

ROCLAMATION NO. 372/2003.

PROCLAMATION TO PROVIDE FOR A WAREHOUSE RECEIPTS SYSTEM

WHEREAS, it has been necessary to introduce a system that enables the farmer whenever supply exceed demand to deliver his products to the warehouseman upon receipt of document of title to the products and to reclaim his products;

WHEREAS, the producer benefits from such a system, that constitutes a valid contract between the bailee and the bailor, which entitles the latter to transfer his rights over the stored products to any buyer by simple delivery of the receipt;

WHEREAS, the system enables the bailor to borrow money from banks or similar lending institutions upon offering warehouse receipt as collateral;

WHEREAS, the system insulates the producer from price shocks: promotes efficient marketing of standardized agricultural products and financial activities;

NOW, THEREFORE, in accordance with Article 55(1) of the Constitution of the Federal Democratic Republic of Ethiopia. It is hereby proclaimed as follows:-

Part One

General Provisions

1. Short Title

Proclamation may be cited as “The Proclamation to Provide for a Warehouse Receipts System No. 372/2003.”

2. Definitions

Unless the context requires otherwise, in this Proclamation:-

- 1/ “Agricultural Product” means a product as may, from time to time, be determined as an agricultural product by the Ministry or its designate.
- 2/ “Bailee” means a person who, by a warehouse receipt or similar other instrument, acknowledges possession of goods, including agricultural products, and undertakes to deliver them to the bailor or his transferee in accordance with the provisions of this Proclamation.
- 3/ “Bailor” means a person who, on his own or through a lawful agent, delivers goods to a warehouseman for the purpose of storage in the latter’s warehouse with the intention of reclaiming the goods, transferring them to a third party or offering them as collateral to a lending institution or other creditors.
- 4/ “Contract of Warehousing” means a contract whereby one party, the warehouseman, being duly licensed by the appropriate organ, undertakes to receive and store goods on behalf of either of the bailor or of the purchaser of the goods or of a person who receives them in pledge.
- 5/ “Delivery” means the voluntary transfer of possession of goods by a bailor to a warehouseman and the redelivery thereof to the bailor, his transferee or his pledgee in accordance with the provisions of this Proclamation.
- 6/ “Document” means an instrument on which any matter of substance is expressed or described by means of letters, figure, marks, or by more than one of these means and intended to be used or which may be used for the purpose of recording that matter.
- 7/ “Document of title to goods” means a written description, identification or declaration of goods which, in the regular course of business or financing, is treated as evidencing that the person in possession of it is entitled to receive, hold and dispose of the document and the goods it covers.

- 8/ “Electronic Document” means a document generated, sent received or stored by electronic, optical or similar means including, but not limited to, electronic data interchange, electronic mail, telegram telex or telecopy.
- 9/ “Fungibles” means goods of which any unit is, by nature or usage of trade, treated as the equivalent of any other unit.
- 10/ “Goods” means all corporeal movables which may be subject to a contract of warehousing under this Proclamation.
- 11/ “Holder” means a person who is in possession of a warehouse receipt issued or endorsed to him or to his order or to bearer or in blank.
- 12/ “Holder in due course” means a person who is in possession of a negotiable warehouse receipt for consideration, in good faith and without notice of any prior claim or defense against it.
- 13/ “Negotiable warehouse receipt” means a warehouse receipt that is legally capable of being transferred by endorsement or delivery.
- 14/ ”Ministry or Minister” means the Ministry and Minister of Trade and Industry respectively of the Federal Democratic Republic of Ethiopia.
- 15/ “Person” means any physical or juridical person.
- 16/ “Security interest” means an interest in goods kept in warehouse obtained pursuant to a security agreement for the performance of an obligation by the bailor towards the warehouseman or a third party.
- 17/ “System Provider” means a person wherever domiciled who provides services to a licensed warehouse operator in matters pertaining to management, to the provisions of electronic records, and to the setting up and maintenance of computer based systems to manage and record transactions in respect of electronic receipts.
- 18/ “Warehouse” means a building or other protected enclosure in the lawful possession and exclusive control of a warehouseman in which goods are stored in accordance with the provisions of this Proclamation.

