

**AGREEMENT
ON BILATERAL AGRICULTURAL COOPERATION AND PARTNERSHIP
BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF TURKEY
AND
THE GOVERNMENT OF THE REPUBLIC OF THE SUDAN**

The Government of the Republic of Turkey and the Government of the Republic of the Sudan shall be hereinafter referred to as "the Parties", "Turkey" or "Sudan"

Regarding the establishment of the agricultural farms/enterprises in Sudan for increasing agricultural production and trade between the two countries and utilization of Sudan's resources and agricultural potential in more rational manner,

Considering the great potential for developing the bilateral trade and economic cooperation;

Underlining the importance of establishing a joint company in order to improve and deepen the cooperation in agricultural fields including livestock, increase cooperation level and provide reliable and sustainable development in both countries,

Accepting the fact that the establishment of agricultural farms/enterprises in Sudan and providing the Turkish private sector to deal with agricultural activities in Sudan are of high importance for a more sound and long- term agricultural cooperation,

With the attendance of the Ministry of Food, Agriculture and Livestock representing the Turkish Side, and the Ministry of Agriculture & Irrigation representing the Sudanese Side,

The Parties agreed as follows:-

ARTICLE 1

Considering the comparative advantages and economic complementarities of both countries; the Parties agreed on the issues below regarding the Joint Company (Company) to be founded with participation of the Parties, agricultural farms/enterprises to be established in Sudan for increasing the agricultural production and trade, and utilization of this agricultural potential by the Turkish Entrepreneurs.

- 1- The purpose of the Company; is to deal with agricultural production, livestock breeding in Sudan, to establish relevant industrial facilities to deal with marketing, storage, importing, exporting and trading activities in this respect and to establish recreation areas.
- 2- The headquarters of the Company will be located in Turkey (Ankara) and the Company shall open a main branch in Sudan and may open other branches in other countries. The central office and the branches of the Company shall be regulated by the prevailing laws of the country where they are established.
- 3- The means and mechanisms of the settlement of disputes regarding the foundation and operation of the Company will take place in the main contract of the Company.
- 4- All agricultural activities, processes and incomes of the Company and transferring of these incomes abroad shall not be subject to any kind of tax, fee and duty or custom duties whatsoever within Sudan. The incomes obtained by the Company from its foreign

- branches will not be subject to taxation in Turkey. The profit share transfer between the headquarters in Turkey and the branches in Sudan and other countries also shall not be subject to any taxation. The wages to be paid to the employees of the Company shall be exempted from any kind of tax. However this exemption will not be applied to the Turkish Republic citizens working in Turkey and the foreigners who are residing permanently in Turkey and the Sudanese citizens working in Sudan and the foreigners who are residing permanently in Sudan.
- 5- The duration of the Company is 35 (Thirty five) years starting from the date of the legal foundation. This term may be extended with the Joint decision of the Parties.
 - 6- The founding capital of the Company is 10 million US Dollars. The partnership rates of the Company to be established by the two countries will be 80% for Turkey and 20% for Sudan. This sub-clause is not binding for the investments that shall be made by Turkish entrepreneurs in Sudan.
 - 7- The Sudanese Party shall allocate the land as its share of capital. The leasing price will be determined with the agreement of the Parties based on the equivalent values of other lands in Sudan.
 - 8- Distribution of the Company capital and sharing of profit will be defined in the main contract of the Company.
 - 9- The Turkish Side of the Company will be represented by the General Directorate of Agricultural Enterprises (TIGEM) and the Sudanese Side will be represented by the Ministry of Agriculture and Irrigation of the Republic of the Sudan.
 - 10- The Company will be managed by an Executive Board of Directors composed of five members who shall be elected according to the share of both sides. The chairman of the Executive Board and General Manager of the Company will be assigned by the Turkish Side. The Deputy Chairman of Executive Board shall be appointed by the Turkish Side and the Deputy General Director shall be assigned by the Sudanese Side. Decision taking procedures of the Executive Board and election rules of Chairman and Members of the Executive Board will be defined in the main contract of the Company.
 - 11- In case of annulment of the Company, the issues such as the future of all assets, credits, debts etc. shall be determined in the main contract of the Company.
 - 12- The main contract of the Company will be prepared in accordance with the provisions stated within this agreement.

ARTICLE 2

The Parties agreed to lease appropriate lands in Sudan for establishment of farms/enterprises for agricultural and livestock production by the Joint Company and Turkish Entrepreneurs, to allocate lands for the pilot farms/enterprises to be established by the Joint Company in Sudan, and to give priorities to the following issues.

- 1- The lands subject to the agricultural investment to be made by the Joint Company or the Turkish entrepreneurs shall be the lands agreed by the Ministry of Food, Agriculture and Livestock of the Republic of Turkey and Ministry of Agriculture and Irrigation of the Republic of the Sudan and the lands which are located in the regions given below. These lands shall be officially allocated according to the flow of investments and progress of projects. The land of 12.500 hectares which is located in Abugota-1 region of Al-Gazeera state shall be allocated by Sudanese side for the pilot farm/enterprise to be established by the Joint Company. Other than this land, the Sudanese Side shall also allocate the lands shown below for the Joint Company free of charge for a period of two years (pre-

investment period) in order to be used in the agricultural investments to be made by the Turkish entrepreneurs. This period can be prolonged with mutual decision of both parties.

