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Côte d'Ivoire Turmoil Jeopardizes Coffee and Cocoa Trade with U.S. and E.U.

Imagine you sit in an office overlooking the Port of Amsterdam in the Netherlands, one of Europe's main entry point for cocoa imports. As you enjoy your morning cup of coffee, you glance out the window and notice the usual hustle and bustle of ships, cargo containers, and port workers is oddly calm at the docks where the cocoa is normally handled. This is the current scene in many European ports and harbors dedicated to cocoa imports from Africa. But why?

Oligarch Defies Election Process and Lawfully Elected Successor

Three thousand miles away from the Netherlands, Côte d'Ivoire is the world's number one producer and exporter of cocoa (beans, powder, liquor, butter). It is also one of the top ten producers and exporters of coffee.

Although the people of Côte d'Ivoire elected a new President (Alassane Ouattara) in November of 2010, his predecessor, Laurent Gbagbo, has refused since that time to relinquish his post, leading to an increasingly unstable political and security situation in the country. In an effort to ostracize and isolate Mr. Gbagbo and his followers, the United Nations (UN), United States and European Union (E.U.) have implemented targeted economic sanctions. For his part, Mr. Ouattara himself, though not yet in office, has declared a ban on exports of coffee and cocoa, asserting that proceeds of exports flow to Mr. Gbagbo and his supporters, and promised to punish any companies who violate the ban.

Trade in Coffee and Cocoa Impacted

The cumulative current restrictions on trade in coffee and cocoa from Côte d'Ivoire can be summarized as follows:

- Effective local law export ban on coffee and cocoa exports from Côte d'Ivoire
- E.U. sanctions prohibiting payment of export duties to the **Coffee and Cocoa Trade Management Committee**
- E.U. sanctions prohibiting any involvement directly or indirectly in transactions involving other blocked persons or entities
- U.S. sanctions prohibiting any involvement directly or indirectly in transactions involving certain blocked persons or entities (**Laurent Gbagbo**, his wife, **Simone Gbagbo**, and three of Mr. Gbagbo's senior advisors, **Désiré Tagro**, **Pascal Affi N'Guessan**, and **Alcide Ilahiri Djédjé**)

U.S. and E.U. Firms Responsible for Compliance

While the current U.S. and E.U. sanctions are targeted and are not directed against the country of Côte d'Ivoire generally or the entire Government of Côte d'Ivoire, as a practical matter, it may be quite difficult for U.S. and E.U. businesses to lawfully procure coffee or cocoa products from Côte d'Ivoire. Furthermore, U.S. and E.U. firms bear a heightened burden to adequately research their sources of coffee and cocoa to ensure they are not dealing in product that was unlawfully exported from Côte d'Ivoire in contravention of U.S. or E.U. sanctions (as well as local restrictions).

Under both U.S. and E.U. sanctions regimes, individuals and companies subject to U.S. or E.U. law will be liable for even inadvertent involvement in transactions indirectly related to any violation of the sanctions restrictions. Will the authorities come after you for your morning cup of coffee? No. Might they scrutinize the conduct of the companies who bring you your morning cup of coffee? Quite possibly.

Apart from the obvious impact on coffee and chocolate manufacturers, both coffee and cocoa products (powder, liquor, butter) are used in consumer products as diverse as food and cosmetics. Companies in industries as wide-ranging as agriculture, shipping, freight forwarding, food and beverage, and cosmetics should implement adequate compliance procedures to minimize the risk of violations of current measures impacting Côte d'Ivoire.

This *GT Alert* was prepared by [Kara Bombach](#) and [Erik Zietse](#). Questions about these measures, or other export controls or U.S. sanctions matters, can be directed to the **GT Export Controls Group**. Questions related to these and other E.U. sanctions matters, can be directed to the **European VAT, Customs and Trade practice**.

Washington, D.C.

- Michael Marinelli – 202.533.8503 (marinellimx@gtlaw.com)
- Kara Bombach – 202.533.2334 (bombachk@gtlaw.com)
- Renee Latour – 202.533.2358 (latourr@gtlaw.com)

Amsterdam

- Erik de Bie – +31 (20) 30 17 315 (debiee@eu.gtlaw.com)
- Erik Zietse – +31 (20) 30 17 405 (zietsee@eu.gtlaw.com)

Albany
518.689.1400

Amsterdam
+31 20 301 7300

Atlanta
678.553.2100

Austin
512.320.7200

Boston
617.310.6000

Chicago
312.456.8400

Dallas
214.665.3600

Delaware
302.661.7000

Denver
303.572.6500

Fort Lauderdale
954.765.0500

Houston
713.374.3500

Las Vegas
702.792.3773

Los Angeles
310.586.7700

London*
+44 (0) 203 349 8700

Miami
305.579.0500

New Jersey
973.360.7900

New York
212.801.9200

Orange County
949.732.6500

Orlando
407.420.1000

Palm Beach County North
561.650.7900

Palm Beach County South
561.955.7600

Philadelphia
215.988.7800

Phoenix
602.445.8000

Sacramento
916.442.1111

San Francisco
415.655.1300

Shanghai
+86 21 6391 6633

Silicon Valley
650.328.8500

Tallahassee
850.222.6891

Tampa
813.318.5700

Tysons Corner
703.749.1300

Washington, D.C.
202.331.3100

White Plains
914.286.2900

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