19/ “Warehouseman/operator” means a persons who, professionally and for gain, is engaged in the business of storing goods for others.

20/ “Warehouse receipt” means a written acknowledgment drawn in accordance with this Proclamation and issued by a warehouseman purporting receipt of goods belonging to another for storage and includes electronic warehouse receipts.

21/ “Rights to Lien” means cost incurred pursuant to this proclamation to deposit prepare, pack, transport, insure the goods and other expenses for labour, professional work, to property maintain or sales the goods including the unpaid and where house man expense; it is a preferential rights of the ware house man.

3. Objectives

This Proclamation shall have the following objectives

1/ To enable any person store his goods and in particular standardized agricultural products in warehouses and borrow money upon delivery of the warehouse receipt as collateral;

2/ To establish a valid contract between the bailee and the bailor and to properly direct and administer the system: and

3/ To create organized and efficient marketing system for agricultural products.

4. Scope of Application

1/ Unless otherwise expressly provided by special laws, this Proclamation shall apply to all forms of transaction arising out of and in connection with contracts of warehousing.

2/ The relevant provisions of the 1960 Civil and Commercial Codes of Ethiopia shall complement this Proclamation.

Part Two

Issuance of Warehouse Receipts

5. Bodies capable of Issuing Warehouse Receipts

1/ Being given the appropriate incentive by the Government, cooperative societies registered and Licensed to undertake warehousing business pursuant to the provisions of this proclamation, may issue warehouse receipts.

2/ A Private Limited Company, a share company or public enterprise registered and Licensed for the purpose of undertaking warehousing business in accordance with the provisions of this proclamation, may issue warehouse receipts.

6. Form of Warehouse Receipts

1/ Upon receipt of goods for storage, a warehouse operator shall, when requested by the bailer, issue a warehouse receipt or any number of warehouse receipts as the case may be in the form specified under Sub Article (2) hereof.

2/ A warehouse receipt shall contain the following particulars:

- (a) a statement that the warehouse receipt is issued in accordance with the provisions of this proclamation;
- (b) the name, address and registration number of the warehouse operator;
- (c) the location of the warehouse or other places where the goods are stored;
- (d) the date of issue of the warehouse receipt;
- (e) the consecutive number of the warehouse receipt;
- (f) the name and address of the person by whom or on whose behalf the goods are stored;
- (g) the rate of storage charges;

- (h) the kind, quality and quantity of the goods represented by the warehouse receipt;
- (i) the cost of the goods at the time when it is stored at the warehouse;
- (j) the time limit until when the goods are to be stored;
- (k) a statement of the amount of any advance made and of any liability incurred for which the warehouse operator claims a lien or has a security interest;
- (l) an undertaking by the warehouse operator to deliver the goods on demand;
and
- (m) the signature of the warehouse operator.

3/ Without prejudice to the provisions of this Proclamation pertaining to the obligation of a warehouse operator to deliver the goods on demand and to his duty of care and diligence, a warehouse receipt may contain in it any other term that better defines the relationship of the parties to the transaction.

4/ Where a warehouse operator omits to include any one of the particulars specified under Sub Article (2) hereof, he shall be liable for damages arising out of such omission provided, however, that no receipt shall be deemed not to be a warehouse receipt by reason of such omission.

5/ A warehouse receipt shall provide enough space to register its negotiation thereof to some specified person in accordance with the provisions of this Proclamation.

6/ Subject to reasonable service charges, a warehouse operator, may upon request by the holder of a warehouse receipt, replace a warehouse receipt with Warehouse receipts of smaller denomination which are of the like tenure and warehouse charge as the replaced one. He may likewise replace warehouse receipts of smaller denomination with greater one (s).

