

No. 5465

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**FRANCE**  
and  
**ETHIOPIA**

**Treaty (with annex and exchange of letters) establishing the new terms of operation of the Compagnie du Chemin de fer franco-éthiopien de Djibouti à Addis-Abéba (Franco-Ethiopian Djibouti-Addis Ababa Railway Company). Signed at Addis Ababa, on 12 November 1959**

*Official texts: French and Amharic.*

*Registered by France on 26 November 1960.*

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**FRANCE**  
et  
**ÉTHIOPIE**

**Traité (avec annexe et échange de lettres) fixant le nouveau régime de la Compagnie du chemin de fer franco-éthiopien de Djibouti à Addis-Abéba. Signé à Addis-Abéba, le 12 novembre 1959**

*Textes officiels français et amharique.*

*Enregistré par la France le 26 novembre 1960.*

[TRANSLATION — TRADUCTION]

No. 5465. TREATY<sup>1</sup> BETWEEN THE FRENCH REPUBLIC AND THE EMPIRE OF ETHIOPIA ESTABLISHING THE NEW TERMS OF OPERATION OF THE COMPAGNIE DU CHEMIN DE FER FRANCO-ÉTHIOPIEN DE DJIBOUTI À ADDIS-ABÉBA (FRANCO-ETHIOPIAN DJIBOUTI-ADDIS ABABA RAILWAY COMPANY). SIGNED AT ADDIS ABABA, ON 12 NOVEMBER 1959

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The President of the French Republic, President of the Community, and His Majesty Haile Selassie I, Emperor of Ethiopia,

Wishing to make provision for the operation on a basis of equality and with the greatest possible efficiency of the railway line between Djibouti and Addis Ababa, the concession for which was granted to the Compagnie du chemin de fer franco-éthiopien de Djibouti à Addis-Abéba (Franco-Éthiopien Djibouti-Addis Ababa Railway Company) respectively by the French State under the terms of the Convention of 8 March 1909, approved by the Act of 3 April 1909, and by His Majesty the Emperor Menelik II under the terms of the contract of 30 January 1908,

Considering that this railway is a public utility serving both Ethiopia and French Somaliland and that its efficient operation is necessary for the economic development of the two countries,

Have decided to conclude a treaty establishing the new terms of operation of the Compagnie du chemin de fer franco-éthiopien de Djibouti à Addis Abéba and have for that purpose appointed as plenipotentiaries :

The President of the French Republic, President of the Community :

Mr. Jean Sauvagnargues, French Ambassador to Ethiopia;

His Majesty Haile Selassie I, Emperor of Ethiopia :

Mr. Ylma Deressa, Minister for Foreign Affairs of the Empire of Ethiopia,

Who, having exchanged their full powers, found in good and due form, have agreed on the following provisions :

*Article 1*

The Compagnie du chemin de fer franco-éthiopien de Djibouti à Addis-Abéba (called hereafter " the Company ") shall be governed by this Treaty and by the annex<sup>2</sup> thereto, which forms an integral part of the Treaty. These instru-

<sup>1</sup> Came into force on 14 June 1960, two months after the exchange of the instruments of ratification which took place at Paris on 14 April 1960, in accordance with article 22.

<sup>2</sup> See p. 59 of this volume.

ments establish the Company's articles of association and its regulations, which may be changed only with the agreement of the two Governments.

In any matters on which the Treaty or the articles of association are silent, the provisions of the Ethiopian draft Commercial Code shall apply in so far as they do not conflict with the Treaty or its annex.

#### *Article 2*

The Company shall acquire Ethiopian nationality and shall be registered in Ethiopia. Its headquarters shall be at Addis Ababa.

Its capital shall by virtue of the articles of association be divided equally between French and Ethiopian shareholders.

#### *Article 3*

In transferring its headquarters to Ethiopia and changing its nationality, the Company shall not be held to have terminated its existence as a legal entity. These two operations shall not, therefore, be grounds for the levying of any taxes or dues of whatever kind by the tax authorities or other public authorities of the Contracting States.

#### *Article 4*

Bonds issued earlier by the Company and guaranteed by the French State, the guarantee being attached to the bonds themselves, shall continue to benefit from this guarantee alone.

Bonds issued in future by the Company may be guaranteed jointly by the two Governments, each assuming half the liability.

#### *Article 5*

If the Company's management account, as defined in article 13 of the articles of association, shows a deficit, the two Governments shall be jointly but not severally bound to grant loans to the Company for a minimum period of three years, subject to the provisions of the present article and of article 6.

Such loans shall be granted automatically for an amount equal to three quarters of the deficit and shall be divided equally between the two Governments. They shall bear simple interest at the rate of 3 per cent.

The first claim on any profits made by the Company shall be for the repayment in chronological order of loans made by the two Governments, whether jointly or not and without regard to the period for which they were made.

#### *Article 6*

Loans made by the two Governments in any one financial year shall not exceed the exchange value in Ethiopian dollars of \$US600,000.

If the total value of loans made by the two Governments and not repaid reaches the exchange value in Ethiopian dollars of \$US1,600,000, the two Governments may jointly order, for as long as they think fit, any reorganization of the services, any change in the tariffs and, in general, any measures necessary to balance the Company's finances.

If the total value of loans made by the two Governments and not repaid reaches the exchange value in Ethiopian dollars of \$US2,400,000, three quarters of any further loans shall be borne by the French Government and one quarter by the Ethiopian Government, the provisions of article 5 notwithstanding. Nevertheless, fifteen years after this Treaty comes into force, the two Governments shall consult each other with a view to determining the practical financial implications of article 5.

#### *Article 7*

Except by agreement between the two Governments, the Company shall not be subject in either of the territories served by the railway to any taxes or dues of whatever kind other than those to which it is liable at the time when this Treaty comes into force and as calculated on the basis and at the rates obtaining at that time.

Equipment, fuel and any other supplies imported by the Company which are directly necessary for its operations and are intended exclusively for that purpose shall be exempt from customs duty.

