

Written by Administrator

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whose citizens earn just over a \$1 a day, may face tougher United Nations sanctions targeting the mining and remittances that keep its economy afloat.

Neighboring Ethiopia and Djibouti are urging the 15-member UN Security Council to impose sanctions on Eritrea's mining and outlaw a 2 percent tax on remittances, according to a diplomat who spoke on condition of anonymity. Ethiopia and Djibouti want one of the council's three African members -- Gabon, Nigeria or South Africa -- to introduce the measure, the diplomat said.

The latest push to punish Eritrea was triggered by a UN report last month that said Eritrea's government planned a failed plot in January to disrupt the African Union summit in Addis Ababa by bombing civilian and governmental targets.

Eritrea's \$2.59 billion economy depends on mineral resources such as gold, which has drawn investment from companies including Canada's Nevsun Resources Ltd, and on money sent from Eritreans living abroad. There is concern that further economic sanctions may hurt more than 5 million people living in poverty, the diplomat said.

A July 18 UN report said the tax on remittances is the "most significant source of revenue" for the government, and estimated the income to be "tens, possibly hundreds of millions of dollars on an annual basis." The government, through a joint gold-mining venture with Vancouver-based Nevsun, has "started to receive royalty payments worth millions of dollars," the report said.

Current UN Sanctions

Eritrea has been ruled by President Isaias Afewerki, a former rebel leader, since it gained independence from Ethiopia in 1993. The UN has already sanctioned the country in the Horn of Africa for supporting al-Qaeda-linked terrorists fighting to topple the Western-backed government of Somalia. The current sanctions include an asset freeze and a travel ban on government leaders.

Al-Shabaab, a Somalia-based terrorist organization that the U.S. says has links to al-Qaeda, generates between \$70 and \$100 million a year in revenue from taxation and extortion in areas under its control, according to the UN report.

Eritrea's UN Ambassador Araya Desta said the initiative was part of an effort to overthrow his government, with a "hidden agenda to have a way out" to the Red Sea for land-locked Ethiopia. "What they are proposing as far as economic sanctions is totally unacceptable and ridiculous," Desta said in an interview. "Eritrea has nothing to do with any of their accusations. What they are doing is a resolution drafted by Ethiopia to damage the economy and isolate Eritrea politically and diplomatically."

He said Ethiopia and Djibouti should take their issues to the African Union Peace and Security Commission rather than the UN Security Council.

Islamist groups including al-Shabaab and the Hisb-ul-Islam movement, previously based in Eritrea, have gained control of most of southern and central Somalia in their bid to oust President Sheikh Sharif Sheikh Ahmed's UN-backed transitional government. Somalia hasn't had a functioning central administration since the removal of Mohamed Siad Barre, the former dictator, in 1991.

U.S.-backed Ethiopian troops invaded Somalia in December 2006, ousting the Islamic Courts Union government that had briefly captured southern Somalia. The troops withdrew in January.

--Editors: Ann Hughey, Joe Sobczyk Home of the San Francisco Chronicle