

A G R E E M E N T
ON ECONOMIC AND TECHNICAL CO-OPERATION
BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF ITALY
AND THE IMPERIAL ETHIOPIAN GOVERNMENT

The Government of the Republic of Italy and the Imperial Ethiopian Government,

- a) Desiring to further strenghten the friendly relations already existing between the two Countries,
- b) Recognizing the mutual benefit that will accrue as a result of closer economic and technical co-operation and
- c) Wishing to contribute to the economic development of their respective Countries, agree as follows:

ARTICLE 1

- A) The Government of the Republic of Italy undertakes to facilitate the providing of technical assistance to the Empire of Ethiopia for the development of Ethiopian industry and the improvement of agriculture, transport system and tourism of Ethiopia, including therein the assignment of Italian technicians to Ethiopia.
- B) The Government of the Republic of Italy shall foster the investment of Italian capital in the Empire of Ethiopia. Said capital will benefit from all the facilities provided for by the laws in force in the Empire of Ethiopia.

- C) In order to ensure a better realization of the program described in the preamble of this Agreement, the Government of the Republic of Italy, within the possibilities of its national economy, is also willing to grant to those Italian enterprises, which will so request, the necessary authorization for supplying Ethiopian firms with capital goods on a delayed payment basis, in conformity with the laws and regulations in force in the two Countries.
- D) The Italian Authorities, in a spirit of friendly cooperation, will examine the problems relative to supplying the aforesaid capital goods, particularly with an end to grant the most favourable possible terms of payment in relation to the nature and extent of the projects to be carried out.

The credits deriving from the supply of capital goods from Italy, will be able to benefit from the guarantees provided for by the actual regulations of Italian laws. The Authorities of the Empire of Ethiopia, on their part, shall, in accordance with their existing laws and regulations furnish the necessary guarantees for the foreign exchange remittance of the sums due to the Italian creditors at the termination of each period of credit.

ARTICLE 2

Italian firms and nationals, in respect of their capital imported from Italy and invested in the Empire of Ethiopia, shall, on a basis of reciprocity, be accorded, with regard to the repatriation of capital, transfer of profits, proceeds of sales and compensation in case of expropriation or nationalization, the same treatment as

Aug

..../..

that accorded or hereinafter to be accorded, under similar circumstances and conditions, to firms and nationals of the most favoured third Country.

ARTICLE 3

In order to facilitate the implementation of the program of economic and technical co-operation provided for by this Agreement, a Joint Commission for Economic Development shall be established. Said Commission shall be composed of representatives of both Governments and, if necessary, also of Italian and Ethiopian experts.

ARTICLE 4

The Joint Commission for Economic Development, provided for by article 3) of the present Agreement, shall convene at the request of one of the two Governments whenever it shall be necessary.

The Joint Commission shall benefit from the collaboration of the competent Authorities of the two Countries.

The Joint Commission will encourage, among its tasks, the exchange of technical views and technical information between the two Countries and will favour particularly the exchange of one Country's technicians to the territory of the other.

ARTICLE 5

The present Agreement shall come into force from the date of the exchange of the instruments of ratification and shall remain in force for a period of two years from said date. Thereafter, the present Agreement shall be tacitly renewed from year to year until such time as one of the two Contracting Parties will terminate the Agreement by a

Ky

10/10

formal notice given three months before the Agreement is due to expire.

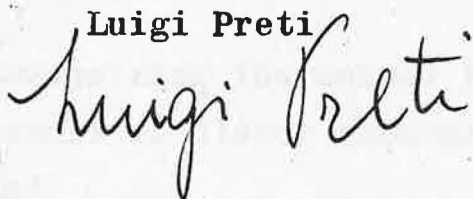
The termination of this Agreement shall not prejudice the validity of the contracts already signed and the guarantees already furnished in conformity with the present Agreement.

IN WITNESS WHEREOF the undersigned Plenipotentiaries of the two Contracting Parties, being duly authorized thereto, have signed the present Agreement in the English language.

DONE at Addis Ababa on February 18, 1963.

