



PREFERENTIAL TRADE AGREEMENT
BETWEEN
THE GOVERNMENT OF THE FEDERAL
DEMOCRATIC REPUBLIC OF ETHIOPIA
AND
THE GOVERNMENT OF THE REPUBLIC OF THE SUDAN

The Government of the Federal Democratic Republic of Ethiopia and the Government of the Republic of the Sudan, hereinafter called the Parties,

Having referred to the discussion and common understanding reached between H.E. Ato Meles Zenawi, Prime Minister of Ethiopia and H.E. Mr. Omar Al-Beshir, President of the Republic of the Sudan in granting reciprocal Preferential Treatment for the products originating from each country,

Recalling their desire to participate actively in the process of economic integration as an important catalyst for stability in the sub-region and expressing their readiness to cooperate in seeking ways and means to strengthen this process,

Reaffirming their firm commitment to the principles of market economy, which constitute the basis for their trade relations,

Recalling their firm commitment to the Trade Agreement signed in Khartoum on 6 March 2000 and, in particular, the principles contained in the final document of the Fifth Ethio-Sudan Joint Ministerial Commission Meeting held in Addis Ababa and Sodere from April 30 to May 02, 2001.

Resolved to this end to eliminate tariff barriers for enhancing trade relations between the Parties,

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Firmly convinced that this Agreement will foster the intensification of mutually beneficial trade relations between them and contribute to the process of integration in the sub-Region,

Hereby agreed as follows:

Article 1

The objectives of this Agreement are:

- (1) to promote, through the expansion of trade, the development of the economic relations between the Parties and thus to foster the advancement of economic activity in the two countries, the improvement of living and employment conditions, and increased productivity and financial stability,
- (2) to provide fair conditions of competition for trade between the Parties,
- (3) to contribute in this way, by the removal of tariff barriers to trade, to the harmonious development and expansion of regional trade.

Article 2

- (1) Without Prejudice to the relevant provisions of the Trade Agreement signed on the 6th day of March 2000 at Khartoum between the two Parties, this Agreement shall apply to the Preferential Trade Arrangement (Preferential Treatment) between the Federal Democratic Republic of Ethiopia and the Republic of the Sudan.
- (2) The provisions of the Preferential Treatment shall apply to all industrial and agricultural products originating from both Parties.

Article 3

- (1) The Parties agreed to apply the COMESA Rules of Origin provisions provided in the Treaty and its Protocol on goods originating from both Parties.



Article 4

- (1) The prevailing national tariff rate shall not apply on imported products specified under Article 2(2).
- (2) The Preferential Rate of Customs Duties on all imports originating from either Party specified under 2(2) shall be zero.

Article 5

When either Party proves that the importation of a particular product is causing or threatening to cause serious injury to its domestic industries, that party may apply all forms of safeguard and other remedial measures as provided for in the COMESA Treaty and Protocol.

Article 6

- (1) In order to facilitate the implementation of this Agreement, the Parties further agreed to establish a Joint Committee consisting of designated representatives from each Party. The Joint Committee shall:
 - (a) supervise and administer the implementation of this Agreement.
 - (b) design solutions and appropriate measures for problems which may arise in the implementation of this Agreement or in the scope of development of trade between the two countries and,
 - (c) consider proposals that may be submitted by either Party within the framework of this Agreement aiming at further expansion and diversification of trade between the two countries.
- (2) The Joint Committee shall be composed of the following institutions:

Ethiopian side

Ministry of Trade and Industry
Ministry of Finance and Economic
Development
Ministry of Infrastructure
National Bank of Ethiopia
Ethiopian Customs Authority

Sudanese side

Ministry of Foreign Trade
Ministry of Finance and National Economy
Ministry of Transport
Ministry of Industry and Investment
The Sudanese Free Zone-Management
General Administration of Customs
Bank of Sudan

- (3) The Joint Committee shall meet annually at Addis Ababa and Khartoum alternately. However, the Joint Committee shall hold interim consultation, as may be required, upon request by either party.

Article 7

- (1) Both Parties shall inform the signing and ratification of this Agreement to their respective entrepreneurs and trading enterprises and encourage their respective traders and trading organizations to improve and expand their business relations.
- (2) Both parties shall facilitate the exchange of trade missions composed of members of the business community involved in commercial transactions in order to assist them determine all relevant contractual agreements.
- (3) Subject to the laws, regulations and orders in force in each country, the Parties shall encourage and extend all possible facilities such as simplifying and facilitating customs formalities and procedures to their traders.

Article 8

Commercial transactions within the framework of this Agreement shall be concluded by juridical or natural persons of the two countries in accordance with the prevailing laws in force in each country and shall assume their own responsibility when they execute business transactions.

Article 9

The Parties agree to designate their respective Government agencies for the coordination and implementation of this Agreement. Accordingly, the Ethiopian Government has designated the MINISTRY OF TRADE AND INDUSTRY and the Government of the Republic of the Sudan has designated the MINISTRY OF FOREIGN TRADE.

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Article 10

- (1) Either Party or the Joint Committee may recommend amendments to this Agreement.
- (2) Amendments to this Agreement shall be done by exchange of letters between the Parties through the normal diplomatic channels. Such amendments shall form an integral part of this Agreement.

Article 11

- (1) This Agreement is subject to ratification by the appropriate organs of both Parties.
- (2) This Agreement shall enter into force on date on which the Governments of the Parties have notified each other that their constitutional requirements have been fulfilled. The date shall be the date in which the last notification letter is sent.

Article 12

- (1) This Agreement is concluded for a period of one year starting from the date on which it comes into force. It shall be automatically renewed for additional period of one year each, unless either party notifies the other in writing of its intention to terminate the Agreement ninety /90/ days prior to the expiration of each period.
- (2) In case of termination, the provisions of this Agreement shall continue to apply in respect of all unfulfilled obligations. The termination shall take effect three months following the date on which the notification was received by the other Party.

Done at Addis Ababa on this 25th day of April 2002 in two originals, in the English language.



H.E. Ato Girma Birru

Minister of Trade and Industry
for the Government of the Federal
Democratic
Republic of Ethiopia



H.E. Mr. Abdelhameed Musa Kasha

Minister of Foreign Trade
for the Government of the Republic of
the Sudan