7. Legal Status of a Warehouse Receipt

1/ A duly drawn up warehouse receipt delivered to a bailor shall constitute a valid contract between a warehouse operator and a bailor.

2/ The relevant provisions of the 1960 Civil Code of Ethiopia on Contracts in General and on Contracts of Bailment in particular may supplement this proclamation in governing the relationship of parties to a warehouse receipt

8. Over issue of Warehouse Receipts

1/ Without prejudice to the provisions of Article 6(6) of this Proclamation,

no more than one

warehouse receipt shall be issued in respect of the same goods already represented by an outstanding warehouse receipt except in substitution for lost, stolen or destroyed receipts.

2/ The holder of the original receipt or his transferees shall retain title to the goods.

3/ A warehouse operator over issuing warehouse receipts shall be liable for damages caused to holders of subsequent warehouse receipts.

4/ Where it cannot be ascertained who the original holder is, the warehouse operator responsible for the over issue shall be severally liable to all the holders.

9. Altered Warehouse Receipts

1/ Where a blank in a negotiable warehouse receipt has been filled in by a person without authority, the holder in due course of such a receipt shall have full title on the goods represented by the instrument.

2/ Any other unauthorized alteration leaves any warehouse receipt enforceable against the warehouse operator in accordance with its original terms.

10. Lost, Stolen or Destroyed Warehouse Receipts

1/ In the event of loss of, theft or injury to a negotiable warehouse receipt, the holder shall advise the warehouse operator in writing of the circumstances within twenty four hours of becoming aware of this fact.

2/ A person claiming to be the holder of a lost, stolen or destroyed negotiable warehouse receipt shall forthwith apply to a court for an order for delivery of the goods or issuance of a substitute negotiable warehouse receipt. The court may grant the request upon requiring the holder to post adequate security to indemnify any one who may sustain damages as a result of the order. Such security shall by operation of the law, lapse if no one appears to claim his rights therefrom in two years following the court order.

3/ A warehouse operator on whom due notice is served in accordance with the provisions of Sub Article (1) hereof who, without a court order, delivers the goods to a person claiming under a missing negotiable warehouse receipt is liable to any person injured thereby.

11. Attachment

Goods kept in a warehouse for which warehouse receipts are issued in the name of a person other than the warehouse operator shall not be liable to attachment on account of debts or bankruptcy of the warehouse operator.

12. Conflicting Claims

Where several persons claim title to or delivery of the goods and where it is doubtful to which one of them he may discharge his obligations under a warehouse receipt, a warehouse operator is excused from his duty to deliver the goods until he has a reasonable time to ascertain the validity of the adverse claims or until he takes a suit of interpleader before a court for the purpose of ascertaining the one with valid title.

Part Three

Rights and Obligations of a Warehouse Operator

13. Duty to Deliver Goods

1/ A warehouse operator shall deliver the goods represented by a warehouse receipt in the manner provided for under Sub Article (2) and (3) hereof.

2/ Where a warehouse receipt is negotiable, the bailor takes delivery of the goods:-

- (a) by satisfying the warehouse operator's lien rights;
- (b) by surrendering the warehouse receipt to the warehouse operator; and
- (c) by acknowledging in writing the delivery of the goods.

3/ Where a warehouse receipt-us bib-negotiable, the bailor takes delivery of the goods:

- (a) By satisfying the warehouse operator's lien rights: and
- (b) by acknowledging in writing the delivery of the goods.

4/ Where a warehouse operator refuses or fails to deliver the goods in accordance with the provisions of this Article, he shall bear the burden of establishing the existence of a lawful and justifiable excuse for his refusal or failure. Such excuse shall constitute any one of the following:

- (a) delivery of the goods to a person whose receipt was rightful as against the claimant;
- (b) previous sale or other disposition of the goods in lawful enforcement of a line or on a warehouse operator's lawful termination of storage;
- (c) any other defense deemed to be lawful by a court of law or a duly constituted arbitration tribunal.