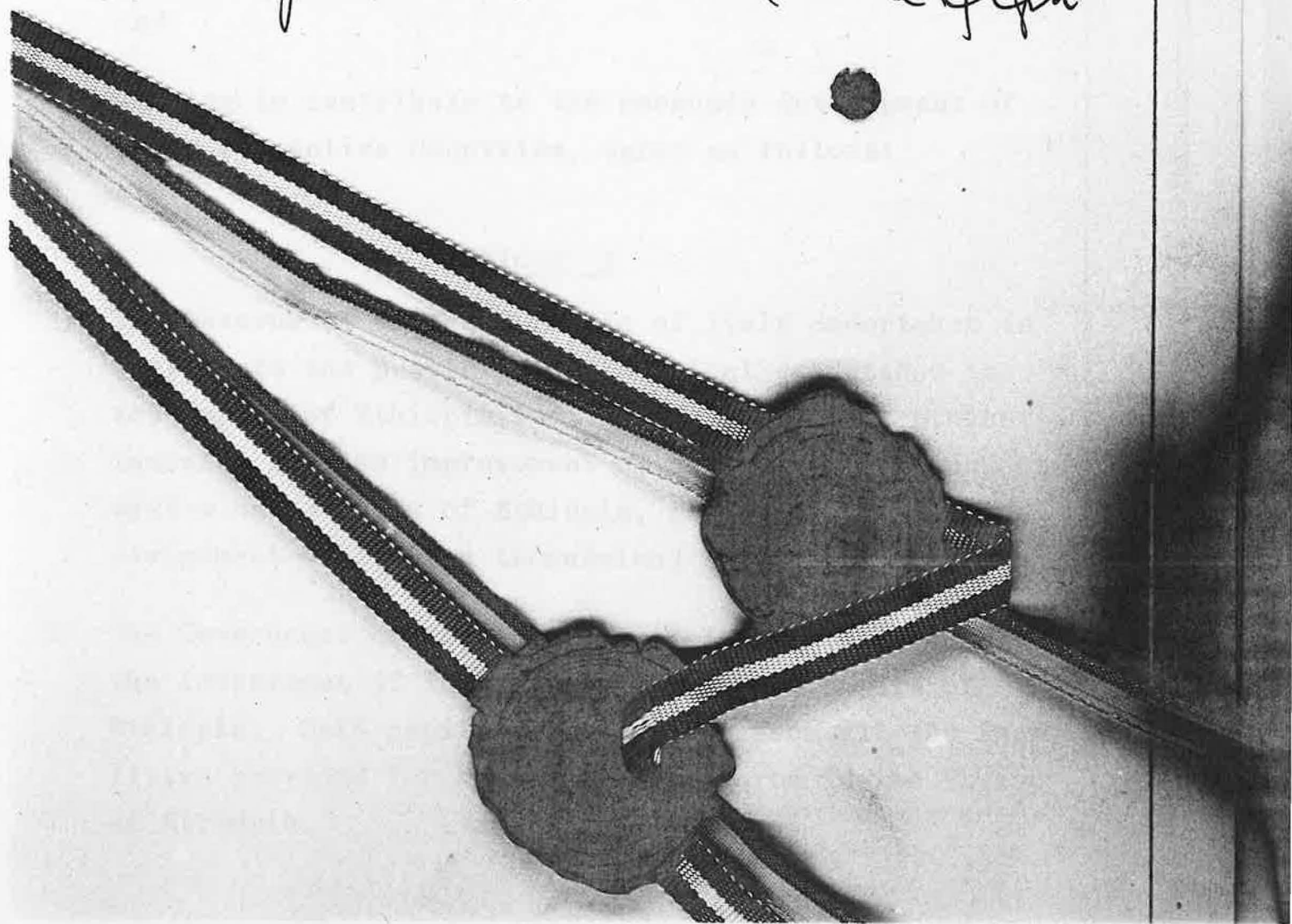
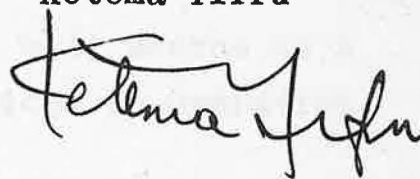
FOR THE GOVERNMENT OF
THE REPUBLIC OF ITALY

