

Lafarge's Cooperation with Terrorist Organizations in Syria: A State Scandal?

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- **Why did the Lafarge Group strike agreements with DAESH, the YPG, Al-Nusra and other terrorist groups in Syria?**
 - **Was the French state involved in such agreements? If so, to what extent?**
 - **How do these incidents impact the Lafarge Group and the French state?**

INTRODUCTION

The Lafarge Group – Lafarge-Holcim Group since 2015 – is one of France's biggest multinational companies and the world's largest cement maker employing around 80,000 people in more than 80 countries.¹ In 2007, Lafarge bought a cement factory in Jalabiya (Syria) – 150 km from Aleppo, between Manbij, Raqqa, and Kobane – and invested more than 680 million dollars for renovating the plant. (Fig. 1) Becoming the biggest foreign investment in Syria excluding the oil sector, the modernized and brand-new Jalabiya factory was officially inaugurated by Lafarge Cement Syria in October 2010. The group was expecting to benefit from the growing Syrian building sector and Iraqi reconstruction projects, a market evaluated at more than 500 billion dollars. However, from spring 2011 onwards, riots and the escalation of violence started to undermine seriously the cement trade in the region, forcing the Lafarge group to make a critical decision of whether to keep running the Jalabiya plant. Contrary to other French companies

such as Total, Air Liquid or Bel, Lafarge Group decided to stay in Syria, but at what cost?

Following an article published in the French newspaper *Le Monde* on June 21, 2016 accusing Lafarge of financing DAESH and other armed militias between 2013 and 2014 in order to run the Jalabiya plant, in September 2016, Lafarge Cement Syria's Syrian employees pressed charges against the group and the French Ministry of Economy demanded an investigation. The French justice system started an inquiry into whether the Lafarge Group transgressed the European interdiction to trade with terrorist groups in Syria. At the moment, the former CEO of Lafarge-Holcim, Bruno Lafont (2007-2015) and five other top executive officials are being formally investigated by the French authorities. These executives are Christian Herrault, former assistant director; Éric Olsen, former HR manager and later CEO (2015-2017); Frédéric Jolibois, director of the Jalabiya plant from the summer of 2014; Bruno Pescheux, former director of the plant between 2010 and 2014; and Claude Veillard, security director of the Lafarge Group. The French justice system charged them with

¹ From <https://www.lafargeholcim.com/lafargeholcim-at-a-glance>.

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“financing terrorism,” “putting employees’ lives in danger” and “transgressing the EU embargo on Syrian oil.” They could face a 10-year jail sentence at the end of the trial.²

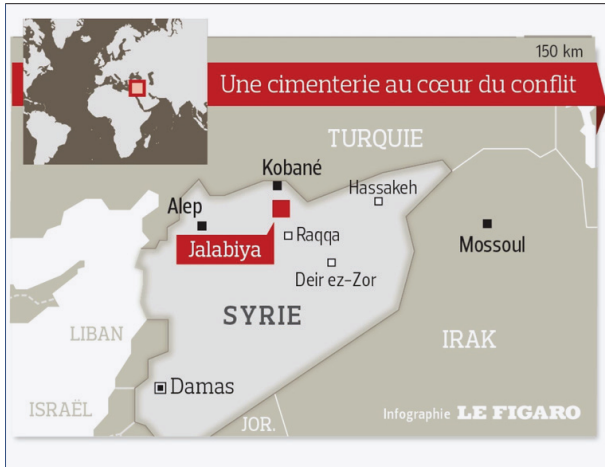


Figure 1. Jalabiya plant’s location: “A cement plant in the heart of the Syrian conflict.”³

DEALING WITH DAESH: SEQUENCE OF EVENTS

According to the Lafarge internal inquiry, between 2011 and 2013, the group paid around 5.5 million dollars to terrorist groups such as the YPG, Al-Nusra and DAESH (from 2012 to 2014) in order to guarantee Jalabiya’s cement production and supply in the region.⁴ In the report, lawyers from Baker & McKenzie add that Lafarge gave 509,694 dollars to DAESH between July 2012 and September 2014. However, according to the case’s examining magistrate, Lafarge gave around 15,3 million dollars to various militias between 2011 and 2015.⁵ In order to understand the charges against Lafarge in the Syrian case, we should first briefly review the sequence of events.

