

MEMORANDUM OF UNDERSTANDING

BETWEEN

**(1) THE GOVERNMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF SRI LANKA**

AND

(2) THE GOVERNMENT OF THE REPUBLIC OF INDIA

AND

**(3) THE GOVERNMENT OF THE UNITED ARAB
EMIRATES**

FOR COOPERATION IN

**DEVELOPMENT OF TRINCOMALEE AS AN ENERGY
HUB**

This Memorandum of Understanding (this “MoU”) is made on
.....^{05th} April 2025

BETWEEN:

1. The Government of the Democratic Socialist Republic of Sri Lanka (GoSL) represented by the Ministry of Energy; and
2. The Government of the Republic of India (GoI) represented by the Ministry of Petroleum and Natural Gas; and
3. The Government of the United Arab Emirates (GoUAE), represented by the Ministry of Investment,

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(hereinafter individually referred to as a "**Party**" and collectively as "**the Parties**"),

WHEREAS:

A. Taking into consideration the close relations between the three countries;

B. Recalling the importance of their mutually beneficial cooperation in various fields in order to meet increasing energy challenges;

C. Determined to further strengthen and expand their cooperation;

D. Convinced that cooperation in the field of petroleum infrastructure will be to their mutual advantage;

E. Noting the potential of the multi product pipeline project to strengthen the development of the Trincomalee Tank farms as an Energy Hub in Sri Lanka; and

F. Noting that the Ministry of Petroleum and Natural Gas (MoP&NG) of GoI is responsible to deal all matters related to Petroleum and Natural Gas on behalf of GoI and the Ministry of Energy (MoE) of GoSL is responsible to deal all matters related to the Power & Energy on behalf of GoSL and the Ministry of Investment of the UAE is responsible for all the matters related to investment on behalf of GoUAE,

Now, therefore, the Parties have reached an in-principle understanding on the matters contemplated in this MoU.

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1. SCOPE OF COOPERATION

1.1 The Parties intend to cooperate in the following areas:

(i) cooperating in the field of petroleum products supply on the basis of mutual benefit and in strict respect for the principles of sovereignty and territorial integrity of all Parties.

(ii) mutually extend their cooperation, inter alia, in the development of petroleum infrastructure to fulfil GoSL policy objectives of making Trincomalee an Energy Hub.

(iii) undertaking all activities in accordance with their national laws and their obligations under international treaties to which they are parties, in the relevant fields.

(iv) entering into such programmes, and working plans as may be required, with a view to implementing any activity under this MoU.

(v) authorizing their respective nominated agencies ("**Authorized Agencies**") to undertake activities covered within the scope of the present MoU. In this context, the GoI has nominated Indian Oil Corporation Limited ("**IOCL**") to be its Authorized Agency, the GoSL has nominated Ceylon Petroleum Corporation ("**CPC**") to be its Authorized Agency and the GoUAE has nominated Abu Dhabi Ports Group PJSC ("**AD Ports**") to be its Authorized Agency. All Parties shall have the right to nominate a different entity incorporated in their respective countries, subsequently, to act as the Authorized Agency on behalf of their Government.

1.2 Cooperation between the Parties under this MoU may be conducted in the form of:

- (i) Joint projects;
- (ii) Other forms of cooperation as may be mutually agreed upon.

1.3 The Parties may arrive at understandings with a view to implementing various activities under this MoU, as they may mutually deem appropriate.

2. PROJECT IDENTIFICATION

2.1 The Parties will engage in discussions on various projects for the purpose of developing Trincomalee as an Energy Hub and with a view to strengthening energy security for Sri Lanka.

(i) The Parties will continue discussions on delivery of petroleum products via a petroleum pipeline, to be constructed from India to Sri Lanka.

(ii) The Parties also agree to refurbish and where required develop allied infrastructure for the Trincomalee tank farm (85 tanks – Upper Tank Farm), to create a regional Energy Hub.

(iii) The Parties will also examine the potential to supply bunker fuel from storage for distribution to demand markets.

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(iv) The Parties will also engage in discussions on exploring the potential of development of a refinery (hereinafter collectively referred to as “**Projects**”).

2.2 The Parties have agreed that the preliminary technical specification of the Projects shall be deliberated and finalized between the Parties and agree that detailed engineering and detailed technical specifications of the Projects shall be determined upon completion of pre-project activities.