5/ A warehouse operator who, in good faith and in full compliance with the standard commercial practice in the field, has received goods, issued warehouse receipts, and delivered or otherwise disposed of them in

accordance with the provisions of this Proclamation shall not be held liable even though the person from whom he received the goods had no authority to deliver them or even though the person to whom he delivered the goods had no authority to receive them.

14. Duty of Care and Diligence

1/ A warehouse operator shall be liable for the preservation of the goods he has received for storage;

2/ A warehouse operator shall be liable for damages for loss of injury to the goods caused by his failure to exercise such care as a reasonable person would exercise under like circumstance.

3/ Any provision in a warehouse receipt limiting the contractual liability of a warehouse operator to an amount less than the actual value of the goods stored shall be of no effect.

4/ A warehouse operator shall inform the bailor in writing whenever the goods kept with him undergo changes that seem to call for further measures.

15. Liability for Non-receipt or Misdescription

A warehouse operator assumes full liability to a holder in due course of a negotiable warehouse receipt notwithstanding that he did not receive the goods in part or in whole or the goods or their quality or quantity do not correspond with the description in the receipt where it is shown that the receipt is signed by an agent or employee of the warehouse operator having real or apparent authority for so doing.

16. Commingling

1/ A warehouse operator may not mix goods stored in his warehouse with other goods of like kind and quality unless he obtains an express authorization from the bailor to this effect.

2/ He shall separate the goods covered by each warehouse receipt in order to make way for easy identification and delivery upon demand.

3/ Notwithstanding the provisions of Sub-Article (1) and (2) hereof, a warehouse operator may commingle fungible goods with other goods of the same kind, quality and grade in which case holders of the warehouse receipts for the commingled goods shall own the entire mass in common with each holder being entitled to claim such proportion thereof as the quantity shown by his receipt.

17. Duration of Storage Agreement

1/ Upon termination of the period of storage stipulated in the warehouse receipt, a warehouse operator may, by serving due notice on the person on whose account the goods are held, his lawful representative or any other person known to have an interest in the goods, require payment of any charges due and removal of the goods represented by the warehouse receipt.

2/ Where no definite term has been fixed for storage, the warehouse operator may avail himself of the rights specified under Sub Article (1) hereof one year from the date of deposit.

3/ Notwithstanding the provisions of Sub Article (1) and (2) hereof, and in the absence of regulations or an agreement to the contrary, a warehouse operator may sell the goods where he can show that they are about to deteriorate or decline in value to less than the amount of his lien, subject to proper notification. The provisions of the 1960 Civil Code of Ethiopian on compensatory sale shall apply in such cases.

4/ If on account of quality or condition of the goods of which he had no knowledge at the time of deposit, they are a hazard to persons or property, a warehouse operator may sell them at a public or private sale upon notifying persons known to claim an interest in the goods. He may dispose of them in any lawful manner and shall incur no liability by reason of such disposition where, after a reasonable effort, he is unable to sell them.

5/ A warehouse operator effecting sale in accordance with the provisions of this Article may satisfy his lien from the proceeds and shall hold the balance at the disposal of the person or persons entitled to it.

18. A warehouseman's Right of Lien

1/ A warehouse may use his right of Lien pursuant to this proclamation.

2/ A warehouse operator who voluntarily delivers the goods to the bailer or who fails to deliver the goods there being no valid reason justifying his act shall lose his right of lien under this proclamation.

19. Enforcement of a Warehouseman's Right of Lien

1/ A warehouse operator has a specific right of claim on the goods stored in his warehouse and may detain them until the claims for which the lien arises are satisfied.

2/ He may foreclose his lien by selling sufficient amount of the stored goods by public auction or private sale on such terms and upon such conditions as are commercially reasonable under the circumstances.