2 Le Figaro, “Financement du terrorisme en Syrie: la chronologie de l’affaire Lafarge”, retrieved April 2, 2018 from http://www.lefigaro.fr/societes/2017/12/09/20005-20171209ARTFIG00115-financement-du-terrorisme-en-syrie-la-chronologie-de-l-affaire-lafarge.php?redirect_premium.

3 Le Figaro, “Lafarge Holcim dans la tourmente de ses anciennes affaires syriennes”, retrieved April 4, 2018 from <http://premium.lefigaro.fr/societes/2017/12/03/20005-20171203ARTFIG00189-lafargeholcim-dans-la-tourmente-de-ses-anciennes-affaires-syriennes.php>.

4 France 2, “Complément d’enquête - Lafarge : les sombres affaires du roi du ciment”, retrieved April 3, 2018 from <https://www.france.tv/france-2/complement-d-enquete/441891-lafarge-les-sombres-affaires-du-roi-du-ciment.html>.

5 Les Echos, “Lafarge Syrie : l’addition s’alourdit”, retrieved April 4, 2018, from https://www.lesechos.fr/12/12/2017/lesechos.fr/0301013937834_lafarge-syrie--l-addition-s-alourdit.htm.

First of all, there is proof that Lafarge intentionally ran the Jalabiya plant after the eruption of violence in 2011. The French TV channel France 2 had access to a series of emails between Bruno Pescheux (former director of the plant between 2010 and 2014) and Cristian Herault (former assistant director) which confirm that Lafarge gave bribes to the YPG and others as a kind of unofficial tax. (Fig. 2) According to *Le Monde*, the YPG assured the security around the Jalabiya plant from the summer of 2012 to the spring of 2013.⁶ In other words, Lafarge had to finance the YPG in order to keep running the factory during this period. Furthermore, certain Turkish newspapers claim that the YPG used Lafarge’s cement in the building of tunnels in Kobane, Afrin and other cities in the region.⁷

In the summer of 2012, the level of violence in Northern Syria increased at such rapid pace that Lafarge decided to remove all its “expat” employees from the country. Yet, Syrian employees continued working while work conditions and traveling to and from the Jalabiya plant became extremely dangerous. For instance, in October 2012, an armed group kidnapped

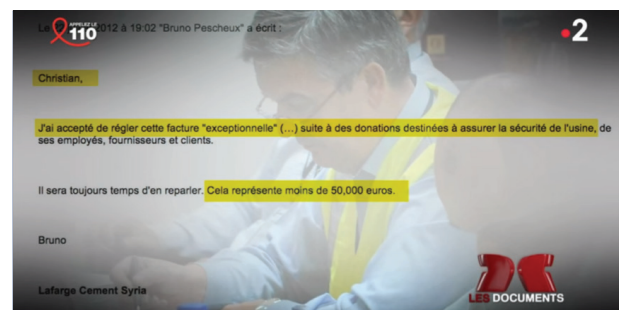


Figure 2. An example of an email between Lafarge’s officials about bribes provided to Syrian armed groups: “Christian, I accepted exceptionally to pay an invoice (...) following donations that aim to guarantee the security of the plant, of the employees and of the clients. We can discuss this later anyway. This is less than 50,000 euros.”⁸

6 *Le Monde*, “Lafarge en Syrie: information judiciaire ouverte pour ‘financement d’entreprise terroriste’”, retrieved April 16, 2018 from http://abonnes.lemonde.fr/international/article/2017/06/13/activites-de-lafarge-en-syrie-information-judiciaire-ouverte-trois-juges-designes_5143483_3210.html.

7 *Aksam*, “Terör sevici Fransa gerçeği: DEAŞ’a rüşvet, YPG’ye tünel”, retrieved April 16, 2018 from <http://www.aksam.com.tr/guncel/teror-sevici-fransa-gercegi-deasa-rusvet-ypgye-tunel/haber-712707>; *En Son Haber*, “French cement giant Lafarge promotes terrorism”, retrieved April 16, 2018 from <http://www.ensonhaber.com/french-cement-giant-lafarge-promotes-terrorism.html>.