2.3 The Parties note that the proposed petroleum product pipeline is a two way pipeline. The import/export of products across the territory of India pursuant to a cross border trade shall be governed by the rules/regulations and policies framed and notified by the Government of the Republic of India and Government of the Democratic Socialist Republic of Sri Lanka.

2.4 For import of petroleum products through the two way pipeline, Indian entities may import petroleum products from the generating facilities located in Sri Lanka through Government or Government nominated agency of Sri Lanka provided that the generating company is not owned, directly or indirectly by any natural person or corporate entity whose effective control or source of funds or residence of beneficial owner, is situated in or is a citizen of a third country with whom India shares a land border. Any modification of this requirement is subject to the prior written consent of the Ministry of Petroleum and Natural Gas and the Ministry of External Affairs of the Government of the Republic of India.

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2.5 The arrangements regarding GoSL's purchase of petroleum products through the proposed pipeline in accordance with the existing practice for the import of petroleum products shall be negotiated and agreed as part of a business agreement (the "**Business Agreement**") or a General Supply Agreement to be agreed between the Authorized Agencies of the relevant Parties.

3. PROJECT EXECUTION

3.1 The Parties have agreed that they each duly appoint and entrust the responsibility of performing their respective duties under this MoU to their nominated Authorized Agency as identified in Clause 1.1 (i)-(v) above.

The Parties agree that their respective Authorized Agencies shall form a Joint Venture Company (hereinafter referred to as the "**JV Company**") to execute the Projects.

3.2 The Parties have agreed that the JV Company shall make awards of work for the detailed engineering and execution of the Projects in accordance with international standards. The JV Company shall adhere to guidelines and amendments thereof issued by the Parties regarding import/export of goods and services while awarding works for Project execution.

4. PROJECT FINANCING

4.1 JV Company shall finance the Project through debt and/or equity.



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4.2 The Authorized Agencies of the Parties agree to finalize revenue models in the Business Agreement including through the possibility of earning revenue as pipeline tariff equivalent to the notional weighted average of the coastal freight from current import locations to Sri Lanka.

4.3 CPC, as the Authorized Agency of GoSL shall be responsible for providing adequate, appropriate and ready for construction land, Right of Way (RoW) and an encroachment-free pipeline corridor, all statutory approvals, and pre-deposit works (including but not limited to power connection and water connection) in Sri Lanka at cost to JV Company.

4.4 IOCL, as the Authorized Agency of GoI shall facilitate the JV Company obtaining adequate, appropriate and ready for construction land, Right of Way (RoW) and an encroachment-free pipeline corridor, all statutory approvals, and pre-deposit works (including but not limited to power connection and water connection) in India at cost to JV Company.

4.5 The three Authorized Agencies shall contribute equity in relation to the Projects costs in equal amounts.

4.6 The operation, maintenance and security of the Projects and associated facilities shall be carried out by the JV Company.

4.7 The Authorized Agencies shall within six calendar months of the execution of this MoU, negotiate and conclude the Business Agreements outlining, *inter alia*, the detailed technical and financial modalities, and expected time of delivery of the Projects. All contractual arrangements including those governing extensions of



time and variations shall be agreed between IOCL, CPC and AD Ports.

5. JOINT PROJECT MONITORING COMMITTEE

A Joint Project Monitoring Committee (JPMC) will be formed to oversee implementation of the Projects. The JPMC shall comprise of members from MoP&NG, MEA, High Commission of India, Colombo and GoI's Authorized Agency, IOCL from GoI side, the UAE's Ministry of Investment and UAE's Authorized Agency from GoUAE's side and the MoE and GoSL's Authorized Agency, CPC from GoSL's side and from any other agencies as is considered appropriate. The JPMC shall meet normally every three months or within such periodicity as agreed between the Parties.

6. TIMELINES

The Parties shall endeavor to construct and complete the Projects (including commissioning) within 36 months from the date of receipt of all statutory and other relevant approvals and availability of encroachment-free pipeline corridor or appropriate land with required land filling, retention and boundary walls in Sri Lanka from GoSL or its Authorized Agency, CPC.

7. DIVISION OF RESPONSIBILITIES

7.1 The GoI shall be responsible for:

(i) The allocation and expenditure of such funds as are agreed upon by the Parties in future agreements in relation to Clause 7.1 (ii) to (iv) below in conjunction with the other two Parties.

