

Questions and Answers: Divestment from Caterpillar, Motorola Solutions, and Hewlett Packard

Why focus on these three companies?

Caterpillar, Hewlett Packard and Motorola Solutions were selected because United Methodist [annual conferences, general boards, agencies, and ecumenical partners have been asking them for between 7 and 10 years*](#) to end their involvement in Israel's occupation of Palestinian land. We have detailed records of this engagementⁱ. In addition, Caterpillar has refused to sign the Ruggie Principles, or UN Guiding Principles on Human Rights, after being asked to do so by our General Board of Pension and Health Benefits. Our Book of Discipline describes corporate disinvestment as one aspect of shareholder advocacy which boards and agencies are to consider.ⁱⁱ [Divestment from these companies is a natural conclusion of a lengthy engagement process which has produced no meaningful change.](#) These companies are fully aware that their products are used to support the occupation, to discriminate, and to violate human rights. Yet they continue to provide them for these purposes and to profit in numerous ways from Israel's occupation.

*(CAT 10 years; Motorola, which became Motorola Solutions and Motorola Mobility, 9 years; HP 7 years)

Didn't General Conference reject this proposal in 2012?

A similar proposal was rejected in 2012. [Since then, these companies have become even more involved with Israel's occupation.](#) In addition to its other settlement connections, Hewlett Packard has admitted that it leases office space in the illegal settlement of Beitar Illit, where it provides segregated employment for settlers.ⁱⁱⁱ In 2013, Israeli researchers learned that Hewlett Packard provides printers, servers and technological services to the Israeli Prison Service, as well as the military. In 2014, Motorola Solutions signed a new \$100 million, 15-year contract to supply Israel's occupation forces with encrypted smartphones.^{iv} In 2014, Caterpillar bulldozers were used in another Israeli assault on Gaza that killed more than 2,000 Palestinians. [Corporate engagement has had three more years to produce results, and has failed to do so.](#) In 2014, the Presbyterian Church USA responded to this corporate intransigence by divesting its funds from these three companies. This followed action by the Quaker investment management group Friends Fiduciary, which divested its holdings from Caterpillar in 2012 and Hewlett Packard in 2013, and the Mennonites, which took similar action in 2013.

Should corporate engagement be given more time to work?

Corporate engagement is productive when companies listen to shareholder concerns and take actions to change policies in question. When companies ignore shareholder concerns, prolonged engagement is a sign of tacit support of the status quo. [Engagement with these three companies has taken place over 7-10 years with no change in company policies regarding the occupation; therefore it is time for them to be removed from our investment portfolios.](#) A long list of meetings and contacts with these companies is on the UMKR web site.^v Investment managers of many denominations met in February 2012, and concluded that [further engagement with Caterpillar, HP and Motorola Solutions would not lead to changes in their policies regarding the occupation.](#)

Will this harm interfaith relations?

[It is actually strengthening interfaith relationships among many people of conscience.](#) Struggles for equality and human rights have always been interfaith endeavors, and this one is building deep friendships and mutual respect among people of every faith who work for justice. We have heard from many Israelis, Holocaust survivors and rabbis who support divestment and have asked our church to divest. (www.kairosresponse.org)

Will this harm Palestinians?

The global divestment campaign was launched by Palestinians themselves in 2005 to help achieve their freedom. It was affirmed in the Kairos Palestine Document of 2009, signed by over 3,000 Palestinian Christians. [We are responding to their urgent call](#) to stop our resources from supporting the occupation. [All Palestinian labor unions have endorsed divestment](#) as a tool to end their oppression. History has shown that it is important to give credence to what native peoples say will help them most, and not presume to know what's best for their situation.

Will this harm Israel's economy?

[This action will not affect the economy of Israel.](#) It will simply remove three US companies from United Methodist portfolios.

Will this violate the Board's fiduciary responsibilities?

[This action will not harm investors.](#) Investment managers actually protect investors when they switch money away from companies receiving global criticism. The Pension Board has done this in the past without violating its fiduciary role. Similar action taken by other denominational pension funds in recent years has had no harmful effect on beneficiaries. Caterpillar and HP have already been excluded from the Pension Board's new ESVPF portfolio, which emphasizes socially responsible investments. With the engagement that has taken place with these companies, and the lack of significant change in policies, the Pensions Board actually has a fiduciary and moral responsibility to remove these companies from all its portfolios.

