Federal Negarit Gazeta
Of the Federal Democratic Republic of Ethiopia

Regulation No. 161/2009
Coffee Quality Control And Transaction Council of Ministers Regulation

This Regulation is issued by the Council of Ministers pursuant to Article 5 of the Definition of Powers and Duties of Executive Organs of the Federal Democratic Republic of Ethiopia Proclamation No. 471/2005 and Article 19(1) of the Coffee Quality Control and Transaction Proclamation No. 602/2008.

PART ONE
GENERAL

1) Short Title
This Regulation may be cited as the “Coffee Quality Control and Transaction Council of Ministers Regulation No. 161/2009.”

2) Definition
In this Regulation, unless the context otherwise requires:

2) “appropriate regional organ” means agriculture and rural development bureau of a coffee producing region or any other organ of the region in charge of similar functions.
3) “primary coffee transaction center” means a place designated by the appropriate regional organ for trading red cherry and sun dried coffee.
4) “service provider” means any person not engaged in coffee transaction and engaged in washing, pulping, sifting, processing, warehousing or transporting coffee.

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5) The definition provided for under Article 2 of the Proclamation shall also be applicable for this Regulation.

3. Transactions in Red Cherry and Sun Dried Coffee

1) Red cherry and sun dried coffee trade in primary transaction centers shall be made between small producers who harvest coffee from their farms or cooperatives that supply the coffee collected from their members and coffee suppliers certified by the trading center.

2) A supplier who buys red cherry or sun dried coffee pursuant to sub-article (1) of this Article shall not resell it to another producer or supplier.

4. Transactions in Supply Coffee and Coffee By-products

1) Transactions in supply coffee and coffee by-products shall take place only at the Ethiopia Commodity Exchange in accordance with the rules of the Exchange.

2) Without prejudice to sub-article (1) of this Article the Ethiopia Commodity Exchange may establish special arrangement for transaction of better quality and higher price supply coffee.

3) A member of the Ethiopia Commodity Exchange who is:

(a) a coffee supplier may not be allowed to buy or sell coffee at the Exchange other than selling supply coffee;

(b) a coffee exporter may not be allowed to buy or sell coffee at the Exchange other than buying supply coffee that has export quality and selling coffee by-products;

(c) a coffee wholesaler may not be allowed to buy or sell coffee at the Exchange other than buying domestic consumption coffee;

(d) Coffee roaster may not be allowed to buy or sell coffee at the Exchange other than buying supply coffee or coffee by-product that is required for its operations.

4) Coffee graded by the coffee liquoring center and sold at the Exchange may not be introduced for re-sale at the Exchange.

5) Any member of the Exchange shall be allowed to buy or sell coffee at the Exchange only upon presentation of a valid certificate of competence issued in accordance with this Regulation and a valid coffee trade license issued by the competent organ.
PART TWO

PRIMARY COFFEE TRANSACTION CENTERS

5. Designation

1. The appropriate regional organ shall, in consultation with other organs of the region vested with the power of regulating trade, determine the number and distribution of primary transaction centers to be designated in coffee producing localities.

2. When determining the number and distribution of primary transaction centers the following consideration shall be taken into account:
   (a) proximity for coffee producers and suppliers;
   (b) convenience for entrance and exit of motor vehicle;
   (c) convenience for transporting the coffee to processing plants within 12 hours after transaction;
   (d) convenience for trading red cherry and sun dried coffee sharing similar properties;
   (e) convenience for giving services for transaction of red cherry coffee; and
   (f) sufficiency of distance from schools, health and religious institutions.

3. Where a transaction center serves neighboring woredas, the designation shall be determined jointly by the appropriate regional organ and the agriculture and rural development offices of the concerned woredas.

6. Transaction Days and Hours

1. The trading days and hours of a primary transaction center shall be determined by the organ which designated it pursuant to this Regulation with due regard to the objective conditions of the locality.

2. The trading days and hours of a primary transaction center shall, to the extent possible, be separate from days and hours of other trading places.

7. Organization of Primary Transaction Center

1. A transaction center shall:
   (a) have a dimension of at least 50 by 50 meters;
   (b) be fenced by using locally available materials;
   (c) have a common service comprising market data board, loading and unloading platform, dry waste burring and pit latrine; and
(c) be clean and convenient for information technology services.

2) The organ in charge of administering the trading places of a primary transaction center shall take the necessary measures to clean them from environmental effects that may affect the quality of coffee.

PART THREE

CERTIFICATE OF COMPETENCE

8. Requirement of Certificate of Competence

Any coffee supplier, exporter, wholesaler, roaster, processor or coffee warehouse operator shall obtain a certificate of competence issued in accordance with this Regulation prior to applying for a trade license.

