

THE LAFARGE GROUP – A SHORT CASE STUDY

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Abstract

In the field of counter-terrorism, the concept of terrorist financing is becoming increasingly undefined. One of the most significant cases of terrorist financing in recent years has been linked to France. The activities of the French cement giant Lafarge Group in Syria are directly linked to terrorist financing. In Syria, the Lafarge Group has a controversial relationship with ISIS, one of the most important actors of post-modern terrorism. In the case of the cement giant, police investigations have failed to establish the responsibility of the French headquarters. Only the Syrian branch was found to be responsible.

1. Who is the Lafarge Group?

The Lafarge Group in France is a company specialising in construction materials, such as cement, ready-mix concrete and other materials used in the building industry. Lafarge plays a major role in the construction industry in France. The company supplies building materials for a variety of projects, from small residential constructions to large infrastructure projects. Lafarge is also actively involved in creating sustainable and environmentally friendly solutions for the construction sector. The Lafarge was the largest cement company of the World, and it was merged with the Swiss-based Holcim in 2015. [1] The name of the new industrial giant LafargeHolcim. The new company has come in for a lot of criticism, with many analysts saying that the merger has created a monopoly. [2] Other authors argue that the case is not a merger because two companies of the same size can merge. However, Holcim's production was twice the size of Lafarge's. [3]

In 2016, the creation of a monopoly position was put on the back when French police accused Lafarge of terrorist financing. „*Terrorism financing refers to the processing of funds that will be used for sponsoring or facilitating terrorist activities. As is known to the terrorist the group, like any other enterprise or criminal organization, needs funding to maintain infrastructure, organize actions and activities. Terrorist organizations collect revenue from a variety of sources, often combined to be seen both legally and illegally, so it is very difficult to classify begins the end of illegitimate income.*” [4]

In the field of counter-terrorism, the concept of terrorist financing is becoming increasingly undefined. „*The structure and the method of financing terrorist organisations have changed.*” [5] However, the links of multinational companies with terrorists are not defined in the new methods. The scandal was huge. And the media also revealed the involvement of the secret services.

The authors of this paper attempt to give a brief account of the Lafarge Group's links with ISIS (Islamic State of Iraq and Syria) in Syria. A further aim is to show the ambivalence of the possible links of multinational companies with terrorist groups.

2. The Lafarge group in Syria?

The documentary by Guillaume Dasquié and Nicolas Jaillard, entitled "52 minutes", reveals in an unprecedented way the relationship maintained by the French services, in particular the intelligence services, with the cement giant Lafarge, the only company to have remained in Syria

after the outbreak of the civil war and the rise of terrorist groups in large parts of the country. [6] This relationship has been described as dangerous.

While many multinationals and SMEs left Syria and the French embassy in Damascus closed in March 2012, Lafarge continued to operate from its plant in the north, in Jalabiya, 80 kilometres from Raqqa, until the site was attacked by ISIS on 18 September 2014. The foreign employees were repatriated from the outset, but around thirty local workers remained on site. *„When the factory was attacked and taken over by ISIS on September 19, 2014, employees survived only because they found their own way to escape.”* [7] According to the documentary, considerations linked to "raison d'état" would have enabled the cement manufacturer to maintain its operations in the heart of Syria as a spy base for the DGSE (Direction générale de la Sécurité extérieure, Directorate-General for External Security) the DGSi (Direction générale de la Sécurité intérieure, General Directorate for Internal Security) and the military intelligence directorate in particular, with its executives acting as a "turnkey spy network". But the main problem was that Lafarge's Syrian division was illegally buying oil from ISIS. *„A giant French cement company based in northern Aleppo province is buying fuel and oil from the Islamic State, documents obtained by Zaman al-Wasl showed. The leaked data, emails and documents reveal that Lafarge Cement Syria has been buying fuel from ISIS, besides negligence of safety procedures for the 2500 workers in the factory, as well as using dangerous chemical can be used for making explosives and fuel for rockets, added to discrimination in paying ransoms of millions of pounds to free Alawite abducted workers, ignoring other abductees.”* [8]

This secret collaboration between Lafarge and French intelligence came at a high cost to the company. It involved the kidnapping of employees, voluntary participation in a racketeering economy, and financial payments (prohibited by international decisions) to the jihadists of the al-Nusra Front (an ex-subsiary of al-Qaeda) and members of the Islamic State until early 2015.