8 Matthieu Fauroux, “Complément d’enquête - Lafarge : les sombres affaires du roi du ciment”, *France 2*, (March 22, 2018), <https://www.france.tv/france-2/complement-d-enquete/441891-lafarge-les-sombres-affaires-du-roi-du-ciment.html>, retrieved April 3, 2018.

nine employees. After nine weeks of negotiations, Lafarge paid a ransom of 200,000 euros and the employees were released. However, the tension continued to increase and in the summer of 2013, new terrorist groups took control of the region – Al-Nusra in the south of the Jalabiya plant and DAESH in its north. There is proof that Lafarge's directors in Paris were aware of the danger as the report from the Security Committee of July 2013 indicates: "ISIL (DAESH) is obviously spreading in Jarablus. (...) This presence is a threat that makes our activities in the region difficult."⁹ Furthermore, Lafarge's special security advisor in Syria Jacob Waerness is now claiming that he informed the director in the summer of 2013 of the prohibition of dealing with terrorist groups and the rise of violence that made working conditions impossible. He advised them to stop running the factory. Lafarge, though, preferred to continue and called him back to Europe. Lafarge had employed Waerness, a former member of the Norwich Intelligence Agency and Arabic speaker, in order to deal with local militias and to guarantee the Jalabiya plant's activity.¹⁰ Another report from the Security Committee dated September 11, 2013 clearly shows that the Lafarge directorship decided to maintain activities while being perfectly aware of the danger caused by terrorist groups: "Al-Nusra and ISIL are disturbing the supply chain and employees' journeys. They are requiring a 'tax' in order to allow the traffic of trucks and cars. [...] It becomes extremely difficult to work without dealing directly or indirectly with networks considered as terrorist by international organizations and the United States."¹¹ We also know

9 From the French version: "L'ISIS (...) s'installe de manière visible à Jarablus. (...) Cette présence et la menace qu'elle engendre complique notre action sur le territoire syrien", in France 2, "Complément d'enquête", retrieved April 3, 2018.

10 Le Point, "Lafarge en Syrie : le rôle trouble de la DGSE", retrieved April 3, 2018 from http://www.lepoint.fr/monde/lafarge-en-syrie-le-role-trouble-de-la-dgse-22-03-2018-2204690_24.php.

11 From the French version: "Les flux logistiques et les mouvements de personnels sont perturbés (...) par les islamistes, Al-Nosra et ISIS. Ces derniers exigent que leur soit "versée une taxe" afin d'autoriser le passage des camions et des véhicules (...). "Il devient de plus en plus difficile d'opérer sans être amené à négocier, directement ou indirectement avec ces réseaux classés terroristes par les organisations internationales et les Etats-Unis." in France 2, "Complément d'enquête", retrieved April 3, 2018.

that the European Union forbade trade with these two organizations in June 2013. However, while DAESH controlled the entire region and all routes going to the Jalabiya factory in autumn of 2013, a report from the Security Committee of October 2013 explicitly states that "[t]hanks to the negotiations led by various mediators, the supply chain is running again. Selling reached a level superior to 3,000 metric tons."¹² Furthermore, Syrian cargo carriers that were working with Lafarge Cement Syria today admit that the French company provided them a pass stamped by the Treasury Office of DAESH in order to pass checkpoints controlled by the Islamic state. (Fig. 3) Every pass was personalized with the driver's name beside the name of the company "Lafarge".



Figure 3. DAESH pass for Lafarge trucks: "The mujahedeen brothers are requested to let this truck, transporting Lafarge cement, to pass our checkpoints according to our agreement with this company."¹³

Furthermore, emails between Bruno Pescheux, Frédéric Jolibois, Christian Herrault and Firass Ttlas, a powerful businessman and a key middleman in Lafarge's operations in Syria, confirm the transaction of thousands of euros as a tax to DAESH. (Figs. 4 & 5) Lafarge even paid the Syrian mediator around 75,000 euros per month in order to deal with the terrorist group.

12 From the French version: "Grâce à des négociations menées avec les différents intervenants, les flux logistiques (...) ont pu reprendre. Les ventes ont ainsi pu atteindre des niveaux (...) supérieurs à 3000 tonnes." in France 2, "Complément d'enquête", retrieved April 3, 2018.