#### *Article 8*

Income of any kind (wages, salaries and similar remuneration, pensions, rents, dividends and interest) paid or distributed by the Company shall be subject to tax in Ethiopia except for income received by the French State, French public bodies, and individuals or bodies corporate normally resident or having their registered offices in the territory of the French Republic or of the States members of the Community set up by the Constitution of 4 October 1958.

#### *Article 9*

The Ethiopian Government undertakes, on the following terms, to provide the Company, through the State Bank of Ethiopia, with currency of the countries in which the Company has to make payments—or alternatively with such currency as will enable it to make those payments—upon submission of the required documents to the exchange control authorities, and for the sums indicated therein, in return for equivalent sums paid in Ethiopian dollars by the Company.

Such currency shall be provided for the following purposes, the rate of exchange being fixed by the State Bank of Ethiopia in accordance with the rules of the International Monetary Fund and allowance being made for the usual commission:

(a) Financial service (debt service, repayment of loans, agios);

(b) Retirement pensions, compensation for dismissal;

(c) Allotments of pay to employees' families, transfer of profits and distributions of any kind to shareholders not resident in Ethiopia, subject to the exchange control regulations in force;

(d) Purchases of equipment, goods, miscellaneous supplies and fuel necessary for the normal operation of the Company, in accordance with a foreign currency expenditure plan to be submitted in advance to the exchange control authorities and subject to the condition that the said authorities may require these purchases to be made with Ethiopian dollars.

Foreign currency may also be granted for such investment expenditure of the Company as is decided upon by the Board of Directors.

If the foreign currency reserves of Ethiopia prove insufficient to meet all its foreign currency commitments, and in particular those deriving from this article, the two Governments shall consult each other in order to determine under what conditions the foreign currency transfers necessary for the Company's survival are to be made.

#### *Article 10*

The Company's revenue in Djibouti francs shall be used first of all to finance any expenditure in that currency.

If its revenue in Djibouti francs is insufficient to cover its expenditure in that currency, the Company shall arrange for the transfer of Ethiopian dollars and their conversion into Djibouti francs, in accordance with the provisions of article 9.

If at the end of a financial year the Company has a surplus of revenue over expenditure in Djibouti francs, it shall inform the competent Ethiopian authorities of the amount thereof.

At the request of the competent Ethiopian authorities, the Company shall arrange, with due regard for the state of its finances, for the conversion of the balance into Ethiopian dollars and its transfer. The French Government undertakes to authorize such transactions.

#### *Article 11*

The French Government shall guarantee Ethiopia the right to use the port of Djibouti in peace-time and in war-time.

No restrictive measures may be taken by the French Government or the authorities of French Somaliland with respect to passengers or goods in transit to or from Ethiopia through French Somaliland.

#### *Article 12*

With the exception of all extra-territorial rights, Ethiopia shall enjoy at Djibouti all the facilities customary in a free port, and in particular :

(a) National status as regards priority rights and preferential treatment in the use of port installations and of services for all persons and goods travelling to or from Ethiopia and as regards the provision of all facilities, services and goods, including fuel, power, electricity and water;

(b) The right to use the port for importing and exporting any goods without their being subject to any customs duties, dues or taxes (except harbour dues), to inspection by the port or customs authorities or to any formalities other than those necessary to establish the harbour dues to be paid on the goods. In this respect, goods travelling to or from Ethiopia shall enjoy treatment at least as favourable as that given to goods travelling to or from French Somaliland. Consignments to or from the Ethiopian Government shall be free from inspection or control formalities of any kind;

(c) The right to establish conditioning undertakings and processing plants within the free port. Such plants and undertakings may import their raw materials freely, without any control formalities or the payment of any dues other than those provided for above, and may export their manufactured products under the same conditions to Ethiopia and to other countries without paying any taxes or dues to the territory other than licensing fees (*patente*) and, should it be introduced, the tax on industrial and commercial profits;

(d) The right to send into the free port in the discharge of their duties such employees and officials, including customs officers, as are necessary in order to take advantage of the aforementioned facilities;

(e) The right to have at their disposal within the free port the material and equipment necessary in order to take advantage of the aforementioned facilities;

(f) The guarantees laid down in paragraphs (a) and (b) of this article shall apply also to the transport of passengers and goods on the railway in the territory of French Somaliland.

### Article 13

Ethiopian customs officers, who shall wear distinguishing badges, shall seal wagons and, if they wish, packages within the free port. After being sealed for a second time by duly authorized officials of French Somaliland, wagons shall be sent directly to Ethiopia without any further control formalities. The same privilege shall be granted in the case of exports.

### Article 14

Ethiopian customs duties on goods imported into Ethiopia shall be calculated on the basis of their value at the wharf at Djibouti.

*Article 15*

The Company shall be represented on the Harbour Board. Half of its representatives shall be Ethiopian citizens.

*Article 16*

Neither of the two Governments shall authorize the construction of a competitive line in the vicinity of the railway between Djibouti and Addis Ababa.

*Article 17*

When the concessions expire, and if they are not extended, the railway line and buildings and the permanent way in each of the two territories shall become the property of the respective Government, no compensation being paid.

The rolling stock, movable property and stores shall remain the property of the Company, but either of the two Governments may acquire them in whole or in part at a price fixed by expert valuation.

*Article 18*

If the Company has not repaid the loans it has received from the two Governments and if they cannot obtain repayment in full by exercise of their preferential claim under article 12 of the Company's articles of association, the balance shall be offset against the sums payable by the two States to the Company under the terms of the preceding article for the rolling stock, movable property and stores. All the Company's assets shall be liable to distraint for settlement of the unpaid balance.

If the two Governments are unable to recover the whole of the debt in this way, they shall consult with each other in order to take the necessary measures.

*Article 19*

Any dispute between the two Governments or between the Company and the shareholders concerning the interpretation or application of this Treaty or its annex which cannot be settled amicably shall be submitted to a joint conciliation committee consisting of two members, one a French national appointed by the French Government and the other an Ethiopian national appointed by the Ethiopian Government. These appointments shall be made within two months of the entry into force of this Treaty. The committee shall establish its own rules of procedure.

