal and custom liabilities toward the government,
- controls concerning the qualitative and quantitative indicators in addition to other legal and by-legal norms for preventing the eventual misuses and adulteries, from the moment of entrance of the goods in the custom points, until the final selling process.

Article 25

The Sanctions

The juristic persons' activities infringing the dispositions of this law, while not constituting a criminal action, they represent administrative violations penalized as follows:

a. The penalty for violations of the article 8 of this law shall reach from 30 000 lek to 50 000 lek;

b. For failing to comply with the security and emergency supply in addition to the deadlines for their fulfillment, according to the article 9 of this law, the penalty shall reach to 50 percent of the value representing the quantity of the product missing from the quantity established as a security and emergency supply.

c. The penalty for infringing the item 5 on article 12 of this law shall reach from 800 000 lek to 1 000 000 lek.

d. The penalty for infringing the item 9 on article 14 of this law citing "The wholesaler companies are held responsible concerning the product mark and the quality of oil, gas, and their sub-products traded by them", shall reach from 500 000 lek to 700 000 lek.

e. The penalty for the infringing the item 3 on article 16 shall reach from 100 000 lek to 200 000 lek.

f. For not respecting the technical norms in fixtures, plants, and other equipment utilized by the juristic persons that exercise their activity in accordance with this law, the penalty shall be applied as follows:

- For oil refineries, oil pipe liners, gas pipe liners the fine shall reach from 300 000 lek to 500 000 lek;
- For wholesaling companies the fine shall reach from 200 000 lek to 400 000 lek;
- For the fuel selling stations and combustible selling units the fine shall reach from 100 000 lek to 300 000 lek.

g. The persons that exercise their activities without possessing an activity license conform the dispositions of this law shall be penalized with a fine amount from 4 000 000 lek to 5 000 000 lek.

The General Directorate of Hydrocarbons decides concerning the amount of penalties foreseen in items “a” and “b” of this article. All the other penalties are granted from the National Inspectorate for Controlling of Oil, Gas and, their sub-products.

In cases of repetitions for the above-mentioned violations, the competent authority has the right to derogate the concession permission, trading license, or respective authorizations for exercising of their activities.

The complaint filings against the fine penalizations shall be realized in accordance with terms and the procedures foreseen on the law no. 7697, date 07.04.1993 “Concerning the administrative violations”.

Article 26

This law enters into power after 15 days from its publications in the Official Gazette.

Enacted by the decree no. 2326, date 03.03.1999 by the President of the Public of Albania, Rexhep Meidani.