13 France 2, "Complément d'enquête", retrieved April 3, 2018.

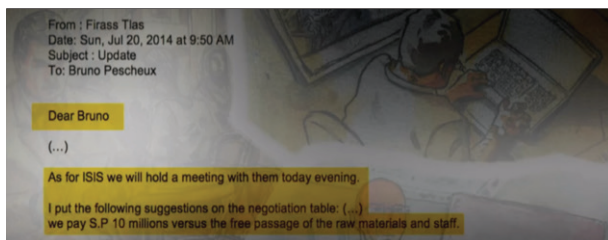


Figure 4. An example of an email between Firass Tlas and Bruno Pescheux about Lafarge's negotiations with DAESH: "Dear Bruno [Pescheux], As for ISIS we will hold a meeting with them today evening. I put the following suggestions on the negotiation table: we pay S.P 10 millions [sic] [around 25,000 euros] versus the free passage of the raw materials and staff."¹⁴

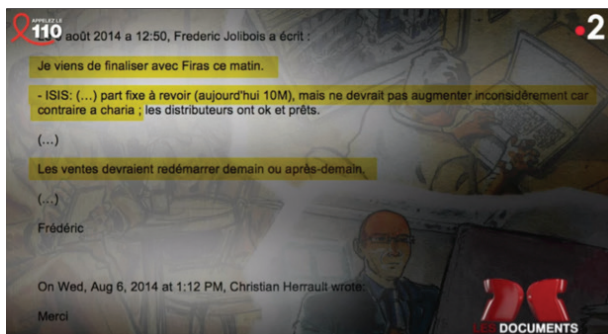


Figure 5. A month later, Frederic Jolibois (director of the Jalabiya plant) reports back to his superior based in Paris, i.e. Christian Herrault, the assistant director: "I have just finalized with Firas this morning. - ISIS [DAESH]: (...) a fix share (up to 10M for now), but it should not rise excessively because it is opposite to the sharia; suppliers are ok and ready (...) Selling should start again tomorrow or the day after (...) Frederic."¹⁵

Moreover, Lafarge is also suspected of having bought oil from DAESH in order to run the Jalabiya plant (against the EU ban on Syrian oil) and of even selling cement directly to the terrorist militia. Even if there is no substantial proof of the latter, we know for sure that DAESH carried out many constructions in Raqqa – such as tunnels, fortifications, prison cells, etc. – requiring the use of cement.

Finally, Lafarge stopped running the Jalabiya plant after DAESH's takeover of the site on September 19, 2014; however, until 2015 they continued to sell the cement remaining in the silos.

According to *Le Monde*, at the end of 2014, a middleman suggested to Lafarge to reopen the Jalabiya plant under DAESH's control but the suggestion was rejected. The same newspaper also claims that the YPG finally took the Jalabiya plant in February 2015 and used it as a military camp alongside American, British

and French Special Forces. Thus, Western forces supported the YPG's offensives against DAESH in Manbij and Raqqa from the Jalabiya plant.¹⁶ In another article, *Le Monde* provides key elements that demonstrate how American and French Special Forces settled in the Jalabiya plant supplying weapons, helicopters and military jeep-like vehicles. French journalists also confirm that these special forces gained access to the Jalabiya plant after an agreement between the YPG, French diplomats and the Lafarge directorship.¹⁷ According to Anadolu Agency, American and French Special Forces are still using the cement factory as a military base today.¹⁸

FROM COMMON PRACTICES TO INTERNATIONAL SCANDAL

Even though energy companies doing business in unstable regions such as Lafarge have to negotiate regularly with official and unofficial local groups, it seems that the rise of terrorist attacks carried out by DAESH in the West inexorably led to the condemnation of Lafarge's strategy in Syria. In fact, Lafarge is not denying the existence of agreements with armed terrorist groups in Syria – including DAESH – but has tried to justify such behavior with two main arguments:

1. Firstly, in March 2017, Lafarge-Holcim officially admitted that it had engaged in unacceptable practices between 2013 and 2014 in order to maintain the Jalabiya plant's activity. Even if they regretted having to "indirectly" pay armed groups, they claimed to have done so for security reasons; in other

¹⁶ *Le Monde*, "Comment le cimentier Lafarge a travaillé avec l'Etat islamique en Syrie", retrieved April 16, 2018 from http://abonnes.lemonde.fr/proche-orient/article/2016/06/21/comment-le-cimentier-lafarge-a-travaille-avec-l-etat-islamique-en-syrie_4955039_3218.html.

¹⁷ *Le Monde*, "L'usine Lafarge en Syrie est devenue une base des forces spéciales occidentales", retrieved on April 16, 2018 from *En savoir plus sur* http://www.lemonde.fr/international/article/2016/06/21/l-usine-lafarge-en-syrie-est-devenue-une-base-des-forces-speciales-occidentales_4955033_3210.html#LdmkjYG4ToyLmCD7.99.