If the joint conciliation committee is unable to meet or if it is unable to reconcile the parties within two months after a dispute has been brought before it, either party may notify the other that it intends to take the dispute before an

arbitration commission consisting of a French national appointed by the French Government and an Ethiopian national appointed by the Ethiopian Government. Each Government shall be notified even if it is not a party to the dispute. Each Government shall appoint an arbitrator within fifteen days of the above-mentioned notification.

If the two arbitrators do not succeed in settling the dispute within two months of their appointment, they shall appoint a third arbitrator, who shall not be a national of either France or Ethiopia.

If one of the parties fails to appoint an arbitrator or if the appointment of a third arbitrator proves to be impossible, the more diligent party shall request the President of the International Bank for Reconstruction and Development to make the appointment.

The arbitration commission's decisions shall not be subject to appeal and shall have immediate effect.

#### *Article 20*

With the entry into force of this Treaty, all financial or other disagreements, disputes or litigation between either of the two Governments and the Company shall be terminated.

#### *Article 21*

This Treaty is concluded for a period expiring on 31 December 2016. may be extended.

Each of the two Governments guarantees to the other during the said period the full enjoyment of the rights granted to it by the provisions of this Treaty.

#### *Article 22*

This Treaty shall be ratified, and the instruments of ratification shall be exchanged at Addis Ababa.

It shall enter into force two months after the exchange of the instruments of ratification.

Nevertheless, in so far as the Company's accounts are concerned, the new financial year shall start at the beginning of the Ethiopian fiscal year next following the exchange of the instruments of ratification.

#### *Article 23*

This Treaty has been drawn up in the French and Amharic languages, both texts being equally authentic.



IN WITNESS WHEREOF, the above-mentioned plenipotentiaries have signed the present Treaty and have thereto affixed their seals.

DONE at Addis Ababa, in duplicate, on 12 November 1959.

For the Government of the French Republic :  
(L. s.) SAUVAGNARGUES

For the Government of the Empire of Ethiopia :  
(L. s.) DERESSA

#### A N N E X

#### ARTICLES OF ASSOCIATION OF THE COMPAGNIE DU CHEMIN DE FER FRANCO-ÉTHIOPIEN DE DJIBOUTI À ADDIS-ABÉBA (FRANCO-ETHIOPIAN DJIBOUTI-ADDIS ABABA RAILWAY COMPANY)

##### *Article 1*

There is hereby established, between the subscribers or owners of the shares which have been or may in future be issued, an incorporated company of Ethiopian nationality. The company shall be governed by the French-Ethiopian Treaty of 12 November 1959<sup>1</sup> (hereinafter called "the Treaty"), to which these articles are annexed and of which they form an integral part.

##### *Article 2*

The Company shall be designated as the "Compagnie du chemin de fer franco-éthiopien de Djibouti à Addis-Abéba" (Franco-Ethiopian Djibouti-Addis Ababa Railway Company).

##### *Article 3*

The purpose of the Company shall be :

1. To operate the railway line between Djibouti and Addis Ababa;
2. To carry out any preparatory surveys and any railway construction, and in particular such as may be required in extending, or in establishing connexions with, the existing line;
3. To undertake any other activities directly or indirectly related to those mentioned in sub-paragraphs 1 and 2.

##### *Article 4*

The Company's headquarters shall be at Addis Ababa.

The Managing Director's office and the Commercial Director's office shall be at Addis Ababa, and the Technical Director's office at Djibouti.

The Company may establish other management offices in Ethiopia or French Somaliland and may have agencies anywhere.

<sup>1</sup> See p. 45 of this volume.

*Article 5*

The Company is established for a period expiring on 31 December 2016. It shall have the right and the obligation to operate the Djibouti-Addis Ababa railway line until that date.

*Article 6*

The Company's authorized capital shall be fixed at the sum of 4,325,000 Ethiopian dollars, divided into 34,600 shares of 125 dollars each.

The capital shall, by virtue of these articles of association, be divided equally between French shareholders and Ethiopian shareholders.

Each share gives the right to an equal share in the profits and in ownership or the Company's assets.

All shares shall be registered and be represented by certificates.

*Article 7*

Shares registered in the name of a holder who is an individual or a public or non-public body corporate of Ethiopian nationality may be transferred only to another individual or body corporate of Ethiopian nationality. Similarly, shares registered in the name of a holder who is an individual or a public or non-public body corporate of French nationality may be transferred only to another individual or body corporate of French nationality.

The provisions of the preceding paragraph shall apply to all voluntary or forced transfers and to transfers following on the death of an individual or the dissolution of a body corporate. If the claimants to the estate of a deceased person or to the assets of a body corporate which has gone into liquidation are not of the same nationality as the former holder, the Company shall not comply with any requests for the transfer of shares submitted on behalf of the said claimants, and such claimants shall not enjoy any of the rights of shareholders.

Shares may only be transferred by entering a transfer deed in the Company's registers; the signatures of the transferors and the transferees may be entered in the transfer registers or on the instruments of transfer or acceptance.

The transferee shall be liable for all transfer charges.

The Company may require the signatures of the parties to be witnessed by a court official.

*Article 8*

The shares shall be indivisible, and the Company shall recognize only one holder for each share; all joint holders of a share and all persons having any title thereto, including usufructuaries and those having bare ownership without usufruct, shall be represented in their relations with the Company by one and the same person, in whose name the share shall be registered.

A shareholder's representatives or creditors may not on any account cause seals to be affixed to the property and assets of the Company or demand the partition or licitation thereof. They shall be bound to rely on the Company's accounts and the decisions of the general meeting.

*Article 9*

Subject to the provisions of article 7, the rights and obligations inherent in a share shall be transferred with the share.

Ownership of a share *ipso facto* implies adherence to the Company's articles of association and to decisions taken by the general meeting in accordance with the said articles.

*Article 10*

Any dividend which is not claimed within five years after it has become due shall be barred and shall revert to the Company.

*Article 11*

The Company shall be bound to maintain a reserve fund equivalent to at least 10 per cent of the authorized capital. If the fund falls below that level, it shall be replenished by an annual appropriation of 5 per cent of the net profits until it reaches that level.

A working capital fund shall be set up to provide for the purchase of supplies and for other current expenditure.

