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**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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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 arrangements for transactions 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 buring and pit latrine;
   (d) have weighing scale certified by the Quality and Standards Authority of Ethiopia and owned by each of the suppliers; and
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;
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In the case of a washed coffee processor, the Ministry has the authority to ensure that the following conditions are met:

1. The coffee processor has a certificate of competence granted by the Ministry.
2. The coffee processor has a written plan for operational processes, as confirmed by the competent authority, that can dispose wastes without causing harm to the environment, the public, or individuals.
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14. **Coffee Roaster's Certificate of Competence**

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

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

2) has permanently deployed a staff sufficiently qualified in coffee quality matters, and

3) has arrangements for labeling the product to indicate its type, properties and quality standards on the package.

15. **Application for Certificate of Competence**

1) Any person who wants to obtain a certificate of competence to be issued in accordance with this Regulation shall submit his application to the appropriate regional organ or, in case of coffee exporter, to the Ministry.

2) The application shall contain evidences showing the fulfillment of the requirements provided for in this Regulation with respect to the issuance of the certificate of competence in question and other information that may be required pursuant to directives issued by the Ministry or the appropriate regional organ.

3) The Ministry or the appropriate regional organ shall decide on the application within 15 working days from the date of receipt of the application.

4) When the Ministry or the appropriate regional organ rejects the application, it shall state, in detail, the reasons for the rejection.

5) Any applicant who is dissatisfied with the decision of the Ministry or the appropriate regional organ may appeal, on question of law, to the federal or regional high court, as appropriate, within 20 working days from the date of receipt of the decision. The decision of the court shall be final.

16. **Suspension and Revocation of Certificate of Competence**

1) Where a person issued with a certificate of competence in accordance with this Regulation:

(a) fails to maintain the conditions upon the basis of which the certificate of competence has been issued, or
1. Any person whose certificate of competence has been suspended or revoked pursuant to Article 16 of this Regulation shall not engage in coffee transaction irrespective of the fact that his reapplication against the suspension or revocation is under consideration.

2. Notwithstanding sub-article (1) of this Article, a person whose certificate of competence has been suspended or revoked may authorize the use of his facilities, machineries and equipment that fulfill the requirements of this Regulation by another person holding a valid certificate of competence.

PART FOUR
INSPECTION OF COFFEE QUALITY AND TRANSACTION

18. Prohibitions

It is prohibited for any coffee producer or processor, in the course of collecting processing or supplying coffee, to:

1) jumble coffee with soil or mix coffee with alien substances;

2) place coffee into water with intent to increase its weight.
1. A coffee quality and transaction inspector shall have the powers and duties to...

2. A person to be assigned as inspector pursuant to sub-article (1) of this Article shall have adequate knowledge on coffee quality and...
(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 according 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