3/ A warehouseman may, however, exercise his right under Sub Article (2) hereof subject to compliance with the following conditions:

(a) the storage and other charges for which the right arises must be due:

(b) all persons known to claim an interest in the goods must be duly notified:

(c) the notification must include a statement of the claim. a description of the goods subject to lien. a demand for payment within a specified period of time and an indication that the goods will be sold by public or private sale if the claim is not paid within the time stated therein;

(d) the right should only be exercised with respect to claims in relation to the goods stored and in the possession of the warehouse operator; and

(e) the lien holds good only as to the goods covered by the particular warehouse receipt out of which the right arises or on the proceeds thereof and not against any other property of the same bailor in the possession of the warehouse operator.

4/ A person claiming a right in the goods may, at any time before the sale, pay the amount required to satisfy the lien and other reasonable expenses of the warehouse operator and stop the sale. The Warehouse operator shall in such cases retain the goods subject to the terms of the warehouse receipt and the relevant provisions of this Proclamation.

5/ A warehouse operator who, in the course of exercising his right of lien. fails to comply with requirements stated hereof is liable for damages he causes to others.

6/ The relevant provisions of the law of obligations may supplement the provisions of this Article.

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Part Four

Negotiation of Warehouse Receipts

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20. Negotiation

1/ A warehouse receipt may be negotiable or non-negotiable.

2/ A non-negotiable warehouse receipt shall always carry the words “NONNEGOTIABLE” on the face if it, failure to observe this rule shall have the effect of rendering the instrument negotiable.

3/ Rights and obligations arising out of a non-negotiable warehouse receipt shall only be transferred to third parties in accordance with rules governing sale or those on ordinary assignment.

4/ A negotiable warehouse receipt may be transferred to third parties by endorsement and delivery. A provision in a negotiable warehouse receipt that limits negotiability shall be of no effect.

5/ For the purpose of this Proclamation, an endorsement may be in blank. to bearer or to a named person, and if the endorsement is to a named person the receipt may again be negotiated by endorsement in blank. to bearer or to another named person. Subsequent negotiations may also be made in like manner.

6/ Due negotiation of a negotiable warehouse receipt shall have the effect of conferring full title over the goods represented by such instrument on the

endorsee. The holder in due course shall enforce his right in the instrument free from all previous claims and defects.

21. Other Rights Arising out of Negotiation of Warehouse Receipts

1/ Endorsement of a warehouse receipt does not make the endorser liable for any default by previous endorsers or by the warehouse operator.

2/ The transferee of a negotiable warehouse receipt may at any time require the transferor to supply the necessary endorsement which, by default or otherwise, is missing from the instrument.

22. Warranties

A transferor for consideration of a negotiable warehouse receipt shall warranty that:

- (a) the warehouse receipt is genuine;
- (b) he has no knowledge of any fact that would impair the validity and worth of the receipt; and
- (c) his negotiation is rightful and effective with respect to the title of the warehouse receipt and the goods it represents.

23. Defeated Rights

1/ A good faith purchaser who, in the ordinary course of business, buys fungibles and takes delivery thereof from a warehouse operator who is also licensed to sell such goods takes the fungibles free of any claim under the warehouse receipt even though the receipt has been duly negotiated.

2/ A transferee of a negotiable warehouse receipt who has taken it for consideration without the instrument being duly negotiated shall only acquire the title and rights of the transferor.

24. Warehouse Receipts as Security Devices

1/ A holder of a negotiable warehouse receipt may borrow money from banks or similar authorized lending institutions by offering such receipt as collateral.

2/ A bank or a lending institution holding a warehouse receipt as collateral in accordance with the provisions of Sub Article (1) hereof may not transfer the receipt to third parties unless the borrower is in default.

3/ Where the borrower defaults to pay the debt upon maturity, the bank or the lending institution, upon serving due notice on the borrower, may cause the goods covered by the receipt to be sold fifteen days after the date of payment specified in the notice is due.

