

13 January 2020  
Brussels, Belgium

To the attention of Mr Sunil Sethy  
Managing Director of Paradeep Phosphates Ltd

**Re. Paradeep Phosphates Ltd's imports of phosphate rock from Western Sahara**

Dear Mr. Sethy,

Western Sahara Resource Watch (WSRW) is again privileged to write to you. We are writing to invite you to comment on Paradeep Phosphates Ltd's (PPL) imports of phosphate rock from occupied Western Sahara.

WSRW is in the process of writing an annual update report on the 2019 phosphate exports from Western Sahara. Paradeep will be featured in that report. Accordingly, we would be grateful for your answers to the questions included below, so that we may accurately present your views on the matter.

Our research indicates that PPL has received eight shipments of phosphate rock that departed from the Bou Craa mines during the course of 2019. Our calculations put the total volume of those shipments at around 450.500 tonnes.

The cargo was transported onboard the vessels *SBI Lyra* (IMO 9705158, departure 14.02.2019), *Serene Theodora* (IMO 9567946, departure 01.05.2019), *Evnia* (IMO 9232163, departure 23.06.2019), *SFL Humber* (IMO 9615561, departure 30.08.2019), *Themis* (IMO 9452543, departure 20.09.2019), *Ionic Storm* (IMO 9332963, departure 26.10.2019), *Sider Tis* (IMO 9311490 departure 26.11.2019), *Olympic Pegasus* (IMO 9545728, departure 28.12.2019).

This means that your company, for the first time, is the biggest importer of phosphate rock from occupied Western Sahara, through the purchase of around 43% of all phosphate rock produced in Western Sahara in the calendar year of 2019. It also means your company is the biggest private funder of the illegal Moroccan occupation of the territory for the year.

The fact that PPL is in majority owned by Moroccan interests probably explains why the company is engaged in a trade that backs Morocco's untenable and unfounded presence in the part of Western Sahara that it holds under military occupation. Nevertheless, we would hope that the company employs higher ethical standards, and strives for an image that is not associated with such business.

As you will know, the United Nations considers 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 (CJEU), Morocco has no sovereignty over or international mandate to administer the territory. The CJEU and different UN treaty bodies alike have stressed that the people of Western Sahara ought to express their free, prior and informed consent in order for any economic arrangement between Morocco and another party to

lawfully affect their land. The Saharawi people's right to self-determination, a right that includes the right to permanent sovereignty over their natural resources, has been emphasized in over 100 UN Resolutions, and is internationally recognized: not a State in the world recognizes Morocco's claims to 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.

Purchasing phosphate rock from Western Sahara through a deal with a Moroccan state-owned company only serves to prolong the Western Sahara conflict. Not only does it lend an air of normalcy to what is a brutal occupation, but it even provides the aggressor with financial support, making it less inclined to fully engaged in UN-hosted peace talks.

WSRW sent you a letter in February 2015, March 2017, February 2018 and March 2019 with questions regarding your company's role in the trade, and whether your company had obtained permission from the people of Western Sahara to import these products.. We cannot see having received any response. We would still appreciate an answer to the following questions:

1. What has your company done to ascertain that the imports of phosphate rock from Western Sahara are done with the express consent of the people of the territory?
2. Could you confirm that Paradeep has received an estimated volume of 450.500 tonnes of phosphate rock from Western Sahara in relation to the eight vessels that departed Bou Craa harbour during the year 2019?
3. Based on leaked documents published by the Saharawi news service Nushatta, we understand that OCP/Phosboucraa could be charging Paradeep between 155 and 161,6 USD/tonne for the phosphate imported.  
<https://www.facebook.com/EnNushatta/videos/415456692363656/UzpfSTeZnzU3MjE4NDU5ODYxMjg6MjMyOTcyNjI4NzI1MjM0MQ/>. (We notice that the vessel *SBI Lyra* mentioned in the video arrived India on 12 March 2019 with the very same volume as mentioned in the OCP file appearing in the video, but that *Leo Ocean* went to another client in India.) The price per tonne onboard *SBI Lyra* is substantially higher than the price of the same commodity from the same mine sold to other clients internationally. That latter price seems could be around 140 USD/tonne.
  - a. What is the price per tonne that Paradeep has agreed to pay OCP for Boucraa rock?
  - b. Has Paradeep enquired whether this price equals the OCP sales price to its other clients internationally, or could we be right that Paradip pays an approximate additional 20 USD/tonne?

- c. As mentioned above, according to our calculations, Paradeep imported a total of 450.500 tonnes onboard 8 vessels departing from Bou Craa in 2019. If estimating that Paradeep pays OCP a price of 161,6 USD/tonne, your company paid a total of 72,8 million USD for the year of 2019 to OCP. Could it be correct that this is approximately 10 million USD more than had the price been equal to what other international clients of Bou Craa rock pay?
- d. We note that Paradeep is 19,55% owned by the Indian Government and 80,45% owned by Zuari Maroc Phosphore and that the latter is a Joint Venture between Maroc Phosphore and Zuari Agro, both owning 50% of the joint venture each. Could you offer any clarification as to why Paradeep would potentially be paying OCP, one of its owners, a higher price than OCP could be receiving from other international clients of the same commodity?

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  
[coordinator@wsrw.org](mailto:coordinator@wsrw.org)