9. Coffee Supplier's Certificate of Competence

A coffee supplier's certificate of competence shall be granted upon ascertaining that the applicant:

1) owns or has procured from a third party through a lease contract a warehouse, a coffee pulping, washing and drying machines, bags and other necessary materials which meet the technical standards set by the Ministry;

2) owns or has procured from a third party through a lease contract a weighing scale and moisture calibrator verified by the Quality and Standards Authority of Ethiopia;

3) in case of a washed coffee supplier, owns or has leased from a third party a coffee processing plant that meets operational standards set by the Ministry or the appropriate regional organ and is located along a permanent drainage basin or a sufficient supply of water;

4) arranges operational processes, as confirmed by the competent authority, that can dispose wastes without causing harm to the environment, the public or individuals;

5) has an operational procedures to process coffee products of different ecological properties separately;

6) owns a service catering office organized in a manner to be able to provide the necessary services; and

7) has permanently deployed a staff sufficiently qualified in coffee-quality matters.
Coffee Exporter’s Certificate of Competence

A coffee exporter’s certificate of competence shall be granted upon ascertaining that the applicant:

1) owns or has leased from a third party a coffee warehouse and, sifting and other necessary equipment that meet the technical standards set by the Ministry;

2) owns or has leased from a third party a weighing scale and a moisture calibration instrument certified by the Quality and Standards Authority of Ethiopia;

3) arranges operational processes, as confirmed by the competent authority, that can dispose wastes without causing harm to the environment, the public or individuals;

4) has an information flow mechanism through which he can inform the Ministry, at least at the end of every month, about the type and quantity of coffee purchased for export, sold to wholesalers and the stock balance remaining in the warehouse;

5) has produced a special license granted by the Ministry if he exports blended coffees that have different properties or standards;

6) owns a service catering office organized in a manner to be able to provide the necessary services; and

7) has permanently deployed a staff sufficiently qualified in coffee quality matters.

Coffee Processor’s Certificate of Competence

A coffee processor’s certificate of competence shall be granted upon ascertaining that the applicant:

1) owns or has leased from a third party a warehouse; a coffee pulping, washing, drying, sifting and other machines that meet the technical standards set by the Ministry;

2) owns a service catering office organized in a manner to be able to provide the necessary services;

3) has permanently deployed a staff sufficiently qualified in coffee quality matters;
9. in case of a washed coffee processor, owns or has leased from a third party a coffee processing plant that meets operational standards set by the Ministry and is located along a permanent drainage basin or a sufficient supply of water.

5. owns or has leased from a third party a washing scale and a moisture calibration instrument certified by the Quality and Standards Authority of Ethiopia.

6. arranges operational processes, as confirmed by the competent authority, that can dispose wastes without causing harm to the environment, the public or individuals, and

7. employs procedures that enable to differentiate coffee beans that have various characteristics or standards.

12. Coffee Warehouse Operator’s Certificate of Competence

A coffee warehouse operator’s certificate of competence shall be granted upon ascertaining that the applicant:

1) owns or has leased a coffee warehouse that meets the technical standards set by the Ministry;

2) employs procedures that enable to differentiate coffee beans that have different properties or standards, and

3) owns a service catering office organized in a manner to be able to provide the necessary services.

13. Coffee Wholesaler’s Certificate of Competence

A coffee wholesaler’s certificate of competence, which enables to supply domestic consumption coffee to retailers, shall be granted upon ascertaining that the applicant:

1) owns or has leased from a third party a coffee warehouse and other necessary equipment that meet technical standards set by the Ministry;

2) owns or has leased from a third party a weighing scale certified by the Quality and Standards Authority of Ethiopia; and

3) owns a service catering office organized in a manner to be able to provide the necessary services.
A coffee retailer's certificate of competence shall be granted upon satisfying that the applicant:

1. Owns or has leased from a third party a office with at least 30m² usable area and other equipment that meets the technical standards set by the Ministry.

2. Has the necessary qualifications and experience in coffee-making.

3. Has the necessary qualifications and experience in the management of a coffee-making business.

4. Has the necessary qualifications and experience in the management of a coffee-making business.

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20. Has the necessary qualifications and experience in the management of a coffee-making business.
1) A coffee quality and transaction inspector shall have the powers and duties to...

2) A coffee quality and transaction inspector may, in the course of discharging his responsibilities under sub-article (1) of this Article:

(a) enter, during working hours, any coffee and transaction center
(b) stop and inspect any vehicle transporting coffee and demand the presentation of pertinent documents and photographic evidences and samples of coffee and demand the presentation of pertinent documents and photographic evidences and samples of coffee; and
(c) examine and take copies of relevant documents, take photographic evidences and samples of coffee, and demand the presentation of pertinent documents and photographic evidences and samples of coffee;
(d) inspect the premises of any person engaged in the production and processing of coffee by suppliers, investors, processors, exporters and carriers, and the respective records, and the registered copies of the documents applicable to the coffee farm, warehouse, plant or the site of a coffee processing plant or the site of a warehouse, plant or the site of a coffee processing plant.

