

HBC Asia Pte Ltd
12-91/92, The Central, 8, EU Tong Sen Street
Singapore 059818

9 January 2020
Brussels

Re. Your company's participation in the transportation of phosphate rock from occupied Western Sahara

Dear Sir, Madam,

We have the honour to present you with our compliments. We are writing with regard to HBC Asia Pte Ltd's role in relation to a shipment of phosphate rock from occupied Western Sahara.

The shipment in question concerns the *Venture Pearl*, departing Western Sahara in June 2019 with an estimated 54,000 tonnes of phosphate rock, destined for the ports of Tauranga, Otago and Bluff, New Zealand.

WSRW is in the process of writing an annual update report on the 2019 phosphate exports from Western Sahara, and will feature this particular shipment. As such, we'd be grateful for your answers to the questions below so as to accurately reflect your company's position on this contentious matter.

The United Nations consider Western Sahara to be a Non-Self-Governing Territory without an administering power in place. As stipulated by the International Court of Justice, and repeated in four consecutive rulings by the European Court of Justice, Morocco has no sovereignty over or international mandate to administer the territory. Nevertheless, Morocco continues to militarily control three-quarters of the territory, including the Bou Craa phosphate mines which are operated by Phosboucraa, a subsidiary of the Moroccan state-owned company *Office Chérifien des Phosphates*, OCP SA.

Incentivized by its exploitation of the territory's resources, Morocco has little interest to genuinely take part in the UN-mediated peace process. Meanwhile, the lingering conflict continues to have a high human and humanitarian cost: over 170,000 Saharawis are stuck in refugee camps in neighbouring Algeria, surviving in harsh desert conditions and dwindling humanitarian aid. Saharawis who live under the yoke of Morocco's occupation are victims of serious human rights violations that have been reported by the UN Human Rights Committee, in addition to credible international organisations such as Human Rights Watch, Amnesty International, and others.

Not only is this a matter of international law and ethics, but also of real financial risk for the involved companies. On 1 May 2017, the bulk vessel NM Cherry Blossom, containing a cargo of 54,000 tonnes of Western Sahara phosphate rock was detained in the port of Port Elizabeth, South Africa, while the vessel was on its way to New Zealand. In February 2018, the South African High Court ruled that the Saharawi Republic, the SADR, was the owner of the entire cargo aboard of the NM Cherry Blossom, and that the ownership was never lawfully vested in OCP SA or Phosboucraa, who were not entitled to sell the phosphate rock. From what WSRW has obtained from court records, the firm Furness Withy

Chartering alleges that the costs of the vessel's detention amount to US \$10.300 per day. By the time the vessel was released, the charterer had lost around US \$3.5 million.

In view of the above, could you please clarify the following issues:

1. Did your company seek the consent of the representation of the people of Western Sahara for the removal of their phosphate rock prior to undertaking the transport?
2. Does your company currently have plans or contracts for future transport of phosphate rock from Western Sahara?
3. Will your company introduce measures to avoid taking part in similar transports from Western Sahara in the future?

We are convinced that it is not in the interest of your company to be associated with the exports of natural resources from Western Sahara. Accordingly, we ask your company to refrain from undertaking such shipments again in the future.

We'd be grateful for your response before 30 January 2020. Our upcoming report on the Western Sahara phosphate trade of 2019 will be published in late February 2020, and is part of a series called 'P for Plunder'. Please find previous editions of that report here: <https://www.wsrw.org/a105x4497>

Please do not hesitate to contact us should you require any further information on the above-raised issue. We thank you in advance for your consideration, and look forward to your response.

Sincerely,

Sara Eyckmans
Coordinator
Western Sahara Resource Watch
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