(ii) Facilitating the JV Company in undertaking the pre-project activities like detailed engineering route survey, geo-technical survey etc. for onshore/offshore pipeline in Indian territory.

(iii) Providing JV Company with details regarding legal, regulatory and statutory provisions, technical standards and guidelines, taxes and duties structure with respect to laying, operation and maintenance of a petroleum pipeline in India.

(iv) Facilitating the JV Company in obtaining adequate, appropriate and ready for construction land for pipeline facilities, encroachment-free and clear RoW pipeline corridors, including approach roads in India and all regulatory and statutory approvals for construction of onshore and offshore pipeline including associated facilities for the Projects within the territory of India at the cost to JV Company.

7.2 The GoSL shall be responsible for:

(i) The allocation and expenditure of such funds agreed upon by the Parties in future agreements in relation to Clause 7.2 (ii) to (xi) below in conjunction with the other two Parties.





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(ii) Facilitating the JV Company in undertaking the pre-project activities like detailed engineering route survey, geo-technical survey etc. for onshore/offshore pipeline in Sri Lankan territory.

(iii) Providing JV Company with details regarding legal, regulatory and statutory provisions, technical standards and guidelines, taxes and duties structure with respect to laying, operation and maintenance of a petroleum pipeline in Sri Lanka.

(iv) Facilitating the JV Company in obtaining adequate, appropriate and ready for construction land for pipeline facilities, encroachment-free and clear RoW pipeline corridors, including approach roads in Sri Lanka and all regulatory and statutory approvals for construction of onshore and offshore pipeline including associated facilities for the Projects within the territory of Sri Lanka at the cost to JV Company.

(v) Providing security for the pipelines, personnel, and construction equipment during execution and subsequent operation and maintenance of the Project within the territory of Sri Lanka.

(vi) Ensuring that the provision of income tax on any Indian nationals employed in connection with the Projects will be as per the provision of the Agreement for the Avoidance of Double Taxation (DTAA) concluded between GoSL and GoI.

(vii) Ensuring that vehicles, plant, construction material and machinery of GoI and of the Authorized Agency related to the Projects shall be allowed to move freely for which the JV Company may make payment of royalty, duties/levies, and taxes of any kind. In case of new levies/taxes of any kind imposed by the GoSL or



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local bodies like ward, municipality, sub-metropolitan or metropolitan authorities, district coordination committees or provincial government or any other agency, these shall be borne by the JV Company.

(viii) Ensuring that no suit or proceeding shall be instituted against any Indian personnel or any local partner assisting the JV Company with respect to the Projects by GoI for anything done or purported to be done within the laws of Sri Lanka in good faith for the successful implementation of the Projects.

(ix) Facilitating the identification of borrow area/quarries for soil, sand, boulders, stone aggregates, timber, etc. and issue necessary lease permits at the cost to JV Company. However, these obligations shall remain subject to ecological and environmental considerations and needs. The payment of compensation, if any, and settlements of claims and disputes arising due to above shall be the responsibility of the JV Company.

(x) Permitting the importation of household goods, including motor vehicles, for Indian nationals engaged by the GoI or its Authorized Agency for the Projects as per the applicable laws of Sri Lanka.

(xi) Extending support in order to ensure expedited custom and immigration clearances for the movement of goods and people necessary for the completion of the Projects.

7.3 The Government of UAE shall be responsible for:

(i) The allocation and expenditure of such funds agreed upon by the Parties in future agreements for the Projects in conjunction with the other two Parties.

(ii) Endorsing and supporting the implementation of the Projects including any possible future incentives from all Parties.

8. OPERATION AND MAINTENANCE

The operation, maintenance and security of the Projects and associated facilities shall be carried out by the JV Company through its own resources.