3) Scatter coffee on roads for pulping;

4) Pick immature coffee or mix red cherry with green or yellow coffee;

5) Use chemicals not verified by professionals or approved by the Ministry or the appropriate regional organ; or

6) Use chemicals and verify by professionals on the coffee farm.
(c) make preliminary inspection on the quality, moisture and type of coffee, at the time of its loading, to be transported from suppliers to the Ethiopia Commodity Exchange.

3) Where a coffee quality and transaction inspector ascertains that the provisions of the Proclamation or this Regulation or directives issued for the implementation of the Proclamation and this Regulation are contravened, he shall have the power, with a court warrant or without court warrant if he believes that the coffee may be removed during the time required for obtaining the court warrant, to seize, against issuance of a receipt, the illegally handled coffee or take sample of the coffee and seal the warehouse where the coffee is deposited.

4) The coffee quality and transaction inspector shall immediately report to the Ministry or the appropriate regional organ on the action he has taken pursuant to sub-article (3) of this Article and follow the instructions of the Ministry or the appropriate regional organ for taking subsequent actions in accordance with Article 22 of this Regulation.

21. Whistle Blowing Illegal Acts

1) Any person who is aware of an illegal act committed, in violation of the provisions of the Proclamation or this Regulation or directives issued for the implementation of the Proclamation and this Regulation, in the course of processing, storing or transporting coffee or in the course of coffee transaction may report the same, in writing, to the nearest coffee quality and transaction inspector or to the Ministry or the appropriate regional organ.

2) Any person who has submitted a report in accordance with sub-article (1) of this Article that led to the seizure of coffee subject to the illegal act shall be entitled to the payment of whistle blower's commission pursuant to sub-article (4)(b) of Article 22 of this Regulation.

22. Seized Coffee

1) Any person whose coffee is seized or coffee warehouse is sealed pursuant to sub-article (3) of Article 20 of this Regulation may submit his objection to the Ministry or appropriate regional organ within five working days.

2) The Ministry or the appropriate regional organ shall, within one week, examine and decide on the objection. Where the decision of the Ministry or the appropriate regional organ:
(a) disapproves the actions of the inspector, the release of the seized coffee or the opening of the sealed coffee warehouse shall be immediately effected.

(b) approves the actions of the inspector, the coffee shall, after retaining sample, be sold to a supplier authorized to buy coffee at a primary coffee transaction center where it is red cherry or sun dried, to an exporter where it is supply coffee or to a wholesaler or coffee roaster where it is domestic consumption coffee at the Ethiopia Commodity Exchange, and the proceeds of the sale shall be deposited in a blocked bank account opened in the name of the Ministry or the appropriate regional organ.

3) The owner of coffee who objects the decision referred to in sub-article (2)(b) of this Article may lodge his appeal to the federal high court or the regional high court, as appropriate, within 30 days from the date of receipt of the decision.

4) Where the court to which an appeal is submitted pursuant to sub-article (3) of this Article:

(a) reverses the decision of the Ministry or the appropriate regional organ, the proceeds of the sale shall, after deducting the cost of sales, be paid to the owner of the coffee, or

(b) upholds the decision, or the owner fails to submit an appeal within the specified time limit, the proceeds of the sale shall, after deducting the amount of commission to be paid to whistle blowers, if any, be transferred to the federal or regional government, as appropriate.

PART FIVE
MISCELLANEOUS PROVISIONS

23. Duty to Cooperate

1) Any person shall have the duty to cooperate with the Ministry or the appropriate regional organ in the implementation of this Regulation.

2) Police shall provide the necessary assistance to a coffee quality and transaction inspector in seizing, pursuant to sub-article (3) of Article 20 of this Regulation, coffee subjected to illegal acts.
24. Transitory Provision

Any coffee supplier, exporter, wholesaler, roaster, processor or coffee warehouse operator shall continue operating his business using his existing valid trade license until he obtains a certificate of competence from the Ministry or the appropriate regional organ within six months from the effective date of this Regulation.

25. Inapplicable Regulations and Directives

No regulation or directive shall, in so far as they are inconsistent with this Regulation, be applicable with respect to matters provided for by this Regulation.

26. Effective Date

This Regulation shall enter into force as on the 14th day of November, 2008.

Done at Addis Ababa, this 4th day of February 2009.

MELES ZENAWI

PRIME MINISTER OF THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA