

Ms Denita Stann
Vice President, Investor and Public Relations
PotashCorp

Regarding: PotashCorp's imports of phosphate rock from occupied Western Sahara

Dear Ms Stann,

Western Sahara Resource Watch has previously written PotashCorp, regarding purchases of phosphate rock from the Bou Craa mines in occupied Western Sahara through a contract with the Moroccan state-owned company OCP (*Office Chérifien de Phosphates*).

Our argumentation for terminating imports from occupied Western Sahara has been outlined in previous letters, dated 1 October 2008, 11 January 2011 and 26 April 2011, which we attach for your convenience. Suffice to reiterate that paying an occupying regime to import from the Non-Self Governing Territory it illegally occupies, is not the best practice in terms of Corporate Social Responsibility, and furthermore contributes to a violation of international law which accords the Saharawi people the right to be consulted on, consent to and benefit from any economic activity in respect of Western Sahara's natural resources. We do not see how PotashCorp has fulfilled these requirements when importing phosphates from Bou Craa.

We take note of the changes made April 2012 to the "Phosphate Rock from the Western Sahara" document on your webpages, first published in April 2011, correcting several of the factual errors, misquotes and politically unfortunate statements we outlined in our letter on 26 April 2011.

In general companies have to be cautious when operating in conflict zones, as the business activity necessarily will risk being of a political nature. It is to us, therefore, peculiar to observe that PotashCorp, in its concluding remark in the statement, claims that *abstaining* from trading with phosphates in Western Sahara is a political action, while *undertaking* it as apolitical. It would be obvious that remaining the largest purchaser of commercial goods from occupied Western Sahara, paying the occupying power tens of millions of dollars annually, is an act of highly political nature, making it less likely that Morocco will engage in serious peace talks under the auspices of the UN.

While many of the most political statements in support of Morocco's occupation mentioned in the previous April 2011 version of the statement have been deleted in the current version, some regrettable and highly political arguments have still remained. The Saharawi people see PotashCorp as a political actor in the game over Western Sahara, no matter what PotashCorp claims.

The UN legal opinion from 2002 has furthermore been misrepresented in your position document. The conclusion of the UN legal opinion is to be found in paragraph 25, not 21, as your position document

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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.

suggests. The key is that the Saharawis have the right to decide themselves whether the operations should take place in Western Sahara or not. Neither PotashCorp nor OCP are in a position to decide for them.

The ongoing and regular shipments of Western Saharan phosphate rock to Geismar, United States, compel us to write you again. At the time of writing, a bulk vessel, "Shekou Sea", is scheduled to arrive in Geismar on 10 April.

We would appreciate it if the company would create clarity on the following matters, some of which have been raised in previous letters.

- 1) What assessments, apart from requesting information from OCP, has PotashCorp undertaken to investigate whether current arrangements are in accordance with the wishes of or to the benefit of the Sahrawi people? Who carried out these assessments?
- 2) When does PotashCorp's contract for purchases of Western Sahara phosphate rock terminate?
- 3) Has PotashCorp in its due diligence assessments considered that the imports of phosphate from Western Sahara may have negative consequences for the UN peace process, as well as for the right to self-determination for the people of Western Sahara?
- 4) In the April 2012 statement, PotashCorp claims that OCP's operations in Western Sahara makes "it more likely rather than less likely that the people of the region can effectively exercise their right to self-determination". We would like to get a clarification from your company on what legal or empirical grounds this claim is made.
- 5) References are made to three confidential reports, by KPMG, DLA Piper and Covington & Burling. We kindly ask you to forward us copies of these reports.

We cannot see having received an answer to any of our letters so far. We'd be grateful for your reply, and will be more than happy to provide you with any additional information that you may require to study this matter more closely.

Looking forward to hearing from you.

Sincerely yours,

Sara Eyckmans
Coordinator
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