



SPECIAL STATUS AGREEMENT

BETWEEN

**THE GOVERNMENT OF THE REPUBLIC
OF KENYA**

AND

**THE GOVERNMENT OF THE FEDERAL
DEMOCRATIC REPUBLIC OF ETHIOPIA
ON AREAS OF AGREED PRIORITIES**



CONTENTS

PART I	5
Article 1	5
DEFINITIONS	5
Article 2	6
AREAS OF COOPERATION	6
Article 3	6
TRADE	6
Article 4	9
INVESTMENT	9
Article 5	10
INTELLECTUAL PROPERTY RIGHTS	10
Article 6	11
INFRASTRUCTURE	11
Article 7	12
FOOD SECURITY AND SUSTAINABLE LIVELIHOODS	12
PART II	12
Article 8	12
OTHER AGREEMENTS	12
Article 9	13
INSTITUTIONAL IMPLEMENTATION FRAMEWORK	13
Article 10	14
COOPERATION	14
Article 11	14
AMENDMENT	14
Article 12	15
NOTICES AND COMMUNICATIONS	15



Article 13	15
DISPUTE SETTLEMENT	15
Article 14	15
ENTRY INTO FORCE, DURATION AND TERMINATION	15



**SPECIAL STATUS AGREEMENT BETWEEN THE GOVERNMENT OF THE
REPUBLIC OF KENYA AND THE GOVERNMENT OF THE FEDERAL
DEMOCRATIC REPUBLIC OF ETHIOPIA ON AREAS OF AGREED
PRIORITIES**

The Government of the Republic of Kenya and the Government of the Federal Democratic Republic of Ethiopia (hereinafter jointly referred to as “the Parties” and separately as “the Party”);

APPRECIATING the bonds of friendship and cooperation as well as the contiguous border existing between the Republic of Kenya and the Federal Democratic Republic of Ethiopia;

RECALLING the strong commitment expressed by H.E. Hon. Mwai Kibaki, President of the Republic of Kenya and H.E. Ato Meles Zenawi, Prime Minister of the Federal Democratic Republic of Ethiopia on 1st March, 2012 to elevate the economic relations between the two countries through the conclusion of a Special Status Agreement;

GRANTING priority to specific areas of trade and investment that have remained underdeveloped between the territories of the Parties;

AIMING to ease conduct of business and deepen trade related processes through reciprocity in a shared vision while protecting country rights and dignities;



ACKNOWLEDGING the challenges that traders and investors of both Parties experience in the conduct of their cross-border transactions; and further emphasizing our mutual commitment to address these challenges and to boost trade and investment;

CONFIDENT that it is in the best interests of the Parties and for their citizens to have access to cross-border trade and investment for the rapid expansion and development of their two economies;

COGNISANT of the need to strengthen the economic relations that exist between both Parties and to promote mutual cooperation;

DECLARING that the overall objectives of co-operation in the agricultural sector are to achieve food security; and

DESIRING to further cooperate in eliminating barriers to trade so as to stimulate economic development for the good of their citizens;

HAVE AGREED as follows:



PART I

Article 1

DEFINITIONS

For the purpose of this Special Status Agreement (hereinafter referred to as the "Agreement"):

Economic Development Corridor means those parts of land dedicated to economic development in Kenya and Ethiopia under this Agreement comprising trade, investment, infrastructure, and food security and sustainable livelihoods projects and programmes;

Distribution Channel means a path through which goods and services flow in one direction (from vendor to the consumer), and the payments generated by them that flow in the opposite direction (from consumer to the vendor);

High Level Joint Tripartite Council (HLJTC) means representatives of the Government of the Republic of Kenya, representatives of the Government of the Federal Democratic Republic of Ethiopia and representatives of the Joint Private Investment Council;

Joint Private Investment Council (JPIC) means representatives from the governments and private sectors of the Parties to this Agreement tasked with liaising with the respective national investment agencies to promote investments in the agreed sectors;

Ministry means any government ministry, department, authority, agency or any other public institution relevant to this Agreement.



Article 2

AREAS OF COOPERATION

The sectors identified for the granting of special status in accordance with this Agreement for the enhancement of the relations of both Parties are:

- a) Trade;
- b) Investment;
- c) Infrastructure; and
- d) Food security and sustainable livelihoods.

Article 3

TRADE

Taking into consideration the importance attached to both formal and informal trade, the Parties shall:

- 3.1. Create mechanisms through joint business and traders associations as well as umbrella business organisations to cooperate in developing bilateral trade including joint trade promotional events such as trade exhibitions, exchange of visits and exchange of information;
- 3.2. Promote mutual trade and economic cooperation by measures that include award of market access to locally produced goods;
- 3.3. Work towards progressive tariff concessions based on agreed rates; and
- 3.4. Create and enhance mechanisms to share knowledge and experience on commodities exchange.