*Article 12*

The Company shall set up a special fund exclusively to pay for repairs and replacements to the line, equipment and installations and for additional development required by the expansion of operations.

This fund shall be supplied through a compulsory annual deduction of at least 4 per cent from the gross revenue, the amount being fixed each year by the Board of Directors at the highest level compatible with the Company's financial stability.

The moneys in the said fund shall be invested in the conditions specified by the Board of Directors.

Appropriations from the fund for the kinds of expenditure for which it is intended shall be subject to the agreement of the French Government and the Ethiopian Government (hereinafter referred to as "the two Governments").

Interest from the fund shall be included in the operating revenue.

Upon the expiry of the concession, the first claim on any unused portion of the fund shall be for the repayment of the Company's debt, if any, to the two Governments.

The amount then remaining shall be added to the previous year's profits.

If the fund is insufficient to finance additional development and the purchase of equipment recognized by the two Governments as necessary, the said Governments may authorize the issue of bonds.

*Article 13*

The Company's management account shall show on the debit side the annual cost of maintaining and operating the railway and subsidiary services—including taxes of any kind paid by the Company; control costs; such financial charges as the cost of servicing the bond debt, instalments on joint loans by the two Governments and interest on previous loans by the French Treasury; deductions for the purpose of supplying the fund for repairs, replacements and additional development described in article 12; and, where applicable, the economy bonus mentioned in article 14.

On the credit side, the account shall show the gross revenue from railway operations and subsidiary services, including interest on the fund for repairs, replacements and additional development, and miscellaneous income.

#### *Article 14*

The Company shall be given an incentive to efficient management in the form of an economy bonus, which shall be based on the results for the financial year 1958 and calculated as follows :

The management expenditure, as defined in article 13, for the financial year 1958 divided by the number of traffic units transported during that year gives the average cost per traffic unit in 1958.

The number of traffic units is calculated by adding to the number of ton-kilometres of commercial traffic one fifth of the number of passenger-kilometres of such traffic.

The standard expenditure for each of the following financial years shall be calculated by multiplying the number of traffic units by the value of the base traffic unit (1958).

If the debit in the management account for the year in question is less than the standard debit defined above, the Company shall receive 25 per cent of the difference as an economy bonus. This bonus, however, shall not exceed 1 per cent of the gross operating revenue. If the management account shows a deficit, the bonus shall be reduced by half.

The method of calculating the economy bonus may be revised every five years by agreement between the two Governments and the Company.

The economy bonus shall be used as decided by the Board of Directors.

#### *Article 15*

The Company shall continue on the same terms as in the past to pay the Compagnie impériale des chemins de fer éthiopiens (Imperial Ethiopian Railway Company) in liquidation, or to its claimants, the annuity of 610,748.10 new francs for as many years as the annuity has still to run.

#### *Article 16*

The tariffs which the Company is authorized to charge for the transport of passengers and goods shall be fixed by the Board of Directors in accordance with the provisions of these articles and with the agreement of the controllers.

A schedule of the tariffs shall be available to the public at the railway terminals, stations and offices.

The Managing Director, acting on behalf of the Board and in conformity with its general policy decisions, shall be authorized to raise or lower the tariffs provisionally by not more than 15 per cent. The amended tariffs shall remain in force until the next meeting of the Board of Directors.

In addition, the Managing Director, acting on behalf of the Board, shall be authorized to conclude individual agreements with one or more consignors or consignees by which the transport of goods of a special nature may be effected at rates and upon conditions different from those of the tariffs in force. The effect of such agreements shall not be to give one or more consignors or consignees privileges which would not be granted to other consignors or consignees for consignments of the same kind and on the same scale.

*Article 17*

The two Governments have granted the Company, free of charge and for the duration of the concessions, the land necessary for the construction of stations, workshops and staff accommodation, for the maintenance of installations and for the construction, operation and maintenance of the railway.

To the extent that the aforementioned activities have not yet been undertaken, their scope shall, with due regard for the previous work of the land acquisition commission, be determined by a committee of engineers appointed by the Government making the grants and the Company. The committee shall apply the same criteria in Ethiopia and in French Somaliland in such a way as to equalize as much as possible the extent of the areas in the two territories.

The Company shall be authorized to take free of charge from the land granted to it such materials as are necessary for its operations, for example, water, timber, lime, sand and ballast.

If the Company also has to take materials from private land, it shall pay for them at a price to be fixed by expert valuation, subject to the condition that this right shall not give rise to any abuse or depredation.

*Article 18*

The Company shall, in all trains running under the regular schedule, reserve free of charge a special compartment or equivalent space for mail-bags and other mail and for postal employees of the two Governments. The said space shall be closed, lit and ventilated.

The French and Ethiopian Government services, each within its own territory, shall, subject to the condition that the Company's own requirements are given priority, be entitled at all times to the transmission without charge, via the lines and apparatus set up by the Company for its own purposes, of official telegrams between their employees.

The two Governments, each within its own territory, may cause independent telegraph or telephone wires to be strung on poles belonging to the Company, without the Company thereby being entitled to any indemnity other than repayment of expenses and compensation for any material damage which may result. They may also require the Company, in return for payment at a rate to be fixed by joint agreement or, in the event of disagreement, by the procedure laid down in article 19 of the Treaty, to make available for private communications some or all of the telegraph offices which it has established.

*Article 19*

The Company shall be governed by a Board of twelve directors, taken from among the members of the Company, who shall be appointed and may be removed by the general meeting of shareholders.

For the purpose aforesaid, the general meeting shall assemble in two electoral colleges, one consisting of all the shareholders of French nationality and the other of all the shareholders of Ethiopian nationality, each being convened by the Government concerned.

The French college shall appoint six directors, who shall be of French nationality and be approved by the French Government. The Ethiopian college shall appoint the

other six directors, who shall be of Ethiopian nationality and be approved by the Ethiopian Government.

Either of the two Governments may at any time withdraw its approval of a director.

#### *Article 20*

The directors shall be appointed for three years, subject to the provisions of the following paragraphs.

The first Board to be appointed after the entry into force of the Treaty shall hold office for a period of three years.

At the end of that period, new elections shall be made to all seats on the Board.

