

## The 1960's Commercial Code vis-a-vis the New Commercial Code

### Description

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### Introduction

This article will focus on the planned change to the 1960 Commercial Code of Ethiopia. In the new Commercial Code, although commerce has existed since the ancient times, there has been more advancement with new technologies. This Commercial Code would set a groundwork for the enlargement of the economic sector of the country and would made new advancements and for the country to get closer to the fastest innovations and advancements of the world.

### Reasons for Amendments

The 1960 Commercial Code should be amended because of reasons including the establishment of new companies, formation of new jobs, be competitive in the arena of the global world make vague provision clear and understandable and constitute or establish virtual companies, digital banking system.

The Commercial Code of Ethiopia was first introduced in the early of 1960's. This Commercial Code constitutes articles that are related with commerce and business. But Ethiopia needs up-to-date and developed rule of law to progress with the rest of the world. The recent regime after implementing the constitution, there were encounters to review certain laws of the land. The Commercial Code was one of the laws that were revised by legal scholars. There were strong recommendations and suggestions from different legal advocates and also from different sector of companies that are established in the country, which the Commercial Code seems to be backward for the modern time. The new Commercial Code will have significant modifications and also introduces new technological advancements in the country.

## **New Changes**

Under the new Commercial Code there are numerous changes suggested with regards to the Ethiopian economic development. The new Commercial Code has innovative commercial structures that were not included in the previous Commercial Code. The 1960's Commercial Code miss out some important issues which were seen in the life insurance, the description of insurance and insurance strategy against unforeseen accidents. These was not efficiently stipulated under the 1960 Commercial Code. There should have been a clear explanation about unexpected accidents. Elements of accidents should have been cleared.

Company law such as private limited companies (PLC) has been intensely aggregating in our country but there seems to be some difficulties with the articles of the Commercial Code that govern this specific companies. Specifically the articles that are related with mandatory legal requirement, capital, limited liability of members needed some amendment.

The new Commercial Code has come up with the following resolutions and new introductions. The introduction of Individual PLC. This new type of organization permits that one person can establish a company. The previous code only permits minimum of two person to establish a private limited company. The new Commercial Code states that board of directors can manage a PLC and the board members may be outsiders or shareholders. Business owners can use their business as collateral. Business owners can use their business as a collateral to ask for loan from banks. In the previous Commercial Code articles of association was a mandatory requirement for establishment of a share company and PLC. Under the new Commercial Code, articles of association are no longer a mandatory task to fulfill establishment of shareholding companies.

## **Conclusion**

The 1960's Commercial Code of Ethiopia has governed the commerce sector of the country for over 50 years. The 1960's Code was first introduced in the reign of the Emperor Haile Selassie. This generates an obvious difficulty to the modern day commerce and business. As companies generally are increasing with number and recent technologies, they need an up to date law that governs them which goes in parallel with the modern introduced innovations. As a result there were several demands on the side of the legal scholars and also startup companies that the 1960's Commercial Code is regressive for the current time. After several attempts, the new Commercial Code was presented. This new code consists of many changes from the previous code and also introduced new features to the procedure of the commerce in the country. This starts new advancements in the sector of commerce and it would be a great advantage for new companies to emerge in the country since the law has introduced different kinds of policies.

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