

EuroChem Group
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Moscow, 115054
Russia



26 January 2016
Brussels

To the attention of Mr Andrey Ilyin
Chief Financial Officer

Request for comments - Report on Lifosa/EuroChem's phosphate imports from occupied Western Sahara

Dear Mr Ilyin,

Western Sahara Resource Watch (WSRW) is again privileged to write to you. We are most appreciative of EuroChem's commitment to its dialogue with us on the issue of its Western Sahara imports. This letter is about Eurochem's subsidiary Lifosa AB's phosphate imports into Lithuania from occupied Western Sahara in 2015.

In the coming weeks, WSRW will publish its annual "P for Plunder" report, documenting the phosphate trade from Western Sahara in the previous calendar year. Lifosa will be featured in that report.

Our research shows Lifosa has received three shipments of phosphate rock mined at Bou Craa, Western Sahara, in 2015. Our calculations put the total volume of those shipments at about 113,000 tonnes, to the tune of about US \$13 million. While this is a significant decline in comparison to the 2014 imports, which amounted to 400,000 tonnes, the import is still substantial.

In our previous letters, we have outlined our concerns with regard to the detrimental effects of Lifosa's imports on the Western Sahara peace process, and on the Saharawi people's well established and universally recognized right to self-determination. There is no need for repeating them here. We are aware that EuroChem, to its credit, has looked into the situation as a matter of due diligence.

However, there are some recent, notable developments that ought to be addressed. You will have seen the Concluding Recommendations in the review of Morocco by the UN Committee on Economic, Social and Cultural Rights (CESCR), published in October 2015. The UN treaty body was very clear on the significance of the Saharawi people's right to self-determination, also with regard to Western Sahara's natural resources. The Committee recommended Morocco to "*guarantee respect for the principle of prior, free and informed consent of the Saharouis, and thus that they are able to exercise their right to enjoy and utilize fully and freely their natural wealth and resources*". In the present circumstances, we know that this does not happen.

We are aware of EuroChem's view that the Saharawis ought to derive a benefit from the resources of the Western Sahara territory, as expressed to us in its letter of 28 March 2014. However, we wish to refer back to the conclusion of the UN Legal Opinion of 2002 on mineral resource-related activities in Western Sahara. In order for any such activity to be considered lawful, the Opinion concludes, it must be carried out in accordance with the wishes and the interests of the people of the territory; the Saharawi people. As such, while it is most certainly imperative that the Saharawi people benefit from the exploitation of their homeland's resources, the legal doctrine of self-determination – what the people want – is the truly preeminent touchstone principle in such circumstances. This is affirmed by the above cited Conclusions of the CESCR.

The Legal Opinion published by the African Union on 14 October 2015, puts the matter even more boldly by avowedly referring to Morocco as "the occupying power" in Western Sahara. "Only the people of Western Sahara have the right to permanent sovereignty over their natural resources", the Opinion continues. The African Union called on companies to adhere to international obligations and refrain from business deals with Morocco pertaining to Western Sahara, as that leads to "perpetuation or legitimation of the colonial situation in Western Sahara".

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Western Sahara Resource Watch works to raise awareness of the illegal occupation of Western Sahara, and to support the recognition of the Saharawi people's right to self-determination and their right to dispose of their natural resources.

On 10 December 2015, the Court of Justice of the European Union annulled the EU-Morocco Free Trade Agreement as it applies in Western Sahara. In its judgment, the Court states that Morocco has no mandate by the United Nations or by any other institution for the administration of the territory. This judgment applies directly and with legal implications for your company's assurance that the trade does not impair human rights.

In the fall of 2015, an upsurge in socio-economic protests was observed in occupied Western Sahara. What started out as regular demonstrations by unemployed Saharawi graduates in El Aaiun, has – particularly in recent weeks – spread to other parts of the Saharawi demographic and to other towns in the occupied territory. Saharawis protest against what they refer to as “Morocco’s policy of marginalizing Saharawis”. They no longer accept being treated as second class citizens, while Moroccan settlers receive employment on the back of Morocco’s illegal exploitation of the Saharawis’ homeland. Grievances are in particular targeted against your supplier of phosphate rock, *Office Chérifien des Phosphates SA (OCP)*. Demonstrations are taking place daily, and are being met with disproportionate use of force by the Moroccan police. A group of 19 Saharawis is currently on hunger strike to demand their right to employment and a decent living. On 22 January 2016, a group of Saharawis entered the headquarters of OCP in Casablanca, in Morocco proper, to demand their share of their land’s phosphates. As a side note, protests against OCP are also taking place throughout Morocco proper, especially with regard to the poor working conditions and health and safety concerns for phosphate workers.

We would be grateful if, before this February 20, Eurochem could clarify the following matters:

1. Is it correct that Lifosa received (at the port of Klaipeda) three shipments of phosphate from occupied Western Sahara during 2015, amounting to approximately 113,000 tonnes?
2. Has EuroChem undertaken its on-site analysis, or inquiries in the occupied area of Western Sahara, as expressed to us in its letter of 28 March 2014?
3. Is EuroChem willing to meet UN, NGO and Saharawi officials, including at the Tindouf refugee camps, on a continuing basis?
4. Are EuroChem and Lifosa still planning to identify and respect the wishes of the Saharawi people in relation to the phosphate trade, in line with Lifosa’s letters from 2012?

WSRW remains of the view that Lifosa/EuroChem must not purchase phosphate rock from Western Sahara while the final status of the territory is pending. By ending all engagement in occupied Western Sahara, the firm can significantly contribute to the good faith needed to reach a just and lasting outcome of the UN peace talks. In the long run, this will benefit the entire Maghreb region.

We remain at your disposal should you have any questions. We look forward to hearing from you.

Sincerely,

Sara Eyckmans
Coordinator
Western Sahara Resource Watch
coordinator@wsrw.org

A copy of this letter has been sent to;

- Mr Clark Bailey, EuroChem Managing Director/Mining
- Mr Igor Nechaev, EuroChem Managing Director/Logistics
- Mr Mikhail Branguleev, Head of Raw Material Supplies
- Mr Vladimir Torin, Head of Communications
- Mr Olivier Harvey, Head of Investor Relations
- Mr Jonas Dastikas, Managing Director of Lifosa AB
- HE Evaldas Gustas, Minister of Economy, Lithuania

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