

Sri Lanka: Fuel crisis: Short-term relief in sight

Tuesday 24 May 2022, by [FERNANDO Asiri](#) (Date first published: 22 May 2022).

- **Petrol stocks only sufficient for a few days**
- **Diesel stocks on order, continuous supply promised**
- **Stop panic buying, Energy Ministry urges**
- **Industry and agriculture sector significantly affected**
- **Self-employed face severe hardships**

A telephone call at 3.40 a.m. had rudely awoken 29-year-old Saman Kariyawasam from his sleep with the good news that a Ceylon Petroleum Corporation (CPC) fuel bowser had been spotted entering the State-owned fuel station near Angoda, last Friday (20) morning.

Saman, a tourist tour bus driver turned three-wheeler driver and resident of Kalapaluwawa in suburban Colombo, told *The Sunday Morning* that his daily routine no longer applied, since the beginning and end of his day was now dictated by the length of the vehicle queue to get fuel from the nearby petrol shed.

“We spend about four hours a day waiting in line to buy fuel. We can’t plan anything and we can’t accept hires as we don’t know if we will be able to carry them out. What kind of existence is this? We pay more for fuel now than ever, but even at a higher price there is no fuel,” Saman lamented, saying that his livelihood had fallen from the frying pan into the fire since the Covid-19 pandemic disrupted tourism.

The lack of fuel, even at an increased price, has pushed many to fill up their vehicles instead of the daily practice of buying enough fuel to meet the mobility plan for each day or week.

With motorists scrambling to fill up their tanks and others struggling to buy fuel for tractors, generators, boats, and other equipment by filling up fuel cans, the demand for fuel at each station has risen significantly.

Mobility is central to human existence and our modern social and industrial framework is built around being able to move resources, people, and goods. Over the last two weeks Sri Lanka has been suffering an acute shortage of petrol and diesel, which has had a crippling effect on day-to-day life and industry.

Short-term relief

The Government claimed that the State had run out of petrol reserves last week, urging motorists not to queue up at fuel stations since there was no petrol to be sold. Prime Minister Ranil Wickremesinghe requested non-essential public employees not to come to work on Thursday (19) and Friday (20) to save fuel. Wickremesinghe later stated that his Government would soon provide relief for the crisis.

However, according to Ministry of Energy Secretary M.P.D.U.K. Mapa Pathirana, there may be short-term relief in sight. According to Pathirana, two petrol shipments – one ordered by the Lanka Indian Oil Company (LIOC) and another by the CPC – began unloading last Friday (20) with diesel shipments on order till the second week of June. He said the petrol stock that was unloaded on Friday was only sufficient for four to five days. Another shipment of petrol was expected on 30 May, he added.

However, Pathirana urged motorists and the public not to ‘panic buy’ fuel as it strained the fuel storage and distribution network to a breaking point. “Everybody is trying to buy all that they can. The public must also try to be considerate of other citizens. How can we supply to all if there is panic buying? If this continues, we will run out of petrol again in four days,” he said. “With the forex shortage it is extremely difficult to sustain supply as we need to address supplier concerns about payments and honour past commitments to them too,” Pathirana said.

Pathirana further noted that the consignment which was unloaded on Friday had been paid for in full. However, the suppliers were keen for the Government to settle outstanding payments, Pathirana said. He would not comment on the quantity of fuel unloaded on Friday and its cost.

Pathirana said that expedited diesel shipments had addressed the shortage in the market, adding: “For diesel, we have already eased the congestion. Letters of Credit (LCs) have been opened for more shipments and one will come this weekend and they will come continuously until the first week of June. With diesel we have no problem until June.”

Fuel requirement

According to CPC Chairman Sumith Wijesinghe, Sri Lanka on average requires 160,000 MT of diesel and 90,000 MT petrol to be imported per month. However, the amount imported is dependent on the power generation mix adopted by the Ceylon Electricity Board (CEB), he said. Wijesinghe also declined to comment on the current fuel stocks at hand in Sri Lanka.

At present, Sri Lanka has the capacity to store 150,000 MT of diesel, 70,000 MT of petrol (both 92 and 95 octane), and 45,000 MT of Jet A-1 fuel/kerosene at the main fuel storage terminals, Ceylon Petroleum Storage Terminal Limited (CPSTL) Deputy General Manager (Operations) T.V. Sarathchandra told *The Sunday Morning*.

According to Sarathchandra, the CPSTL distributes 3,700 MT of petrol each day. Diesel distribution varies depending on the requirement of the CEB generation mix planned for the day.

“On average, this month, without the supply for power plants, we distribute around 6,000 MT of diesel per day. This is because people are filling up more than normal and they also purchase fuel for private generators used in businesses and houses,” Sarathchandra explained.

He said that if furnace oil was available for the CEB, the daily supply of diesel for power generation was approximately 1,800 MT to the CEB and private power plants. If furnace oil was not available, a further 1,400 MT of diesel would have to be supplied daily for power generation.

Sarathchandra noted that approximately 1,200 MT of Jet A-1 fuel was issued for aviation on a daily basis, and that at present, the CPSTL distributed close to 1,000 MT of kerosene across the island. “We have had to supply more kerosene than normal because of the shortage in LP gas for cooking and due to power cuts. Many in rural communities use kerosene for cooking and lighting lamps when there are power outages,” he said.

