

Executive Summary

One may often have the interest and capacity to explore and move in search of innovative findings, yet the true potential lies in the one who is able to identify an existing problem from prevalent conditions and analyse well as to how such impediments can be remedied. Such an approach is required to develop all economic sectors of Sri Lanka and transform them into engines of economic growth. The Oil and Gas industry within the global context has been identified as one of the fastest growing industries with its changing trends and new energy discoveries. Sri Lanka's energy industry if directed towards new innovations and discoveries, would certainly bring greater socio-economic benefits. With a history of 40 years, the commencement of Sri Lanka's Oil exploration activities dates back to 1960s. This in fact speaks of Sri Lanka's keen interest to grow in the direction of energy supplies, while giving an indication of its potential for new future discoveries. With an urge to improve the energy sector of Sri Lanka, this study undertaken, particularly focusing on the sphere of Petroleum exploratory activity Sri Lanka is presently engaged in, will indeed be a beneficial guide in broadening the prospects of the energy industry of Sri Lanka.

This policy paper is a comprehensive document which studies in-depth, the present Petroleum fiscal regime adopted and practiced by Sri Lanka while gradually analysing the drawbacks prevailing within the existing fiscal policy framework. Furthermore, it rules out some of the key issues pertaining to Sri Lanka's present Petroleum fiscal regime, that well contribute towards a negative outcome hindering the growth and development of all operations undertaken as well as retaining and attracting investors in terms of such ventures. If carefully studied and analysed, this valuable piece of information will serve as a projection tool to learn and understand the potential of Petroleum exploration operations and the Natural Gas discovery Sri Lanka is in possession of, if the policy administering the sector-specific operations is structured in a manner that would generate greater economic benefits. Reading creates interest and it is this interest that may lead towards action. To achieve a complete transformation as the wonder of Asia, the knowledge gained by learning and understanding where we are and what lies ahead to move on for the betterment of all citizens, is vital to be a part of the country's development efforts.