Al Gazeera (Abugota 2)	87.500 ha
Western Umm Durman and North Kordofan	50.000 ha
Blue Nile, Gedareef, Sinnar	300.000 ha
Northern State (Dongola, Amri, Golid, Multaga) and Nile State	270.000 ha
<u>Al Gazeera (Rahad Medani)</u>	<u>73.000 ha</u>
TOTAL	780.500 ha
ALLOCATED FOR JOINT COMPANY(Abugota 1)	12.500 ha
GRAND TOTAL	793.000 ha

Turkish entrepreneurs shall build inner parcel roads and irrigation canals for the local villagers on the 20% of the total area they leased. The total cost of these investments shall be deducted from the leasing price of the total area leased.

- 2- The rules and principles for the utilization of the land and leasing period will be defined in compliance with the investments and in favour of both parties based on a "concession contract" agreed by the Parties. The leasing period of the lands to be allocated for the Turkish Entrepreneurs shall be maximum of 99 years (35+32+32).
- 3- Protection of the integrity of the mentioned lands and elimination of the legal claims of third parties will be under the responsibility of the Sudanese Side and interruptions and costs to arise due to such situations shall be compensated by the Sudanese Side. The security of the staff, land, buildings, machinery etc. shall be maintained by the Sudanese Side.
- 4- The amendment or expiry of the Agreement shall not affect the validity of the established Company, signed contracts and the projects which have to be completed.
- 5- Parties confirm that they will act in goodwill in resolution of the disputes in bilateral trade based on the implementation of this Agreement without prejudice to the rights and obligations arising from the rules and principles of Regional & International Trade Organizations and Customs Union Agreements which they are Party to.

ARTICLE 3

The parties agreed on the issues mentioned below:

- 1- Sudanese Party guarantees that the Joint Company and Turkish entrepreneurs **invested in agriculture and agroindustry** shall freely transfer abroad the incomes and profits to be obtained as a result of their production and commercial activities **related to their investments** in Sudan without any preventive measures or delays. **Sudanese party shall remove all preventive measures in this regard.**
- 2- Parties agreed that the Joint Company and Turkish Entrepreneurs shall keep export proceedings, **except the Sudanese party's profit share**, in banks outside Sudan in foreign currency to be used for import of capital goods and all other inputs brought from abroad, repayments of investments, credits and debts, payment of wages for (local & foreign) contractors-subcontractors-service providers, payment of other expenses, opening letters of credit (LC), payment of bills and distribution of attained profit etc., and use this amount without any preventive measures. Remaining amount of the export proceeds shall be transferred to company accounts in Sudan at the end of every financial

preventive measures shall be removed or the Joint Company and Turkish Entrepreneurs shall be privileged in this respect.

- 3- The parties agreed that they shall approve the entry of machinery, tools, devices, equipment as well as seeds, fertilizers etc. other inputs that will be necessary for agricultural production within the frame of agricultural projects to be prepared in accordance with the current and future needs of the project .
- 4- In order to accelerate the importation and custom procedures of the agricultural materials and inputs to be imported to Sudan, the Sudanese party shall accept the certificates given by TSE (Turkish Standards Institute) and Sudanese Ministry of Agriculture and Irrigation and shall provide all facilities in this regard.

ARTICLE 4

The Parties agreed that the Sudanese government will take necessary precautions for the settlement locations, public roads, railways, electrical and pipelines, mining activities and all kinds of similar operations not to affect the agricultural production on the lands where the agricultural activities carried out and Sudanese Side compensate the other party if such activities would affect these lands.

ARTICLE 5

Any dispute arising from the interpretation or application of this Agreement shall be settled amicably through negotiation between the Parties.

ARTICLE 6

The Parties agreed on the establishment of an "Agricultural Free Zone" in a region decided by the both Parties in Sudan. The Parties accept that the investments to be made by the Turkish private sector investors in the determined regions will be carried out in accordance with the bilateral agreements signed with the Sudanese Side and these investors will benefit from the opportunities provided for the Joint Company.

ARTICLE 7

The Parties pledge that they will improve the cooperation by means of exchange of information, documents and experts in development of vocational training and human resources, and they will facilitate issuing of visas, residence and working permits for the commercial and economic cooperation mentioned above in accordance with their concerned laws.

ARTICLE 8

This agreement hereby shall enter into force on the date of receipt of the last written notification by which the Parties notify each other, through diplomatic channels, of the completion of their internal legal procedures required for the entry of this agreement into force.

This agreement shall remain in force for 99 years and it shall be extended upon mutual agreement of the parties.

The agreement was signed in 28/04/2014 in Turkish and English languages in duplicate original copies each of them being equally authentic. In case of divergences of interpretation, the English version shall prevail.

**ON BEHALF OF THE
GOVERNMENT OF THE REPUBLIC
OF TURKEY**

**ON BEHALF OF THE GOVERNMENT
OF THE REPUBLIC OF THE SUDAN**

**MEHMET MEHDİ EKER
MINISTER OF FOOD
AGRICULTURE AND LIVESTOCK**

**IBRAHIM MAHMOUD HAMID
MINISTER OF AGRICULTURE
AND IRRIGATION**