¹⁸ Anadolu Agency, "French military cooperating with YPG/PKK terrorists", retrieved April 16, 2018 from <https://aa.com.tr/en/europe/french-military-cooperating-with-ypg-pkk-terrorists/1104265>.

¹⁴ France 2, "Complément d'enquête", retrieved April 3, 2018.

¹⁵ France 2, "Complément d'enquête", retrieved April 3, 2018.

words, to preserve the life and the income of their Syrian employees.¹⁹

2. Secondly, some executive officials claimed that various armed groups were involved in racketeering at the expense of Lafarge Cement Syria between 2012 and 2014. According to this version, Lafarge had no choice but to deal with these local militias.

However, as we mentioned above, we know that the EU forbade dealing with Al-Nusra and DAESH in June 2013, 14 months before the closure of Jalabiya's plant and more than a year and a half before the end of any cement transaction. Therefore, such agreements did not only constitute a risky strategy but also a violation of European law. Moreover, the fact that Lafarge was the only French group to stay in Syria after the escalation of violence of 2011 shows how Lafarge's leadership insisted on maintaining the Syrian plant's activity at all cost. Despite all these accusations, we can suppose that if DAESH hadn't multiplied its terrorist attacks against Western countries in the last four years, the investigation of Lafarge Cement Syria would not have provoked such scandal in France and worldwide.

LAFARGE, A STRATEGIC GROUP FOR FRANCE... TO WHAT EXTENT?

A third argument formulated by some Lafarge's executive officials implies the involvement of the French state in the decision to run the Jalabiya plant despite the war. Indeed, Christian Herrault, Lafarge's former assistant director, affirmed to the police that "the French government strongly invited [them] to stay [in Syria]." He also mentioned regular meetings, "every six months," between Lafarge's top officials and members of the Ministry of Foreign Affairs. Even if such allegations could be part of a strategy of blame avoidance – namely attempting to transfer the responsibility from Lafarge to the French government – Herrault's declaration includes an idea that makes

¹⁹ France 2, "Complément d'enquête", retrieved April 3, 2018.

sense: the Jalabiya cement plant represented "the biggest investment of France in Syria." In other words, the French government had interests in maintaining the site active. In fact, the Jalabiya plant was the only modern cement plant in the whole region, and thus might be considered by France as a strategic asset for the future reconstruction of post-Assad Syria. We should not forget that in 2013-2014 Russia had not yet intervened in the Syrian conflict and the Assad regime was expected to fall under the pressure of the rebel groups. Furthermore, big energy companies such as Lafarge are often consult and cooperate with national states for their strategy, project planning, and implementation worldwide as state diplomacy facilitates contract negotiations for the company and vice versa. Therefore, one can hardly believe that the French government was totally ignorant of Lafarge's activity in Syria even if the France's official position argues the opposite.

In fact, journalists of the French TV channel France 2 consulted the agenda of Lafarge's Security Director Claude Veillard and found 12 meetings with an officer of DGSE (France's External Intelligence Agency) between 2011 and 2014.²⁰ What did they talk about in these meetings? Could they really avoid discussing Syria? Does this prove that Paris knew about Lafarge's agreements with terrorist groups, or even worse, that the French government pushed Lafarge to pursue this policy? Even if there is no substantial proof of such a conclusion for the time being, the role of the French government in this case remains unclear. Indeed, in an interview to the same French TV channel, Anis Nacrou, the head of the EU diplomatic delegation in Syria in this period, stated that the Syrian regime knew about Lafarge's agreement with terrorist groups since 2013, and, according to him, Syrian officials directly informed the French government.²¹ Based

²⁰ France 2, "Complément d'enquête", retrieved April 3, 2018.

²¹ France Info, "Que savait la France sur les arrangements de Lafarge en Syrie?" retrieved April 4, 2018, from https://www.francetvinfo.fr/monde/proche-orient/offensive-jihadiste-en-irak/video-que-savait-la-france-sur-les-arrangements-de-lafarge-en-syrie-les-revelations-dun-diplomate-dans-complement-denquete_2668970.html.

on this information, the organization SHERPA that is supervising Syrian employees of Lafarge Cement Syria in their complaint demanded that the French justice system interrogate Laurent Fabius, the former minister of foreign affairs of France (2012- 2016).