Without prejudice to the generality of Articles 3.1 to 3.4, the Parties shall:

- 3.5. Work towards affirmative agreement on harmonized goods nomenclature and tariff lines using internationally accepted customs codes;
- 3.6. Establish trading facilities such as warehouses and Inland Container Depots (*ICD*) in custom territories of the Parties based on reciprocity, in accordance with the domestic laws of the two Parties and in the spirit of this Agreement;
- 3.7. Establish one-stop border posts (*OSBP*) to facilitate seamless movement of persons, goods and services across the border;
- 3.8. Permit free movement of commercial vehicles, transit cargo and axle weights into and within the territory of either Party in accordance with the Agreement on Road Transport Services signed in November 2011;
- 3.9. Encourage joint partnerships between locally owned and established commercial entities in developing supply chains to support distributive trade in accordance with the criteria to be agreed upon by the joint technical committee, domestic laws of the Parties and in the spirit of this Agreement; and
- 3.10. Collaborate in research and innovation in trade in goods.

With regard to services the Parties agree to mutually:

- 3.11. Ease the issuance of work permits;
- 3.12. Collaborate in joint promotion and marketing of tourism activities/events;



- 3.13. Undertake to facilitate investment in the tourism and hospitality industry;
- 3.14. Encourage exchange programs including training and capacity building;
- 3.15. Guarantee free movement of tourist vehicles to tourist sites;
- 3.16. Support locally owned and established banks to open resident representative offices in each other's territory for liaison purposes and information sharing for trade facilitation;
- 3.17. Establish a joint task force of financial experts to explore opportunities to create favourable environment for trade and investment; and
- 3.18. Collaborate in research and innovation in services through existing research institutions.

With regard to Small and Medium Enterprises (*SMEs*), the Parties shall take measures to:

- 3.19. Collaborate in the affirmative promotion of *SMEs* from their start up, expansion and growth particularly those in the economic development corridor;
- 3.20. Create mechanisms to build partnerships among *SMEs* of the Parties to share know-how, skills, technology and innovation for transformative growth;
- 3.21. Promote sub-contracting between *SMEs* of both Parties through the Joint Private Investment Council;
- 3.22. Encourage the creation of incubation centres for *SMEs* within the economic development corridor; and



- 3.23. Establish joint programmes for internship and attachments for skills development, innovation and technology transfer.

With regard to standards, the Parties agree to:

- 3.24. Undertake to apply a common policy for standardisation, quality assurance, metrology and testing of goods and services produced and traded within their territories ;
- 3.25. Conclude an agreement on Standardisation, Quality Assurance, Metrology and Testing for goods and services produced and traded in their territories;
- 3.26. Establish mutual recognition of standards of goods and quality assurance;
- 3.27. Collaborate in the fight against counterfeit and sub-standard manufacture of the other Party's products within their territories; and
- 3.28. Cooperate to enhance surveillance and strict enforcement of anti-counterfeit laws through establishment of an immediate framework for mutual fight against counterfeits.

Article 4

INVESTMENT

In order to jointly enable investors from their territories to access both markets, the Parties shall:

- 4.1. Sign, and implement agreements on promotion and protection of investment and agreement on avoidance of double taxation;



- 4.2. Promote joint Information and Communication Technology (ICT) platforms;
- 4.3. Establish the Joint Private Investment Council (JPIC) with membership from governments and private sectors of the Parties to work with the respective national investment agencies to promote investment in the agreed sectors;
- 4.4. Develop a joint investment programme to be implemented by the respective private sector organisations with the JPIC providing the lead role;
- 4.5. Collaborate in research and innovation on investment;
- 4.6. Commence investment in the priority areas as defined in the investment laws of the Parties; and
- 4.7. Promote partnerships and joint investment in other areas/sectors to be mutually agreed.

Article 5

INTELLECTUAL PROPERTY RIGHTS

The Parties shall enforce intellectual property rights regarding any co-operation under this Agreement in accordance with the domestic law in force and international agreements binding on them through immediate establishment of a framework for strengthening and surveillance of intellectual property rights.



Article 6

INFRASTRUCTURE

In order to enhance cooperation in the energy sector, the Parties agree to:

- 6.1. Promote electricity trade in accordance with the Power Purchase Agreement of December 2011 between the Parties, and to explore other avenues for enhanced cooperation in the energy sector;
- 6.2. Work towards the extension of energy in support of growth within the economic development corridor; and
- 6.3. Share knowledge and experience in power generation.

In order to open up the Economic and Transport Corridor, the Parties shall:

- 6.4. Fast track development of trade facilitation infrastructure in accordance with the Memorandum of Understanding on Development, Management and Utilisation of Transport Corridor * and the Agreement on Development, Operation and Utilisation of Standard Gauge Railway Network between the Parties;
- 6.5. Encourage partnership between the two Parties' national shipping companies for trade facilitation; and
- 6.6. Exchange and share applied technology and knowledge in infrastructure development and management.