Following its merger with the Swiss group Holcim, the company was indicted for "complicity in crimes against humanity", "endangering the lives of others" and "financing a terrorist undertaking". Several of its former senior executives are also facing these charges. The Judicial Customs in charge of the investigations estimate that several million euros have benefited ISIS and its affiliates.

The European Centre for Constitutional and Human Rights (ECCHR) and 11 former Lafarge employees have also filed criminal complaints against Lafarge. The complaint included the following criminal charges:

- „- financing of a terrorist enterprise (Art. 421-2-2, French criminal code);*
- complicity in war crimes (Art. 461-2s., French criminal code);*
- complicity in crimes against humanity (Art. 212-1s., French criminal code);*
- deliberate endangerment of people (Art. 223-1 French criminal code);*
- exploitative labor work, undignified working conditions, and forced labor (Art. 225-13, 225-14-1 et 225-14-2 French criminal code).”* [7]

Some of the cited sections of the Penal Code were adopted in 2001, but others will not be adopted until 2021.

In the United States, the group admitted its guilt by agreeing to pay a fine of \$778 million (€713 million) [9] in 2022, but French justice is not formally bound by this American decision.

The seriousness of the case is demonstrated by the fact that a lawsuit against Lafarge was still pending in the US in 2023. In the US, the Yazidi community filed a lawsuit against Lafarge, alleging terrorist financing. *„Hundreds of Yazidi Americans have launched a class action lawsuit accusing French cement maker Lafarge of supporting violence carried out by ISIL (ISIS). Led by Nobel Peace Prize winner Nadia Murad, the group filed the lawsuit on Thursday at a court in east New York, accusing the French conglomerate of conspiring to provide material support to a campaign of violence. Now United States citizens, the Yazidis are survivors of ISIL violence that started when the group targeted their homeland of Sinjar in northern Iraq in 2014.”* [10]

The documentary sheds light on the secret collaboration between the cement manufacturer and the French intelligence services, an aspect that Libération and other media [11] have already touched on. Firas Tlass, „former Syrian minister of defence” [12], a Syrian shareholder in Lafarge who is wanted by the courts, details in front of the camera from his home in Dubai the missions he carried out as a source for the DGSE, missions for which he was paid "in cash" from January 2015.

He explains that he compiled a database of jihadist groups operating in France, which was then passed on to the secret services. He claims to have carried out more than 100 missions up to 2017. From 2013, Firas Tlass was also the intermediary needed to pay bribes at checkpoints manned by ISIS, in order to allow trucks to enter and leave the factory.

A former head of security at the Jalabiya factory, Ahmad Jaloudi [13], who is also being prosecuted in France, prepared maps showing the precise position of the fighters, the addresses of the headquarters of the armed militias and the location of the checkpoints, documents that were systematically forwarded to Paris. A few days after receiving them, as revealed by declassified DGSE notes in the judicial file, the foreign intelligence service reused these documents in its reports. The intelligence services also asked this former army colonel to Jordanian air force with precise information on ISIS leaders.

However, once the judicial enquiry was opened and the contacts with the terrorists and the dubious payments were revealed, the intelligence services and the DGSE discreetly withdrew from the operation. The judiciary is also faced with the absence of definitive evidence that the authorities validated the payments to ISIS, or even gave any explicit instructions to make them. *„An independent internal inquiry by the firm found payments made to intermediaries for the Jalabiya plant in northern Syria were not in line with its policies.”* [14] Nevertheless, the case raises questions about the responsibility of the highest levels of government in this affair.

3. Accepting their fate

The French cement group has admitted responsibility for the actions of its individual executives involved, whose behaviour clearly breached the codes of conduct. The group's statement expressed deep regret over these actions. The company, which later merged with Swiss group Holcim, was being prosecuted for paying millions of euros in 2013 and 2014 to terrorist groups operating in Syria in order to keep a cement plant operating in the country.