In each following year, four new elections shall be made, two to seats held by directors of French nationality and two to seats held by directors of Ethiopian nationality, the names of the retiring directors to be drawn by lot following the end of the first three-year period.

Retiring directors may in every case be re-elected.

If, in the course of a financial year, a director should die or resign or give up his office for any other reason before the expiry of his term, the remaining directors of the same nationality shall forthwith choose a successor, whose appointment shall be subject to confirmation at the next meeting of the relevant electoral college of the general meeting. A director who has thus been confirmed shall hold office for the remainder of his predecessor's term.

#### *Article 21*

The Board of Directors shall appoint one of its members as Chairman. The Chairman, who shall not have a casting vote in the Board's decisions, shall be chosen alternately from among the members of French nationality and those of Ethiopian nationality.

The Board shall also appoint a Vice-Chairman, who shall be chosen from among its members and shall be of a different nationality from that of the Chairman.

If the Chairman and Vice-Chairman are absent, the Board shall choose one of its members to act as Chairman.

#### *Article 22*

The Board of Directors shall be convened by the Chairman and shall meet as often as the interests of the Company require. The Chairman shall be obliged to convene a meeting when he is requested to do so by at least four directors. Notices of meetings shall be sent to the directors by telegraph, and at least fifteen days shall elapse between the dispatch of the notices and the date of the meeting.

The meetings of the Board shall be held at the headquarters of the Company or at any other place designated by the Board. One meeting a year shall, however, be held in Paris or at Djibouti.

Directors who are unable to attend meetings may, by virtue of a special proxy for each meeting, be represented by a colleague of the same nationality who is present; provided that no director may have more than one vote in addition to his own.

The quorum for a meeting shall be nine directors present or represented.

Decisions shall be taken by a majority vote of the members present or represented. Nevertheless, the Board may not, except with the agreement of the two Governments, enter into long-term or medium-term financial obligations above a ceiling of 4 million Ethiopian dollars, contract short-term loans above a ceiling of 2 million Ethiopian dollars or authorize any bond issue or any increase in the authorized capital.

Decisions on tariffs and those involving financial commitments shall be taken by a three-quarters majority of the members present or represented.

#### *Article 23*

The decisions of the Board shall be recorded in minutes, which, after being approved at the following meeting, shall be entered in a special register and be signed by the director who presided over the meeting to which the minutes relate and by one director of the other nationality who took part in that meeting.

Copies or extracts required for legal or other purposes shall be certified by the Chairman of the Board or by a director.

#### *Article 24*

Subject only to the provisions of article 22, sixth paragraph, the Board shall have the widest powers to act on behalf of the Company, to enter into any agreements, to sue and be sued and, in general, to engage in any activities pertinent to the Company's aims.

#### *Article 25*

The Board shall appoint a Managing Director, to whom it shall delegate all the powers necessary to enable him, in conformity with the Board's general policy decisions, to direct the financial, commercial and technical aspects of the Company's operations.

The Managing Director shall be chosen and the terms of his contract decided by the Board by a three-quarters majority of the members present or represented.

The Managing Director may be authorized to delegate further, in whole or in part, the powers delegated to him by the Board.

The Board shall also appoint a Commercial Manager and a Technical Manager and any other managers for whom posts may be established in the future, unless the power to make such appointments is delegated by the Board to the Managing Director.

#### *Article 26*

Save where the two Governments agree to appoint persons of a different nationality, the Company shall recruit only French or Ethiopian nationals for management and supervisory posts, and in making appointments to senior posts it shall ensure that the conditions most conducive to efficient management are satisfied.

#### *Article 27*

At the end of every half year the Board of Directors shall prepare a summary statement of the Company's asset and liability position.

In addition, at the end of each financial year, a balance sheet, a profit and loss account, a management account and an inventory shall be drawn up.

All these documents shall be made available to the controllers and the auditors.

#### *Article 28*

The directors shall receive fees, the amount of which shall be fixed by the general meeting and which shall be distributed among the members as the Board thinks fit. Travel expenses of directors shall be reimbursed on production of vouchers.

#### *Article 29*

The directors may not enter into any contracts or undertakings with the Company without the authorization of the general meeting of shareholders, which alone shall be competent to give such authorization; a report shall be made to the general meeting each year on any contracts or undertakings which it has thus authorized.

#### *Article 30*

The directors of the Company shall not be subject, by reason of acts performed in the discharge of their duties, to liability proceedings in respect of the Company, to personal liability proceedings by the Company's creditors or to individual liability proceedings by a shareholder or third party.

#### *Article 31*

The general meeting, regularly constituted, shall be held to represent the shareholders as a whole.

#### *Article 32*

In the first half of each year a general meeting shall be held at the headquarters. The meeting shall be convened by the Board of Directors, the place, date and time being fixed by it and indicated in the notice of the meeting.

The Board may also convene extraordinary general meetings.

#### *Article 33*

The general meeting shall consist of all shareholders possessing 1,000 or more shares.

Persons holding less than 1,000 shares may either form a group whose total holding is 1,000 or more shares and select one member of the group as a representative or may be represented by a shareholder who is already a member of the meeting in his own right.

Save as provided in the second paragraph of this article, no person may be represented at a general meeting except by a proxy of the same nationality as himself who is a member of the meeting or the legal representative of a member of the meeting. Each of the States holding shares in the Company shall have one representative, who may or may not be a member of the meeting. The procedure for representation by proxy shall be decided by the Board of Directors.

The general meeting shall be held to be regularly constituted when the members present or represented represent at least two thirds of the authorized capital.



*Article 34*

Meetings shall be convened by the insertion of notices in Addis Ababa or Paris newspapers qualified to publish the same, such notices to be inserted twenty days before ordinary general meetings and ten days before extraordinary general meetings.

In the case of an extraordinary general meeting, the notice shall state the purpose of the meeting.

*Article 35*

To be qualified to attend a general meeting, a shareholder must be registered with the Company for at least fifteen days before the scheduled date of the meeting.

*Article 36*

One or more auditors shall be appointed each year at the general meeting.

If there is more than one auditor, they may act jointly or separately.

