

## Agricultural Production Contracts

### Description

By Dagnachew Tesfaye, Managing Partner at DMLF



Handshake. Two farmer standing and shaking hands in a wheat field. Agricultural business.

Agricultural Production Contract Proclamation No 1289/2023(the Proclamation) done as of July 6,2023 governs the particular nature of agricultural produce including **processed feed, seed, breed**; of **plant**( *cereals, pulses, oil crops, vegetables, fruits, root crops, spices, forage, non banned stimulants, industrial crops, forest and forest products and other cultivated crops*), **animal** (*cattle, sheep, goat, draft animals, camel, chicken, bee, silkworm, pig, and any others that can be domesticated in the future* ) and **fish** and their products in a raw or produced and processed form between a producer and a contractor with a comprehensive legal framework. Agricultural Production Contracts(APC's) are defined as agreements between agricultural produce contractor and producer that is registered by an appropriate body to register contracts. Within APC, there are four types of contracts. These are out-grower contracts, centralized contracts, multiparty contracts and intermediary contracts.

The Proclamation covers the contractual journey of producer and contractor from the start to the end. APC's can start through written or oral offer and acceptance. Once the offer and acceptance are known, the APC's shall be made in writing attested by 3 witnesses and shall be registered.

The content of the APC's should reflect among others the names and addresses of the parties, the

rights and obligations of the parties, type, quality and quantity of the agricultural produce and description of units of measurement, price and term of payment, system of transportation and related costs, the duration and validity date of the contracts, dispute resolution mechanisms.

Force majeure circumstances are redefined taking into consideration the particular relationship of the producer and contractor. Serious illness of producer, if he himself is responsible to perform, extreme high or low temperature, fire accident, earthquake or landslide, man made accident affecting more people including the producer and extreme animal or crop disease or pest outbreaks are the force majeure conditions included in the Proclamation.

Producer and contractor can agree on specific conditions that entitles them to **terminate** the contract. However, the party that terminates without mutual consent shall be liable to compensate the other party for the damage arising from termination of the contract. Council of Ministers shall determine the calculation of the compensation for damage due to termination by a **regulation**.

Disputes shall be first settled amicably. When amicable settlement fails to produce result, then the parties may **agree** to resort to mediation by a 3rd party **or** settle the matter by arbitration. Where the parties fail to resolve the dispute through mediation or arbitration, they may take the matter to court of law with relevant jurisdiction.

To sum up, APC Proclamation aims to modernize transactions in agricultural produce and bring the agricultural sector intertwined with customary practices to a level of standard laws and procedures of transaction. Due to this, the Proclamation declares that no law or customary practice shall insofar as the laws are inconsistent with the Proclamation shall have no effect on matters provided in the Proclamation. The aim of the Proclamation is to bring the agricultural sector to a modern level of contractual agreement, ensuring the sector benefiting itself and the agro processing transformation of the country.

For related inquiries, you may contact us at info@dmethiolawyers.com

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## RESPONDING TO CHILD ABUSE AND NEGLECT

By Dagnachew Tesfaye, Partner at DMLF The Alternative Child Care and Support Directive Number 976/2023 by Ministry of Women and Social Affairs, October 2023, incorporates a section namely Responding to Child Abuse and Neglect. The State is given the responsibility to respond to child abuse and neglect. The procedure of reporting, assessment, court approval, emergency...

June 30, 2024

## [Gold Purchase Price Adjustment](#)

By DMLF The National Bank of Ethiopia has introduced an amendment Directive namely NBE Amendment Procedure on Price of Gold Purchase No 1/2024, effective as of June 17/2024. This Directive is an amendment to a similar Directive number 3/2023. The amendment Directive encompasses price adjustment for provision of gold in terms of its weight and...

June 23, 2024

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By DMLF The House of Peoples' Representative in its session on June 11/2024 enacted the Proclamation to Determine Public Holidays and Celebration of Public Holiday Proclamation Number 1334/2024. The Proclamation identifies 12 celebrated public holidays that governmental and non-governmental institutions shall be closed for public services. These public holidays and rest days are salaried days....

June 16, 2024

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Partners to DMLF namely Mr.Dagnachew Tesfaye Abetew and Mrs.Mahlet Mesganaw Getu are proud to announce the membership to the American Bar Association (ABA). We hope the ABA membership will provide us with professional advantages in building networks for rendering life changing legal services for our communities.

June 9, 2024

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## [The Madrid System for the International Registration](#)

## of Marks

By DMLF The Madrid System for the International Registration of Marks is a centralized system that simplifies the process of registering trademarks in multiple countries. It's administered by the World Intellectual Property Organization (WIPO). Under this system, trademark owners can file a single application with WIPO to protect their mark in multiple member countries. This...

June 9, 2024

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## Ethiopian National Dialogue

By DMLF The Ethiopian National Dialogue Commission (hereafter the Commission) was established by Proclamation 1265 /2021( hereafter the Proclamation). The Proclamation was done as of 13th of January 2022. The term of office of the Commission is three (3) years. The term of the Commission shall begin from the time Commissioners have been appointed in accordance...

June 2, 2024

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