4/ Subject to the warehousemen's right of lien. the bank or the lending institution that has caused the goods to be sold as per the provisions of this Article shall deduct all outstanding debts of the borrower for which the receipt is given as security as well as the expenses of the sale and shall hold the balance at the disposal of the borrower.

5/ Non-compliance with the requirements hereof shall entail the liability of the banker or the lending institution to any one sustaining damages therefrom.

6/ The manner and effect of offering non-negotiable warehouse receipts as collateral shall be governed by rules on ordinary pledge.

25. Negotiation after goods parted with

Where a person, having sold or pledged goods that are in a warehouse for which a negotiable warehouse receipt is issued or having sold or pledged the negotiable receipt itself, continues to be in possession of the receipt, subsequent negotiations by that person to a third party in good faith for consideration and without notice of the previous sale or Pledge shall be valid.

Part Five

Regulation of Warehousing

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26. Application for Registration

1/ A share company, a private limited company or a public enterprise complying with the requirements of this Proclamation, commercial Registration and Business Licensing proclamation No. 67/97 and Federal Government commercial Registration and business Licensing council of Ministers Regulations No. 13/1977 may apply to the Ministry or to a regulatory organ delegated for this purpose by the Ministry to be registered in commercial register as warehouse operator.

2/ Without limitation to the generalities of Sub Article (1) hereof, the applicant shall, in particular:-

(a) be in a sound financial standing with a minimum capital of Birr 1,000,000.00;

(b) own or lease, with a minimum acceptable lease period of twelve months and an option to renew the lease for another period of twelve months, a warehouse or warehouses of a permanent structure with the necessary equipment that enable it to properly receive, grade, store, clean and outload the goods that may be tendered for storage; and

(c) employ qualified personnel with the required training and experience regarding the handling, grading and proper storage of goods for which the warehouse is sought to be licensed.

3/ The Ministry shall determine by directives the criteria which cooperative societies shall meet to register and operate a Warehousing business.

27. Licensing

The Ministry or its designate shall:-

1/ issue Business licenses for the conduct of the business of warehousing to the entities specified under Article 26 of this Proclamation pursuant to the commercial Registration and Business Licensing proclamation No. 67/1997, Federal Government commercial Registration and Business Licensing council of Ministers Regulations No. 13/1997 and pursuant to this proclamation;

2/ classify warehouses in terms of their capacity or the specific services for which they are licensed; and

3/ issue to any person, upon presentation of satisfactory proof of competence, licenses to inspect, classify, grade, weigh or sample agricultural products to be stored in a warehouse;

4/ without prejudice to the provision of Sub Article (3) of this Article any person engaged in the grading of agricultural products as provided for in this proclamation shall obtain the delegation of the Ethiopian quality and standards Authority to do the grading of the same.

28. Publicity

1/ A warehouse operator shall, upon due registration, cause to be published in a newspaper of national circulation information with respect to its head office. Location of each warehouse under his control, the type of goods its warehouses are authorized to accept, its financial standing as well as any other relevant matter which he deems is appropriate to be disclosed. Such publicity shall be made no later than thirty days following its registration.

2/ A registered warehouse operator shall also permanently display on conspicuous places in all its premises a statement showing that it is licensed in accordance with the provisions of this Proclamation.

29. Maintaining Records

1/ A warehouse operator shall keep complete and correct records of all goods stored in his warehouse and withdrawn therefrom in a licker fire resistant container.

2/ He shall in particular keep records of:

(a) all warehouse receipts and their duplicates issued by him as well as the names and addresses of persons to whom the receipts are issued:

(b) all warehouse receipts returned to and canceled by him:

(c) the names and addresses of persons to whom delivery of goods was made upon surrendering warehouse receipts;

(d) all notices of negotiation, including pledge, of warehouse receipts issued by him with the names and addresses of the transferees thereto: and

(e) a daily position record (DPR) evidencing all goods held in the warehouse and movement of goods into and out of the warehouse.