*Article 37*

At least fifteen days before the annual general meeting, every shareholder shall have access at the headquarters to the accounts, the balance sheet and the list of shareholders and may obtain a copy of the balance sheet summarizing the accounts and of the report of the auditor or auditors.

*Article 38*

The agenda shall be drawn up by the Board of Directors.

Only proposals made by the Board or proposals made by the controllers and transmitted to the Board at least one month before the meeting shall be included in the agenda.

Only items on the agenda may be discussed, but items may be added to the agenda at any time by a three-quarters majority of the shareholders present or represented.

*Article 39*

The general meeting shall be presided over by the Chairman of the Board of Directors or, in his absence, by the Vice-Chairman.

*Article 40*

Decisions of the general meeting shall be taken by a majority of those present and voting. The meeting may not, however, cause the Company to contract any additional liability or authorize any increase in the authorized capital without the previous agreement of the two Governments.

Each member of the meeting shall have one vote for every thousand shares held or represented by him.

All members of the meeting may vote in all ballots.

*Article 41*

The annual general meeting shall discuss and take decisions on the Company's interests. It shall each year hear the report of the auditor or auditors on the Company's position, on the balance sheet and on the accounts submitted by the directors.

It shall discuss the accounts and, if they are in order, approve them; a resolution approving the accounts shall be null and void if the report of the auditor or auditors has not previously been submitted.

It shall, on the proposal of the Board of Directors, decide on the dividends to be distributed.

It shall appoint the directors as provided in article 19 and the auditor or auditors for the following financial year.

The foregoing enumeration of the meeting's powers is descriptive and not limitative.

#### *Article 42*

Decisions of the general meeting shall be recorded in minutes, which shall be entered in a special register and signed by the Chairman.

An attendance sheet containing the names and addresses of the shareholders and the number of shares held by each shall be certified by the Chairman and annexed to the minutes of the meeting; a copy shall be sent to anyone who applies for it.

Copies of or extracts from the decisions of the general meeting, being copies or extracts required for legal or other purposes, shall be signed by the Chairman of the Board of Directors or by a director.

#### *Article 43*

By reason of the fact that the two States provide the Company with financial guarantees, the Company shall be subject to supervision by the two Governments in order that they may be provided with all pertinent information.

Each of the two Governments shall accordingly appoint and accredit to the Company a controller for financial affairs and a controller for technical affairs. The controllers shall be of French or Ethiopian nationality.

The controllers shall be provided by the Company with all the information necessary for the fulfilment of their duties and shall be given all facilities for carrying out their functions at the Company's headquarters, at the managers' and other offices, along the line and, where applicable, at construction sites. They shall not interfere in the management of the Company or in personnel matters.

The observations made by the controllers in the course of the aforementioned supervisory duties shall be notified to the Board of Directors.

#### *Article 44*

The controllers shall supervise the execution of the provisions of the Treaty and of the present articles of association.

They shall examine the proposals submitted by the Company concerning general programmes of new engineering work or re-equipment and concerning repair programmes and shall give a reasoned opinion on these proposals.

They shall examine work plans and draft contracts; the Company shall provide them with all the documents, in duplicate, necessary for this purpose, at least fifteen days before the contracts are drawn up.

They shall supervise the allocation of share capital, of the sums produced by the floating of loans and of the funds advanced by the Governments under their guarantees.

They shall check the statements of the Company's position and routine transactions connected with the current operation of the Company, such transactions not being subject to prior notification.

They shall supervise the execution of projects and the operations of the railway.

They shall be provided by the Company with all the accounts and documents enumerated in article 45.

They shall be bound to give an opinion on all proposals relating to the tariffs.

They shall report to their respective Governments on the manner in which and the efficiency with which the Company is being managed.

#### *Article 45*

The Company shall transmit to the controllers, at their request, the records of its proceedings, its books, accounts, correspondence and any documents which the controllers consider necessary to determine the asset and liability position of the Company. It shall also supply them with any relevant technical, financial or statistical information.

The Company shall send to the controllers :

1. Every three months :

- (a) A statistical statement of operating revenue and expenditure classified by heading, the total number of train-kilometres, and the corresponding tonnage carried;
- (b) A progress report on current projects;
- (c) A statement of the number of employees by category.

2. Within the three months following the end of the first semi-annual period : a statement of the provisional operating results for that period.

3. Within the four months following the end of the financial year :

- (a) A statement showing the operating results as a whole for the past year;
- (b) A statistical statement of the general movement of traffic for the year;
- (c) The balance-sheet, the profit and loss account, the management account and the inventory required under article 27 of these articles of association.

The list of and the documents concerning the items on the agenda of the meetings of the Board of Directors shall be communicated to the controllers in the same way as to the directors, and shall be so communicated at least two weeks before the date of the relevant meeting.

The controllers shall, at their request, be admitted to the meetings of the Board of Directors; their observations on such occasions shall be included in the minutes.

They shall also have the right to attend all general meetings.

#### *Article 46*

The financial controllers may exercise, but only jointly, a suspensory veto, which shall state the reasons on which it is based, over any decision of the Board of Directors entailing an expenditure commitment with respect to construction or a contract. They shall in such cases submit a report to their Governments forthwith. If, within two months after the date of the suspensory veto, the two Governments have not sent concurring opinions to the Chairman of the Board of Directors, the decision of the Board shall become final.

If the controllers consider that tariff changes, construction projects, contracts or other acts of management may unfavourably affect either revenue or expenditure they may, jointly or separately, call for a special meeting of the Board of Directors to consider the observations that they wish to submit to the Board.

*Article 47*

The controllers shall consult with each other and shall communicate to each other their observations. They shall report separately on their functions, each sending his Government his own observations and those of the controller appointed by the other Government.

*Article 48*

The costs of the supervision exercised by the controllers (control costs) shall be borne by the Company. The two Governments shall determine the amount of such costs.

*Article 49*

The Company shall not be subject to any inspection of its records other than that resulting from the Treaty, the present articles of association or the relevant fiscal, social or security legislation.

*Article 50*

The former provisions concerning the half-rate tariff to be applied to consignments made on behalf of the two Governments shall remain in force temporarily.