Sri Lanka recently exhausted a \$ 500 million Line of Credit (LOC) to purchase fuel issued by India

and another \$ 200 million Line of Credit by India is presently being utilised, but may run out soon. Last year, when international oil prices were less than \$ 100 for a barrel of Brent crude oil, the then Energy Minister Udaya Gammanpila told *The Sunday Morning* that Sri Lanka needed between \$ 300-400 million per month to import fuel.

Impact on industries

The Sunday Morning made inquiries from several industries about how the fuel shortage was impacting them.

Apparel exports is a key foreign currency generator for Sri Lanka and has been weathering a range of hardships from 2020 with the onset of the Covid-19 pandemic.

“Since the beginning of April, exporters have been allowed to purchase fuel directly from the Ceylon Petroleum Corporation (CEYPETCO) and Lanka IOC in US Dollars. This has helped apparel factories avoid undue disruptions from power cuts. In terms of distribution, while minor delays were experienced with last week’s curfew, bulk deliveries of diesel to apparel manufacturers have recommenced. Following a new directive issued by the Commissioner General of Essential Services this week, apparel exporting companies are among a prioritised list of services to receive fuel from specific fuel stations. With such measures in place, the industry is able to continue its day-to-day operations amidst the current fuel shortages,” Joint Apparel Association Forum (JAAF) Secretary-General Yohan Lawrence told *The Sunday Morning*.

According to Sri Lanka Association of Inbound Tour Operators (SLAITO) Vice President Nishad Wijetunga, the fuel shortage has affected certain segments of tourists who travel independently in the country. However, since tourism transport services have been given priority status to obtain fuel at National Transport Board (NTB) depots, he said the sector was managing to continue day-to-day operations.

Small enterprises and self-employed persons have been disproportionately impacted by the fuel shortage. Fifty-two-year-old Dora Jesudhasan, a mother of two and resident of Kolonnawa, makes string hoppers for a living. Like Saman, Dora works tirelessly to get by. Dora told *The Sunday Morning* that she had been in the food industry for nearly 15 years, having returned home after working as a maid overseas.

“We are really handicapped by the LP gas shortage. Since December (2021) I have been using kerosene cookers, but they are smelly, messy, and create smoke. We finally got used to cooking with kerosene, but now we must wait in line for hours to get it. Then when we cook, my son has to wait in line to find petrol to deliver the food to the shops. We have to deliver food to the shops before 6.30 a.m. and 5.30 p.m. for breakfast and dinner,” she explained, adding that she was barely managing to stay afloat and support her family due to the shortage of fuel and LP gas.

Transport and logistics

Lanka Private Bus Owners’ Association (LPBOA) Chairman Gemunu Wijeratne urged the Government to consider private bus services as an essential service and prioritise them to receive diesel fuel. Early this year, many private buses had withdrawn from service due to multiple fuel price hikes, citing the need to increase the ticket fare.

“We are in discussions with the Government about giving private buses priority when obtaining diesel. This needs to be done soon, since examinations for school students begin on Monday (30) and we must be able to take the children to the examination centres without a hassle,” Wijeratne stressed.

Spiralling fuel rates and shortages are having an impact on logistics and exports, Sri Lanka Logistics and Freight Forwarders Association (SLFFA) Executive Committee Member Nishan Jayawardena told *The Sunday Morning*. "It definitely has an impact on logistics, as the spiking rates for fuel, its volatility, and then its availability have a significant impact on us," Jayawardena said.

Agriculture

According to All-Ceylon Farmers' Federation President Namal Karunaratne, the ongoing fuel shortage has compounded the challenges faced by farmers.

"In 2020, a paddy farmer paid around Rs. 7,000 to tractor operators to 'turn the ground' of one acre of paddy land to prepare them for seeding. However, this year the cost is close to Rs. 25,000. Moreover, there is no fuel to do this now. Farmers have to stand in long queues at fuel stations to fill the fuel they need into cans and physically carry them back. Now, the petrol sheds don't allow us to fill fuel into cans. Why are we being treated this way? Is it because we are poor?" Karunaratne questioned, blaming the Government for not doing enough to help farmers who have been in disarray due to the ban on chemical fertilisers and pesticides.

"We were already in a mess due to the Government and its so-called policies. No one consulted us. Now farmers who at best own a motorbike or a three-wheeler have to waste time at a petrol queue to get fuel for their daily errands. Also, since weedicide is banned, farmers began to use weed trimmers and grass cutter machines to manage our fields, but we can't get fuel for them now," Karunaratne lamented, adding that many who had been engaged in farming were now moving away from the practice. "Soon you will have to import most of what you eat. Growing anything in this country is getting harder by the day," he warned.

As policy makers struggle to forge political stability in Parliament, almost every community and industry in the country is struggling to access mobility for essential work that keeps them going.

The Government has been applying stopgap measures and finding quick fixes for Sri Lanka's energy security for more than six months, with no permanent solution in sight. A country that does not move, cook, or produce will descend into anarchy before long. It will be more prudent for policy makers to move quickly to address the key issues constraining many Sri Lankans rather than waste time with power plays to secure its own survival.

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