Luigi Preti



FOR THE IMPERIAL ETHIOPIAN
GOVERNMENT

Ketema Yifru



TRATTATI E CONVENZIONI

Addis Abeba, February 1st 1963

The Italian Embassy presents its compliments to the Imperial Ministry of Foreign Affairs, and with reference to the Ministry's Note N. 13303/1152/54 dated August 11th 1962, and the Ministry's Note N. 13303/1152/54 dated September 11th 1962, has the honour to inform that the Italian Government, in order to realize the proposed programme of financial relations between Italy and the Ethiopian Government, a financial credit of 15,000,000,000 lire (fifteen billion lire) has been granted to the Ethiopian Government.

The Italian Embassy wishes to inform the Ethiopian Government's dispatch in order to supply them with those details and explanations as might be needed.

The Italian Embassy trusts that the Imperial Ethiopian Government will consider this decision of the Italian Government as a token of friendship and will appreciate the assistance which it has been prompted.

The Italian Embassy trusts that the Imperial Ethiopian Government will consider this decision of the Italian Government as a token of friendship and will appreciate the assistance which it has been prompted.

ADDIS ABEBA, 1-8-18 FEBBRAIO 1963

ROMA

TIPOGRAFIA RISERVATA DEL MINISTERO DEGLI AFFARI ESTERI

1965

AMBASCIATA D'ITALIA
ADDIS ABEBA

000155

IMPERIAL ETHIOPIAN GOVERNMENT
MINISTRY OF FOREIGN AFFAIRS

Addis Ababa, February 1st 1963

The Italian Embassy presents its compliments to the Imperial Ministry of Foreign Affairs, and, with reference to the Ministry's Note N. 13095/175/2/54 dated August 7th 1962 and the Embassy's Note N. 001393 dated September 21st 1962, has the honour to inform them that the Italian Government, in order to realize the envisaged programme of financial assistance to Ethiopia, has authorized the Italian Financial Institutes for medium term credit to grant to the Ethiopian Government a financial credit of Lit. 8.750.000.000 (eight thousand seven hundred fifty million Italian Lire, equal to US. \$ fourteen million).

The Italian Embassy remains at the Imperial Government's disposal in order to supply them with those details and explanations as might be needed.

The Italian Embassy trusts that the Imperial Ethiopian Government will consider this decision of the Italian Government as a token of friendship and will appreciate at its value the spirit of co-operation by which it has been prompted.

The Italian Embassy avails itself of this opportunity to renew to the Imperial Ministry of Foreign Affairs the assurance of its highest consideration.

Imperial Ministry of Foreign Affairs

ADDIS ABABA

IMPERIAL ETHIOPIAN GOVERNMENT
MINISTRY OF FOREIGN AFFAIRS

6114/175
ADDIS ABABA

Addis Ababa, February 8, 1963

The Imperial Ethiopian Government Ministry of Foreign Affairs present their compliments to the Embassy of the Italian Republic and have the honour to acknowledge receipt of the latter's Note No. 000155 dated February 1st 1963.

As the contents of the Embassy's note have been forwarded to the Imperial Ethiopian Government Ministry of Finance, for its prompt attention, all further communications which the Embassy wishes to make for the realization of the proposed credit should be made with the same Ministry.

The Imperial Ethiopian Government Ministry of Foreign Affairs avail themselves of this opportunity to renew to the Embassy of the Italian Republic the assurances of their highest consideration.

Embassy of the Italian Republic

ADDIS ABABA

000219

Addis Ababa, February 18, 1963

Mister Minister,

I have the honour to inform Your Excellency that, with a view to further contribute to the economic co-operation between Italy and Ethiopia, the Italian Government undertakes to authorize one or more Italian Financial Institutes to grant to the Empire of Ethiopia a financial credit of Lit. 8,750,000,000 (eight thousand seven hundred fifty million Italian Lire) to be employed in economic development projects.

