

Client Alert

International Trade

20 July 2012

EU expands sanctions against Somalia by targeting charcoal trade

As of 18 July 2012, the EU has implemented a **new ban on trade of charcoal from Somalia** as part of its sanctions against the country. This new ban, which also prohibits **insurance and re-insurance** related to such trade provided by EU parties, follows a recent UN call for all members to take necessary measures to prevent the direct or indirect import of charcoal – an identified significant revenue source for the militant Al-Shabaab group – from Somalia.¹ The charcoal trade ban is accompanied by the listing of one new designated person subject to the EU's asset freeze.

Background

The EU's current Somalia sanctions regime follows the UN sanctions framework, which includes an arms embargo and prohibition of the related supply of goods, assistance and services. The EU-wide rules and restrictions under the current EU regime for sanctions against Somalia can be found in the following Regulations:

- **Council Regulation 147/2003**² (imposing arms embargo related restrictions); and
- **Council Regulation 356/2010**³ (imposing an asset freeze on certain designated persons and entities).

The EU's arms embargo related restrictions against Somalia involve a prohibition against the supply of **financing and financial assistance**, as well as **technical advice, assistance and training**, related to military activities to any person, entity or body in Somalia. In addition, the EU imposes an asset freeze on UN-designated parties which means that **no funds or economic resources may be made available, directly or indirectly, to or for the benefit of such parties**.

As with other EU sanctions regimes, the Somalia sanctions apply **within EU territory**, to **nationals of EU Member States** (regardless of whether they are located inside or outside EU territory) and **on board vessels and aircraft under Member State jurisdiction**. They also apply to **companies incorporated or doing business in a Member State**, which means that even non-EU companies could be covered depending on the particular circumstances under which they are performing business activities in the EU and how they are connected to any restricted Somalia-related activities.



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¹ See [United Nations Security Council Resolution 2036 \(2012\)](#) of 22 February 2012.

² [Council Regulation \(EC\) No 147/2003](#) of 27 January 2003 concerning certain restrictive measures in respect of Somalia, [2003] OJ L 24/2, as amended. This Regulation has been amended on several occasions and the latest consolidated version, which does not include the latest amendment described herein, is available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2003R0147:20101208:EN:PDF>.

³ [Council Regulation \(EU\) No 356/2010](#) of 26 April imposing certain specific restrictive measures directed against certain natural or legal persons, entities or bodies, in view of the situation in Somalia, [2010] OJ L 105/1, as amended. The latest consolidated version of this Regulation, which does not include the latest amendment described herein, is available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2010R0356:20110927:EN:PDF>.

Details about the new EU sanctions measures

Through **Council Regulation 642/2012**⁴ (which amends Regulation 147/2003), the EU has expanded its sanctions measures against Somalia to include a ban on trade of Somali charcoal.⁵ This new ban prohibits **transportation** or **EU import** of charcoal that originates in or is exported from Somalia, as well as **purchase** of charcoal located in or originating from Somalia. In addition, parties subject to EU jurisdiction are prohibited from directly or indirectly providing **financing, financial assistance, insurance or re-insurance** related to such transport, purchase or EU import of Somali charcoal. Regulation 642/2012 entered into effect on **18 July 2012**. It exempts purchase or transport of charcoal which has been exported from Somalia prior to **22 February 2012** (i.e. the date of the related UN Security Council Resolution).

Council Regulation 641/2012⁶ (which amends the asset freeze provisions in Regulation 356/2010) adds **Ali Ahmed Nur Jim'ale** – identified as a prominent Somali businessman and figure in the Al-Shabaab charcoal-sugar trading cycle – to the list of designated parties subject to an asset freeze. As a result, the total number of parties affected by the EU's asset freeze against Somalia is brought to 9 persons and 1 body (i.e. Al-Shabaab). Regulation 641/2012 entered into effect on **17 July 2012**.

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⁴ [Council Regulation \(EU\) No 642/2012](#) of 16 July 2012 amending Regulation (EC) No 147/2003 concerning certain restrictive measures in respect of Somalia, [2012] OJ L 187/8.

⁵ "Charcoal" is defined in Annex II to Regulation 642/2012 as all products falling under Combined Nomenclature (CN) heading 4402 ("Wood charcoal (including shell or nut charcoal), whether or not agglomerated").

⁶ [Council Regulation \(EU\) No 641/2012](#) of 16 July 2012 amending Regulation (EU) No 356/2010 imposing certain specific restrictive measures directed against certain natural or legal persons, entities or bodies, in view of the situation in Somalia, [2012] OJ L 187/3.