

Transaction of Minerals: the Regulation in Ethiopia

Description

By Mahlet Mesganaw, Partner at DMLF



The Transaction of Minerals Ratification Proclamation No. 1144/2019 governs the transaction of minerals resources after production. The Proclamation covers all transactions of minerals produced from all mining operations conducted in Ethiopia. The FDRE Constitution provide that the rights to ownership of all natural resources of Ethiopia is exclusively vested in the government and its people. Accordingly it has become necessary to regulate the transaction of minerals by a proclamation. We shall briefly look into the competency requirements, licenses required, eligibility, duration of licenses and a brief conclusion shall follow.

Authority and Ministry

The licence issuing Authority and the Ministry mentioned in the Proclamation are the Ministry of Trade and Regional Integration and the Ministry of Mines, respectively. These Federal organs issue mineral

refining, smelting for metallic and associated minerals and mineral exporters certificate of competence. Licences and certificates other than the once given to the authority or Ministry are given by the Regions.

Certificate of Competence

To transact minerals, a person has to qualify to carry out the trade. The following certificates of competence (coc) may be requested and upon fulfillment of the requirements, issued : a) mineral supplier coc, b) mineral crafting coc, c) mineral refining coc, d) mineral smelting coc, d) mineral transaction coc and f) mineral export coc.

Licenses

Any person who wishes to trade in minerals shall present a coc and shall be issued with the following License : a) mineral supplier licenses b) mineral crafting license c) mineral refining license d) mineral smelting license d) mineral trade license and e) mineral export license.

Eligibility

Among the Licenses referred above, mineral supplier license or gold and silver smelting license **shall not be issued to foreign investors**. A holder of a mining license shall not be issued with a supplier licence. Similarly regarding eligibility for coc, mineral transaction or export certificate of competence shall not be issued to foreign investors.

Duration and Renewal

Any license or coc shall be valid for one year from the date of issuance subject to renewal upon fulfillment of the requirements.

In conclusion, the Transaction of Minerals Proclamation aims to modernize the mineral transaction scheme so as to create proper structure that enhances the contribution of the mining sector to the economy of Ethiopia. The Proclamation also enables investors engaged in mineral transactions perform their rights and obligations as per the rules and regulations.

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Date Created

March 5, 2024

Author

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