3/ All warehouse receipts against surrender of which goods covering them have been delivered either to the bailor, his transferee, a pledgee or any other person with a valid title shall forthwith be canceled.

4/ It shall be incumbent upon warehouse operators registered under this proclamation to maintain proper books of accounts in accordance with laws governing the same and to have their accounts duly audited at the end of every Ethiopian Financial year.

30. Publication of Tariffs

1/ A warehouse operator shall have his storage charges published in a newspaper of national circulation no later than thirty days following the commencement of every Ethiopian Financial year. The published tariff shall be permanently displayed on conspicuous places in each warehouse and shall, among other things, include levies with respect to receiving, storing and discharging of goods as well as the charges for issuance of warehouse receipts.

2/ A warehouse operator may not charge a tariff in excess of those that he has caused to be published.

3/ Notwithstanding the provisions of Sub Articles (1) and (2) hereof, a warehouse operator may cause new warehouse charges to be published whenever circumstances warrant provided, however, that outstanding warehouse receipts shall be charged at the rate prevalent upon issue.

31. Bonding and Insurance

1/ Every warehouse operator shall, as a condition for receiving or renewing a license, execute and file with the Ministry or with a regulatory organ delegated for this purpose by the Ministry a bond or an undertaking sufficient to secure performance of his obligations towards his customers. The type and amount of said bond or undertaking shall be determined by a directive to be issued by the Ministry or its designate.

2/ A warehouse operator shall in addition insure all goods for which warehouse receipts are issued in accordance with the provisions of this proclamation.

32. Non Discriminations

1/ Where a person offers to a warehouse operator goods that are of the kind customarily stored therein, the latter shall take delivery of the goods thereof provided the goods tendered are in a suitable condition and provided further that there is space available.

2/ A warehouse operator registered in accordance with the provisions of this Proclamation shall not make any discrimination with respect to availability of

facilities or as to tariffs between persons availing or desiring to avail themselves of his services.

33. Establishment of Standards

1/ The Ministry, having due regard to other appropriate laws pertaining to establishment and control of national standards and in close consultation with relevant organs of public administration, may establish or may cause to be established standards for agricultural products that may be stored in registered warehouses.

2/ The Ministry may likewise set or cause to be set criteria of professional competence for certification of persons engaged in the business of inspecting, classifying, grading, weighing and sampling of agricultural products to be stored in a registered warehouse

34. Inspection of Warehouses

1/ The Ministry or its designate may inspect or cause to be inspected any warehouse licensed under this proclamation. He shall in particular investigate the manner of receiving storing handling classifying according to grade and other wise, weighing and grading of agricultural products.

2/ The Ministry of its designate may examine or cause to be examined all books of accounts records and papers of a warehouse operator.

3/ The Ministry or its designate may investigate or cause to be investigated the activities of persons licensed as inspectors, classifiers, graders, weighers or samplers of agricultural products.

35. Licensing and Inspection Fees

1/ The Ministry or its designate may charge reasonable fees for issuance, upgrading and renewal of licenses to warehouse operators, inspectors, classifiers, grader, weighers or samplers of agricultural products pursuant to the Federal Government Commercial Registration and Business Licensing Council of Ministers Regulations No. 13/1997.

2/ The Ministry or its designate may likewise assess, charge and collect fees for each examination or inspection of a warehouse where such is made pursuant to an application of warehouse operator.

36. Inspection and Grading of Fungibles

A warehouse operator accepting fungibles to be stored in his warehouse shall cause the fungibles to be inspected and graded by a person duly licensed for this purpose prior to mixing them with similar products of other bailors.

37. Renewal of Licenses

The Ministry or its designate shall renew licenses issued to warehouse operators, inspectors, classifiers, graders, weighers or samplers of agricultural products pursuant to this proclamation. The Commercial Registration and Business Licensing proclamation No. 67/1997 and The Federal Government Commercial Registration and Business Licensing Council of Ministers Regulations No. 13/1997.