The industrial group agreed to pay a financial penalty of 778 million dollars to the American justice system and pleaded guilty. [15] He pointed out that the US Department of Justice had acknowledged that the group had since put in place appropriate control procedures to detect and prevent such actions in the future. [9]

The company has also been charged in France with "complicity in crimes against humanity". It is suspected of having paid several million euros in 2013 and 2014, via its Syrian subsidiary, to terrorist factions, including the ISIS group, as well as to intermediaries, in order to keep the Syrian cement plant in Jalabiya in operation. The French authorities are investigating these payments, which Lafarge has said it is fully cooperating with.

The affair broke in February 2016 when internal documents from Lafarge's Syrian plant were published, revealing arrangements with several warring groups, including Islamist factions. This revelation had an impact on the share price of Holcim, Lafarge's parent company, which was temporarily suspended on the Swiss Stock Exchange [16] after the first information about the agreement with the US Department of Justice.

The Lafarge group, now controlled by Swiss firm Holcim, chose to plead guilty to avoid a trial and the risk of being ordered to pay billions of dollars in damages. Nevertheless, this settlement in the United States does not extinguish the proceedings in France against the company and eight of its former executives for "financing terrorism" and "complicity in crimes against humanity". The latter charge is being contested by Holcim's lawyers.

At a hearing in New York, Brooklyn federal prosecutor Breon Peace strongly criticised the French company's decision to maintain its activity in Syria despite the civil war, at the cost of paying commissions to various terrorist groups such as the Al-Nusra Front, affiliated with Al-Qaeda at the time, and the ISIS. [17] The prosecutor pointed out that the company had also sought the help of the terrorist group to harm competition with Lafarge in exchange for a share of its sales.

According to the US justice system, Lafarge paid nearly \$6 million to the ISIS between August 2013 and October 2014. *„The \$10.24 million in payments to ISIS, the al-Nusrah Front and intermediaries were made from August 2013 through October 2014, and occurred even as the terror group was kidnapping and killing Westerners.”* [18] The affair began much earlier, in 2010,

when Lafarge decided to maintain its plant in Syria despite the risks, and continued until the cement plant was taken over by ISIS troops in September 2014.

Following the revelation of the scandal by the French media, the Paris public prosecutor's office opened a preliminary investigation in October 2016, following a complaint from the finance ministry for illicit financial relations between France and Syria. The main managers of Lafarge, as well as its subsidiary Lafarge Cement Syria (LCS), which owns the plant, were interviewed as part of this investigation entrusted to the judicial customs authorities. Their testimony revealed the mechanisms that dragged the company into this complex affair, where the desire to keep the cement plant operating at all costs led to morally dubious choices.

4. Conclusion

„The combat of terrorism has been a priority for investigators since the 1980s. There are several different approaches to combating terrorism, with one of the most significant methods being the interruption of terrorist financing (countering the financing of terrorism; CFT).” [19] The Lafarge affair and the financing of terrorism have raised major concerns about corporate ethics and the fight against terrorism in France and around the world. The facts that have emerged from this case have highlighted the complexity of the issues that multinational companies can face, particularly when operating in conflict zones.

It has become clear that Lafarge's management was grossly negligent in maintaining relationships with terrorist groups in Syria in order to sustain its business. The allegations that the company financed terrorism have serious implications, not only for Lafarge as a company, but for the international business sector as a whole.

The Lafarge case has highlighted the need for more effective regulation and oversight by government authorities. It is essential that governments strengthen their legal frameworks to ensure that companies that violate terrorist financing laws are held accountable for their actions. This case has also reinforced the need for greater international cooperation in the fight against terrorist financing – „Because money is the lifeblood of terrorist organizations, it is essential to identify the financing methods of terrorism and effectively prevent them.” [20] –, as many multinational companies are involved in global operations. The company serves as an example of the punishment a company will suffer if it is involved in terrorist financing.

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