Conditions and formalities for the above-mentioned financial credit will be finalized in an « ad hoc » Convention between the Ethiopian Authorities and the Italian Financial Institute or Institutes.

The Italian Government undertakes to grant to the appointed Italian Financial Institute or Institutes who are to open the above-mentioned financial credit a yearly subsidy of 2 % towards the payment of interests.

I should be very grateful, Mister Minister, if Your Excellency would kindly confirm His agreement on the above.

Please, accept, Mister Minister, the assurances of my highest consideration.

LUIGI PRETI
Minister for Foreign Trade

H. E. KETEMA YIFRU
Minister for Foreign Affairs

ADDIS ABABA

IMPERIAL ETHIOPIAN GOVERNMENT
MINISTRY OF FOREIGN AFFAIRS

No. 7576/175/2/55

Addis Ababa, February 18, 1963

Your Excellency,

I have the honour to acknowledge receipt of your Note No. 000219 of February 18, 1963, which reads as follows :

« I have the honour to inform Your Excellency that, with a view to further contribute to the economic co-operation between Italy and Ethiopia, the Italian Government undertakes to authorize one or more Italian Financial Institutes to grant to the Empire of Ethiopia a financial credit of Lit. 8,750,000,000 (eight thousand seven hundred fifty million Italian Lire) to be employed in economic development projects.

Conditions and formalities for the above-mentioned financial credit will be finalized in an « ad hoc » Convention between the Ethiopian Authorities and the Italian Financial Institute or Institutes.

The Italian Government undertakes to grant to the appointed Italian Financial Institute or Institutes who are to open the above-mentioned financial credit yearly a subsidy of 2 % towards the payment of interests.

I should be very grateful, Mister Minister, if Your Excellency would kindly confirm His agreement on the above ».

I have now the honour to confirm to Your Excellency the agreement of the Imperial Ethiopian Government to the foregoing text.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

KETEMA YIFRU

Minister of State for Foreign Affairs

H. E. Mr. LUIGI PRETI

*Minister for Foreign Trade
of the Republic of Italy*

ADDIS ABABA

IMPERIAL ETHIOPIAN GOVERNMENT
MINISTRY OF FOREIGN AFFAIRS

No. 7578/175/2/55

Addis Ababa, February 18, 1963

Mr. Minister :

I wish to refer to the exchange of Notes on the financial credit of Lit. 8750 million (eight thousand seven hundred fifty million Italian Lire) which the Italian Government has undertaken to authorize in favour of the Empire of Ethiopia with the purpose of further economic development.

In view of this I wish to confirm with the present letter that the Ethiopian Government — as it has been already verbally agreed upon — undertakes to employ Italian firms as well as Italian goods and services to carry out public works in Ethiopia, following agreements between the two Governments, for an amount equal to the aforesaid credit.

Please accept, Mr. Minister, the assurances of my highest consideration

KETEMA YIFRU

Minister of State for Foreign Affairs

*To the Italian Minister
for Foreign Trade*

Hon. LUIGI PRETI

ADDIS ABABA

NOTE

The Italian credit should be granted to the Imperial Ethiopian Government, and not to the State Bank of Ethiopia for the following reasons:

The credit has to be used to finance public projects of an economic development character. This kind of financing is not, by virtue of its Charter, a normal function of the State Bank of Ethiopia either as a bank of issue or as a commercial bank. Even if a way could be devised (which is rather doubtful) to overcome this formal difficulty, the State Bank of Ethiopia would have to charge a higher rate of interest, than that of the credit, in order to cover its overhead expenses. Furthermore, if the State Bank's financing were given to the Government or a Government institution, the State Bank would claim for a 100 % guarantee deposit of Government funds because of statutory limitations of Government indebtedness at the State Bank. In this way the purpose of the credit would be defeated.

All these difficulties will be eliminated, if the credit is granted to the Imperial Ethiopian Government. The Government will issue its Promissory Notes, to cover the repayment instalments and the interest of the credit. This is the form applied in respect of all foreign credits granted to Ethiopia either by foreign governments or by foreign national or international credit institutions.