In order to exploit opportunities in the oil and petrochemical industry, the Parties shall:

- 6.6 Promote cooperation in cross-border oil and gas exploration; and
- 6.7 Collaborate in research and training in oil and gas sector.



Article 7

FOOD SECURITY AND SUSTAINABLE LIVELIHOODS

The Parties agree:

- 7.1 On the joint development, management and utilization of shared trans-boundary natural resources in accordance with international law and the spirit of this Agreement;
- 7.1. Jointly explore and develop pro-poor economic initiatives in irrigated agriculture to promote food security;
- 7.2. Promote and encourage joint investment in the growth of legal trade in the livestock sector through measures such as establishment of livestock trade and disease control centres; and
- 7.3. Collectively initiate measures for development of sustainable livelihoods for the border communities.

PART II

Article 8

OTHER AGREEMENTS

This Agreement shall not prejudice any other agreement already concluded by the Parties and any projects subsisting under them.



Article 9

INSTITUTIONAL IMPLEMENTATION FRAMEWORK

- 9.1. The Parties agree within the framework of this Agreement on the establishment of a High Level Joint Tripartite Council (*HLJTC*) comprising of the representatives of the two Governments and the private sectors to provide direction and guidance on the planning, implementation, monitoring and evaluation of all activities under this agreement;
- 9.2. There shall be a Joint Technical Committee (*JTC*) established to monitor the implementation of this Agreement;
- 9.3. The *JTC* shall comprise the following institutions from the Parties:
- i. Ministry responsible for Trade
 - ii. Ministry responsible for Industry;
 - iii. Ministry responsible for Foreign Affairs;
 - iv. Attorney General (Kenya) and Ministry of Justice (Ethiopia);
 - v. Ministry/Service responsible for Immigration;
 - vi. Ministry responsible for Finance and Economic Development;
 - vii. Ministry responsible for Energy;
 - viii. Ministry responsible for Water;
 - ix. Ministry responsible for Transport;
 - x. Ministry/Authority responsible for Environment;
 - xi. Ministry responsible for Tourism;
 - xii. Ministry responsible for Agriculture and Livestock
 - xiii. Representatives of the private sector; and
 - xiv. Other relevant Ministries/Agencies as mutually agreed by both Parties.



- 9.4. The Committee shall be co-chaired by the Ministers responsible for trade of each Party and shall report to the Joint Ministerial Commission; and
- 9.5. The Parties shall establish immediately a framework for accessing designated mutual technical assistance to facilitate implementation of this Agreement.

Article 10

COOPERATION

Each Party shall extend all possible cooperation to the other Party necessary for simplification and facilitation of formalities and procedures on a reciprocal basis, in accordance with their domestic laws and regulations, and within the spirit of this Agreement.

Article 11

AMENDMENT

- 11.1. This Agreement may be amended as may be required from time to time by mutual written consent of the Parties. Such amendments shall be signed and dated by the Parties prior to any changes being made and shall come into force on such a date as shall be mutually agreed upon by the Parties; and
- 11.2. Any amendment shall be done without prejudice to the rights and obligations arising from or based on this Agreement prior to the date of such amendment.



Article 12

NOTICES AND COMMUNICATIONS

All notices, approvals, consents or other communications made pursuant to this Agreement shall be conveyed through diplomatic channels.

Article 13

DISPUTE SETTLEMENT

Any dispute arising out of the interpretation and/or implementation of this Agreement shall be settled amicably through diplomatic channels.

Article 14

ENTRY INTO FORCE, DURATION AND TERMINATION

14.1 This Agreement shall enter into force on the date of receipt of last notification by which one Party notifies the other Party through diplomatic channels that all the domestic legal requirements necessary for its entry into force have been fulfilled. The last date shall refer to the date on which the last notification is sent; and

14.2 This Agreement shall remain in force for an initial term of five years after which it shall automatically be renewed for a successive term of five years unless one of the Parties notifies the other Party in writing through diplomatic channels of its intention to terminate it six months before the expiry date.



IN WITNESS WHEREOF, the undersigned, on behalf of their respective Governments, signed this Agreement on this 21st Day of the Month of November in the Year 2012 in two originals in the English language, both texts being equally authentic.

H.E. HON. MWAI KIBAKI • •
PRESIDENT

FOR THE GOVERNMENT OF THE
REPUBLIC OF KENYA

H. E. ATO HAILEMARIAM
DESALEGN
PRIME MINISTER

FOR THE GOVERNMENT OF THE
FEDERAL DEMOCRATIC
REPUBLIC OF ETHIOPIA