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## Lafarge, ISIS and the Syrian Civil War: Business in the Face of Terrorism

*“Shutting down the operations while we were providing basic goods to civilians and had several hundred people making a living from our operations was a difficult decision and one that we considered very seriously.”—Lafarge spokesman<sup>1</sup>*

Driving to the Lafarge cement plant in Jalabiya, Syria, on a blistering hot day in June 2012, Claude Moreau,<sup>1</sup> Lafarge’s highest-ranking senior manager in Syria, saw that the civil war between President Bashar al-Assad’s military and Syrian rebel groups was escalating.<sup>2</sup> Moreau had also begun hearing rumors that the Islamic State (IS), later renamed Islamic State in Iraq and Syria (ISIS), had entered the region. Unofficial military checkpoints were cropping up on the outskirts of the city near the Turkish border and the streets seemed emptier than on previous drives to the office. As Moreau bounced along the dusty road, he pondered whether Lafarge Cement Syria should continue to operate under such conditions. The Syrian army had recently withdrawn from the area in order to attempt to quell the all-out war around Aleppo. The consequences would no doubt be severe if Lafarge ended operations, but was maintaining a presence worth risking the safety and security of his team or the loss of the plant altogether? As Moreau and his driver approached another checkpoint, he worried that time could be running out.

In 2007, Lafarge, a leading global building products corporation headquartered in France, purchased a dilapidated factory in northern Syria (see **Exhibit 1**) with the intention of renovating and building a cement plant and establishing a presence in the Middle East. Syria’s economy was growing fast, offering ample opportunities for Lafarge to gain first-mover advantage in the region. The company spent more than \$680 million<sup>3</sup> to develop and operationalize the facility, and closing the plant through the end of the civil war would mean that Lafarge would likely lose all the investments it had in the country—a move that would be difficult to explain to shareholders.

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<sup>i</sup> Claude Moreau is a fictional character.

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