However, before any accusation could be raised, Paris pressed charges against Lafarge and demanded an official inquiry in September 2016, through the Minister of Economy Michel Sapin. Therefore, the French government took on the role of “police” in the days following the publication of the first article on Lafarge’s case and managed to avoid any suspicion for quite a long time.

WHAT’S NEXT?

The justice procedure will probably be long and the trial will not be conducted before a few years. Nevertheless, SHERPA already accused Lafarge of hiding compromising information and of obstructing the inquiry by destroying computers with bleach at Lafarge’s head office.²² Moreover, new elements are emerging in the investigation. Indeed, on March 21, 2018, AFP (France’s Press Agency) claimed that in 2013, Yassin Ismail, a Syrian employee of Lafarge Cement Syria since 2009, was kidnaped and killed by DAESH. According to the press agency, family members, relatives and colleagues of the victim confirmed this information. In the same article, AFP reported that another Lafarge employee, Abdoul al-Homada, disappeared in Aleppo in 2013 when he arrived to the city to get his income transferred by the French company to a local bank.²³ Even if Lafarge denied any human loss from the Jalabiya plant, this kind of information shows the extent to which the inquiry is still beginning and how the case can suddenly change.

22 RT France, “Ordinateurs passés à l’eau de javel: l’ONG Sherpa accuse Lafarge d’entrave à la justice”, retrieved April 4, 2018, from <https://francais.rt.com/france/46460-ordinateurs-passes-eau-javel-ong-shepra-accuse-lafarge>.

23 L’Orient Le Jour, “Affaire Lafarge en Syrie : au moins un mort et un disparu chez les salariés, selon une enquête de l’AFP”, retrieved April 4, 2018, from <https://www.orientlejour.com/article/1106188/affaire-lafarge-en-syrie-au-moins-un-mort-et-un-disparu-chez-les-salaries-selon-une-enquete-de-lafp.html>.

Finally, the case is directly impacting the merger of the French Lafarge and the Swiss Holcim, which was concluded in 2015. Indeed, even though the merger was considered as a fusion between two groups of “equal” dimensions, it seems that former Holcim directors are taking advantage of the Lafarge scandal in order to remove former Lafarge executive officials from the leadership of the new group, i.e. Lafarge-Holcim.²⁴ For instance, Eric Olsen, former HR manager at Lafarge, became the chief executive officer (CEO) of Lafarge-Holcim after the two entities merged in 2015. Yet, he was forced to resign on April 24, 2017 as a result of the increasing tension regarding the Syrian plant despite personally declaring that he was “absolutely not involved in, nor even aware of, any wrongdoing.”²⁵

CONCLUSION

Although it has been demonstrated that Lafarge dealt with terrorist groups – including the YPG and DAESH – between 2011 and 2015, details of these collaborations remain unclear: How much did they pay them? For how long? In return for what kind of benefits (checkpoint passes, unofficial tax, oil purchase, cement trading, etc.)? What were the (direct and indirect?) consequences of their actions (employees’ deaths, disappearances, life endangerment, etc.)? The justice system’s perception of time defers from that of the media and thus we will have to wait a few years before hearing the trial’s conclusions and the answers to these questions. Many developments may occur until that day. For now, six of Lafarge’s top executives are being investigated and the inquiry could also lead to charging Lafarge as a legal entity. Such an accusation would be disastrous for France which still considers Lafarge as a strategic

24 Libération, “L’affaire Lafarge fait les affaires de Holcim”, retrieved April 4, 2018, from http://www.liberation.fr/france/2017/12/14/l-affaire-lafarge-fait-les-affaires-de-holcim_1616771.

25 Bloomberg.com, “Lafarge Holcim CEO’s Resignation on Syria Creates Power Vacuum”, retrieved April 04, 2018 from <https://www.bloomberg.com/news/articles/2017-04-24/lafargeholcim-ceo-olsen-to-leave-in-july-hess-to-be-interim-ceo>.

partner and a main asset in bilateral relations. Even more disastrous would be the official accusation of the former French government for its involvement in the Syrian plant. It would not be the first example

of France's contradictory stance in foreign affairs, yet the accusation of financing DAESH while officially fighting terrorism would constitute an unprecedented state scandal.