9. NOTICES

9.1 A notice given to a Party under or in connection with this MoU shall be in writing and sent to the relevant Party for the attention of the contact and to the address or email address specified below:

9.2 GoI / IOCL:

a) Address: 3079/3, Sadiq Nagar, J.B. Tito Marg, New Delhi – 110 049

b) For the attention of: Mr. A S Sahney, Chairman, Indian Oil Corporation Limited



c) Email address: chairman@Indianoil.in

9.3 GoSL / CPC:

a) Address: Ministry of Energy, No: 437, Galle Road, Colombo 03

b) For the attention of: Secretary, Ministry of Energy

c) Email address: secretary@powermin.gov.lk

9.4 GoUAE / Ministry of Investment of the United Arab Emirates:

a) Address: Abu Dhabi, United Arab Emirates

b) For the attention of: Abdalla Ahmed Alobeidli, Director of Policies and Investment Legislation

c) Email address: aalobeidli@invest.gov.ae

10. CONFIDENTIALITY

10.1 The Parties agree that all information of whatever form and howsoever obtained regarding inter alia the existence, the nature or progress of the discussions in relation to this MoU, the business of any Party or any information supplied in relation to this MoU by any Party to another Party shall be considered confidential and undertake not to disclose, copy, reproduce or distribute any of it either with third parties or employees, unless and to the extent required by law.



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10.2 Without prejudice to Clause 10.1, the Parties shall after the date of this MoU enter into a binding non-disclosure agreement subject to the terms of which the Parties shall maintain the confidentiality of any information disclosed.

11. GOVERNING LAW; DISPUTES

11.1 This MoU and the relationship between the Parties shall be governed by and construed in accordance with English law.

11.2 Any dispute, claim or difference regarding the interpretation or implementation or application of any provision of this MoU will be resolved through mutual consultation or negotiations between the Parties (without recourse to any third party or tribunal) in good faith and understanding of their mutual interests, to reach a just and equitable solution satisfactory to all Parties.

11.3 Nothing in this Clause 11 shall be construed as preventing either Party from seeking conservatory or similar interim relief in any Court of competent jurisdiction.

12. FINAL PROVISIONS

12.1 Notwithstanding any language used in this MoU, all commitments herein shall be of an in-principle, notional and non-binding nature and are subject to further negotiation between the Parties, comprehensive due diligence and the internal approval processes of all Parties (with the exception of Clauses 9 (Notices), 10 (Confidentiality), 11 (Governing Law; Disputes) and this Clause







12 (Final Provisions) which shall be binding on the Parties as from the date of this MoU). This shall include any time limits referred to in this MoU which may be extended by written agreement between the Parties. As such, the terms of this MoU should be considered indicative of the Parties' intentions but may change and/or evolve as negotiations between the Parties develop.

12.2 This MoU shall come into effect from the date of its execution. Unless extended for a further defined period by mutual consent of the Parties, replaced by detailed project agreements to be agreed between the Parties or terminated in accordance with Clause 12.3, this MoU will remain in force until commissioning of the agreed Projects, after which it will expire with no residual rights or obligations for any Party.

12.3 Any Party may terminate this MoU by giving one month's written notice to the other Parties. The termination of this MoU will not affect the activities which may have arisen as a result of the implementation of this MoU, unless otherwise agreed by the Parties.

12.4 The MoU may only be amended or modified by mutual written consent of the Parties.

IN WITNESS WHEREOF, the undersigned being duly authorized thereto by their respective Governments, has signed this MoU.



Signed at Colombo on this ...^{05th}... day of April 2025 in three originals in English, Hindi and Arabic languages. In case of any inconsistency, the English text shall prevail.

**FOR AND ON
BEHALF OF:**

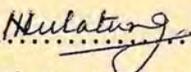
**GOVERNMENT OF
THE DEMOCRATIC
SOCIALIST
REPUBLIC OF SRI
LANKA**



**Prof. K.T.M.
Udayanga Hemapala**

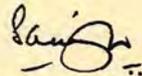
**Secretary, Ministry of
Energy**

Witness:


.....
W. A. Nimali Kulatunga
.....
Director General (PI)
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**FOR AND ON
BEHALF OF:**

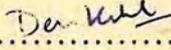
**GOVERNMENT OF
THE REPUBLIC OF
INDIA**



Santosh Jha

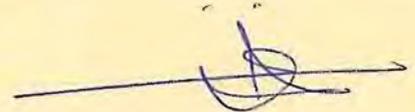
**High Commissioner
of India to Sri Lanka**

Witness:


.....
DEVIKA LAL
.....
FIRST SECRETARY
.....
HCI, COLOMBO
.....

**FOR AND ON
BEHALF OF:**

**GOVERNMENT OF
THE UNITED ARAB
EMIRATES**



**Khaled Nasser
AlAmeri**

**Ambassador of the
United Arab Emirates
to Sri Lanka**

Witness:


.....
RASHED AL MAZROUEI
.....
SECOND SECRETARY
.....