The two Governments agree to review the system of half-rate tariffs with the Company so that by improving, replacing or eliminating it the Company's financial stability and the flexibility of the tariff structure may be improved.

*Article 51*

The Company's financial year shall coincide with the Ethiopian fiscal year.

*Article 52*

The Company's working languages shall be Amharic and French.

*Article 53*

The present articles of association may be amended only with the agreement of the two Governments.

## EXCHANGE OF LETTERS

## I

## EMBASSY OF FRANCE IN ETHIOPIA

Letter annex No. 1  
No. 167/AE

Addis Ababa, 12 November 1959

To His Excellency Mr. Ylma Deressa,  
Minister for Foreign Affairs of the Empire of Ethiopia,  
Chairman of the Ethiopian Delegation

Your Excellency,

I have the honour to inform you on behalf of the Government of the French Republic that the latter will very shortly confirm to the Compagnie du chemin de fer franco-éthiopien de Djibouti à Addis-Abéba (Franco-Ethiopian Djibouti-Addis Ababa Railway Company), which is the subject of the Treaty concluded on today's date<sup>1</sup> between the French Republic and the Empire of Ethiopia, the validity, until its date of expiry, of the concession granted to the Company under the terms of the Convention of 8 March 1909, approved by the Act of 3 April 1909.

My Government will also notify the Company that the clauses and conditions to which this concession was subject have been replaced by the provisions of the Treaty and of the articles of association annexed<sup>2</sup> thereto.

I have the honour to be, etc.

(Signed) Jean SAUVAGNARGUES

## II

IMPERIAL ETHIOPIAN GOVERNMENT  
MINISTRY OF FOREIGN AFFAIRS

Letter annex No. 1 bis

Addis Ababa, 2 Hidar 1952

To His Excellency Mr. Jean Sauvagnargues,  
Ambassador of France in Ethiopia

Your Excellency,

I have the honour to acknowledge receipt of your communication of today's date, which reads as follows :

[See letter I]

<sup>1</sup> See p. 45 of this volume.

<sup>2</sup> See p. 59 of this volume.

The Ethiopian Government has taken note of the above communication.

I have the honour to be, etc.

(Signed) Ylma DERESSA

### III

IMPERIAL ETHIOPIAN GOVERNMENT  
MINISTRY OF FOREIGN AFFAIRS

Letter annex No. 2

Addis Ababa, 2 Hidar 1952

To His Excellency Mr. Jean Sauvagnargues,  
Ambassador of France in Ethiopia

Your Excellency,

I have the honour to inform you on behalf of the Imperial Ethiopian Government that the latter will very shortly confirm to the Compagnie du chemin de fer franco-éthiopien de Djibouti à Addis-Abéba (Franco-Ethiopian Djibouti-Addis Ababa Railway Company), which is the subject of the Treaty concluded on today's date between the French Republic and the Empire of Ethiopia, the validity, until its date of expiry, of the concession granted to the Company under the terms of the contract of 30 January 1908.

My Government will also inform the Company that the clauses and conditions to which this concession was subject have been replaced by the provisions of the Treaty and of the articles of association annexed thereto.

I have the honour to be, etc.

(Signed) Ylma DERESSA

### IV

EMBASSY OF FRANCE IN ETHIOPIA

Letter annex No. 2 bis  
No. 168 (A.E.)

Addis Ababa, 12 November 1959

To His Excellency Mr. Ylma Deressa,  
Minister for Foreign Affairs of the Empire of Ethiopia,  
Chairman of the Ethiopian Delegation

Your Excellency,

I have the honour to acknowledge receipt of your communication of today's date, which reads as follows :

[See letter III]

The French Government has taken note of the above communication.  
I have the honour to be, etc.

(Signed) Jean SAUVAGNARGUES

V

IMPERIAL ETHIOPIAN GOVERNMENT  
MINISTRY OF FOREIGN AFFAIRS

Letter annex No. 3

Addis Ababa, 2 Hidar 1952

To His Excellency Mr. Jean Sauvagnargues,  
Ambassador of France in Ethiopia

Your Excellency,

With reference to article 1, second paragraph, of the Treaty concluded on today's date between the President of the French Republic, President of the Community, and His Majesty Haile Selassie I, Emperor of Ethiopia, I have the honour, on behalf of the Ethiopian Government, to bring the following information to your attention :

The Ethiopian draft Commercial Code referred to in the above-mentioned article of the Treaty is the French translation of the second book (" Companies "), title V (" Joint Stock Companies "), of the draft Commercial Code which is now before the Ethiopian Parliament and of which a copy is annexed<sup>1</sup> to this communication.

In addition, I have the honour to confirm to you that the Ethiopian Government regards the above-mentioned article of the Treaty as meaning that the text of the annexed draft Commercial Code is applicable to the Compagnie du chemin de fer franco-éthiopien de Djibouti à Addis-Abéba (Franco-Ethiopian Djibouti-Addis Ababa Railway Company) under the conditions specified in that article, irrespective of any subsequent changes in Ethiopian legislation, unless the French Government and the Ethiopian Government decide otherwise.

I have the honour to be, etc.

(Signed) Ylma DERESSA

<sup>1</sup> Not reproduced in the copies of the Agreement transmitted for registration.

## VI

## EMBASSY OF FRANCE IN ETHIOPIA

Letter annex No. 3 bis  
(No. 169/AE)

Addis Ababa, 12 November 1959

To His Excellency Mr. Ylma Deressa,  
Minister for Foreign Affairs of the Empire of Ethiopia,  
Chairman of the Ethiopian Delegation

Your Excellency,

I have the honour to acknowledge receipt of your communication of today's date, which reads as follows :

[See letter V]

I have the honour to confirm the agreement of the French Government to the terms of the above communication.

I have the honour to be, etc.