38. Suspension and Revocation of Licenses

1/ The Ministry or a regulatory organ delegated by the Ministry for this purpose may suspend or revoke the license of a warehouse operator where:-

- (a) it is shown that such warehouse operator has failed to maintain the minimum capital requirement specified in this Proclamation;
- (b) the warehouse operator is found to have parted in part or in whole with control of some or all of his warehouses;
- (c) the warehousing firm is in the process of dissolution and winding up or there are strong indications that such dissolution and winding up is likely to take place;
- (d) the warehouse operator is reasonably suspected of having become incompetent or incapacitated to conduct his business; or

(e) the warehouse operator is found to have violated or has in any manner failed to comply with the conditions specified in the provisions of this Proclamation or in regulations to be issued in accordance with this Proclamation.

2/ For the purpose of ensuring proper protection of interests of bailers, holders in due course, pledges of warehouse receipts or those of other person with valid claims a warehouse operator whose license is suspended or revoked as per the provisions of Sub Article (1) hereof shall immediately cede control of all his warehouses and the goods stored therein to the Ministry or to an organ delegated for this purpose by the Ministry. Pending final settlement of the case, the latter shall only perform acts of management.

3/ The Ministry or a regulatory organ delegated by the Ministry for this purpose may suspend or revoke a license issued to an inspector, classifier, grader, weigher or sampler of agricultural products where it is shown that such person has ceased to practice his profession, has materially violated professional standards of behavior, has been engaged in conduct unbecoming of his status as a professional, or has in any manner become incompetent or incapacitated to perform his duties.

4/ prior to permanently revoking the license of a warehouse operator, an inspector, classifier, grader, weigher or sampler of agricultural products, however, the Ministry or its designate shall furnish the former with a written statement specifying the charge made against him and shall grant him reasonable time to answer the charge or to fill in a protest against the charge.

5/ Where the decision to revoke the license is final, the Ministry or its designate shall release to the public, through mass media, information with respect to the revocation and the grounds thereon.

Part Six

Miscellaneous Provisions

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39. Tax Holiday and Other Investment Benefits

Notwithstanding any other provision to the contrary, domestic and foreign investors engaged in the business of providing warehousing services for agricultural products may avail themselves of the benefits due to investors engaged in pioneer investment activities in accordance with the relevant provisions of the Investment Proclamation.

40. Electronic Warehouse Receipts

A warehouse receipt may be created by means of electronic records and may be issued to a bailer or his transferee by a system provider appointed by the Ministry or its designate in line with procedures to be established for this purpose.

41. Model Warehouse Receipts

Subject to the provisions of Article 6 of this Proclamation, the Ministry or its designate may from time to time draw up model warehouse receipts to be employed by warehouse operators.

42. Arbitration

Any and all disputes between parties to a warehouse receipt or out of negotiation of warehouse receipts may be agreed to be submitted to a sole arbitrator or a panel of three arbitrators the award of whom shall be final.

43. Penalty Provisions

Without prejudice to the administrative measures to be taken by the Ministry, whosoever violates the provisions of this proclamation shall be punished as provided in other laws.

44. Delegation of Authority

The Ministry may delegate its powers and duties under this Proclamation in part or in whole to another government agency to stakeholders-controlled accreditation and regulatory organs to be set up to ensure compliance with the provisions of this Proclamation.

45. Power to Issue Registrations

The Council of Ministers may issue regulations to ensure proper implementation of this Proclamation.

46. Repeal

1/ Article 2806 to 2824 inclusive of the 1960 Civil Code of Ethiopia shall be replaced by this Proclamation and are hereby repealed.

2/ No. law regulations or directives shall have force and effect in matters covered under this Proclamation so far as it is inconsistent with the provisions of this Proclamation.

47. Effective Date

This Proclamation shall come into force as of 14th day of October, 2003.

Done at Addis Ababa this 14th day of October, 2003.