(Signed) Jean SAUVAGNARGUES

## VII

IMPERIAL ETHIOPIAN GOVERNMENT  
MINISTRY OF FOREIGN AFFAIRS

Letter annex No. 4

Addis Ababa, 2 Hidar 1952

To His Excellency Mr. Jean Sauvagnargues,  
Ambassador of France in Ethiopia

Your Excellency,

I have the honour to recall for your information that, in conformity with the provisions concerning the transfer from Paris to Addis Ababa of the headquarters of the Compagnie du chemin de fer franco-éthiopien de Djibouti à Addis-Abéba (Franco-Ethiopian Djibouti-Addis Ababa Railway Company) contained in the Treaty concluded on today's date between the French Republic and the Empire of Ethiopia, all the files, documents and records referring to the past and present operations of the Company are to be transferred to Addis Ababa within a period of six months from the entry into force of the said Treaty.

I have the honour to be, etc.

(Signed) Ylma DERESSA



## VIII

## EMBASSY OF FRANCE IN ETHIOPIA

Letter annex No. 4 bis  
No. 170/AE

Addis Ababa, 12 November 1959

To His Excellency Mr. Ylma Deressa,  
Minister for Foreign Affairs of the Empire of Ethiopia,  
Chairman of the Ethiopian Delegation

Your Excellency,

I have the honour to acknowledge receipt of your communication of today's date, which reads as follows :

[See letter VII]

I have the honour to confirm the agreement of my Government to the terms of the above communication.

I have the honour to be, etc.,

(Signed) Jean SAUVAGNARGUES

## IX

## EMBASSY OF FRANCE IN ETHIOPIA

Letter annex No. 5  
No. 171/AE

Addis Ababa, 12 November 1959

To His Excellency Mr. Ylma Deressa,  
Minister for Foreign Affairs of the Empire of Ethiopia,  
Chairman of the Ethiopian Delegation

Your Excellency,

With reference to article 12 of the Treaty concluded on today's date between the French Republic and the Empire of Ethiopia, I have the honour to confirm, on behalf of my Government, that the competent authorities of French Somaliland will take all necessary steps to ensure that the area of the free port is so demarcated as not to interfere with the facilities granted to Ethiopia under the above-mentioned article and that the demarcation is carried out as soon as possible by agreement with the Ethiopian Government. Should the sites mutually agreed on for the establishment of the Ethiopian undertakings referred to in paragraph (c) of the above-mentioned article be outside the limits of the free port, those limits will be altered so as to include the said sites.

I have the honour to be, etc.

(Signed) Jean SAUVAGNARGUES

## X

IMPERIAL ETHIOPIAN GOVERNMENT  
MINISTRY OF FOREIGN AFFAIRS

Letter annex No. 5 bis

Addis Ababa, 12 November 1959

To His Excellency Mr. Jean Sauvagnargues,  
Ambassador of France in Ethiopia

Your Excellency,

I have the honour to acknowledge receipt of your communication of today's date, which reads as follows :

[See letter IX]

The Ethiopian Government has taken note of the above communication.

I have the honour to be, etc.

(Signed) Ylma DERESSA

## XI

## EMBASSY OF FRANCE IN ETHIOPIA

Letter annex No. 6  
No. 172/AE

Addis Ababa, 2 Hidar 1952

To His Excellency Mr. Ylma Deressa,  
Minister for Foreign Affairs of the Empire of Ethiopia,  
Chairman of the Ethiopian Delegation

Your Excellency,

With reference to article 13 of the articles of association signed on today's date, I have the honour to inform you that the short-term loans granted by the French Treasury to the Compagnie du chemin de fer franco-éthiopien de Djibouti à Addis-Abéba (Franco-Ethiopian Djibouti-Addis Ababa Railway Company) during the years 1956 to 1958 totalled 572,493,629 francs.

Notwithstanding the rules governing Treasury loans, the French Government agrees to these loans being reimbursed solely from the profits of the Company. However, the Company must ensure payment of the annual interest charges on this debt at the rate of 3 per cent.

I have the honour to be, etc.

(Signed) Jean SAUVAGNARGUES

## XII

IMPERIAL ETHIOPIAN GOVERNMENT  
MINISTRY OF FOREIGN AFFAIRS

Letter annex No. 6 bis

Addis Ababa, 2 Hidar 1952

To His Excellency Mr. Jean Sauvagnargues,  
Ambassador of France in Ethiopia

Your Excellency,

I have the honour to acknowledge receipt of your communication of today's date, which reads as follows :

[See letter XI]

I have the honour to confirm the agreement of the Ethiopian Government to the arrangements set out in the above communication.

I have the honour to be, etc.

(Signed) Ylma DERESSA

## XIII

## EMBASSY OF FRANCE IN ETHIOPIA

Letter annex No. 7  
No. 173/AE

Addis Ababa, 12 November 1959

To His Excellency Mr. Ylma Deressa,  
Minister for Foreign Affairs of the Empire of Ethiopia,  
Chairman of the Ethiopian Delegation

Your Excellency,

I have the honour to confirm that by the date on which the instruments of ratification of the Treaty concluded on today's date between the French Republic and the Empire of Ethiopia are exchanged, the French Government will have taken the necessary steps to make available to the Ethiopian Government the number of shares of the Compagnie du chemin de fer franco-éthiopien de Djibouti à Addis-Abéba (Franco-Ethiopian Djibouti-Addis Ababa Railway Company) needed to ensure that half the capital of this Company is in the hands of the Ethiopian Government or of Ethiopian nationals, that is to say, 8,650 shares.

The transfer of these shares will be made against payment in Paris of a sum of 25,000 French francs per share on the basis of a rate of exchange of 493.705 French francs to one United States dollar.

I should be grateful if you would confirm your Government's agreement to the foregoing.

I have the honour to be, etc.

(Signed) Jean SAUVAGNARGUES

#### XIV

IMPERIAL ETHIOPIAN GOVERNMENT  
MINISTRY OF FOREIGN AFFAIRS

Letter annex No. 7 bis

Addis Ababa, 2 Hidar 1952

To His Excellency Mr. Jean Sauvagnargues,  
Ambassador of France in Ethiopia

Your Excellency,

I have the honour to confirm that my Government agrees to acquire, at the price of 25,000 French francs per share, the number of shares necessary to bring its share in the Company's capital to 50 per cent, in conformity with the Treaty concluded on today's date between the French Republic and the Empire of Ethiopia.

I have the honour to be, etc.

(Signed) Ylma DERESSA