Is it true that these companies have no control over how their products are used?

Each of the companies we've recommended for divestment can decline contracts or instruct their dealers to avoid sales to parties involved with illegal settlements. [Caterpillar has already instructed its dealers to avoid sales to Iran.](#) [There is strong legal precedent for holding companies accountable if they knowingly provide any party with a product repeatedly used to violate human rights.](#)

How can Caterpillar be held responsible if it sells to the US government, which then sells equipment to Israel?

Caterpillar, like almost all military contractors, sells to Israel through the US government's Foreign Military Sales Program. Under this program each contract is negotiated with the company on behalf of the foreign buyer and may be declined. Generally, specifications and designs for different uses are discussed with the company in advance. In fact, [every military company on the United Methodist "Do Not Invest" list sells products through the same Foreign Military Sales \(FMS\) program used by Caterpillar.](#) Percentage of sales and other benchmarks are used, but weapons firms have never been exempted from United Methodist divestment because they use the vehicle of FMS sales.

Are Caterpillar products really used as weapons?

Yes. An Israeli officer called the D9 bulldozer [a "key weapon"](#) in Israel's occupation in the prestigious military magazine *Janes Defense Weekly*. Israeli business publication *Globes* carried an article saying, "Israel Aircraft Industries (IAI) and Zoko Enterprises Ltd. (TASE:ZOKO), the importer of the Caterpillar D9 bulldozer, are developing an unmanned military D9 for combat missions." The author continues, "The IDF Engineering Corps have used the D9 bulldozer for combat missions since the 1948 War of Independence. Since the IDF's intermittent presence in Lebanon,the D9

has been considered [a combat vehicle](#).” As Caterpillar has confirmed, many of its machines are sold to Israel through the U.S. Foreign Military Sales program, which handles weapons contracts between foreign governments and US firms. Zoko subsidiary Israel Tractors and Equipment, Caterpillar’s sole Israeli dealer, is providing employees to service these weapons on the battlefield. Armored and weaponized Caterpillar bulldozers were used to clear the way for ground troops in Israel’s 2008-09 assault on the Gaza Strip, which killed more than 1400 Palestinians, including women and children. They were used in a similar way during Israel’s 2014 assault on Gaza, which killed more than 2200 Palestinians, including 501 children and 257 women.^{vi} Former Israeli soldiers in a group called “Breaking the Silence” have testified about the immense destruction of civilian property that D-9s produced during the Gaza assaults.

Isn’t Motorola just a telephone company?

Communications giant Motorola divided into two companies in 2011. Its military and government contracts are now handled by a separate company called Motorola Solutions. The company provides [surveillance systems around many illegal settlements](#) inside the West Bank. Its surveillance equipment is used on portions of the [separation wall](#) built inside the West Bank on Palestinian land in violation of international law. For years it has provided the Israeli occupation forces with an advanced mobile communications system used to coordinate operations against Palestinians. It recently announced a new \$100 million, 15-year contract to [supply Israel’s occupation forces with encrypted smart phones](#). Motorola also subcontracts information technology services to settlers in the illegal settlement of Modi’in Illit through a company called Matrix.

Doesn’t HP make computers?

Hewlett Packard is also a defense contractor. It has a contract to manage the biometric [identification systems used at Israeli checkpoints](#) in the West Bank and Gaza Strip through 2015. HP also supplies printers to the Israeli military, which enforces the occupation. The Israeli Navy has chosen HP Israel to [manage and operate the Israeli Navy’s IT infrastructure](#), including computer and communications centers. With the aid of these communications centers, the Israeli Navy has attacked ships carrying humanitarian aid to the people of Gaza. It regularly attacks Gaza’s fishermen within Gaza’s own territorial waters, and has often shelled civilian areas in the Gaza Strip, killing Palestinians. HP provided a [municipal data storage system for the illegal settlement of Ariel](#) and presented an award to a company in the [illegal settlement of Modi’in Illit](#). A Hewlett Packard subsidiary, HP Invent, has outsourced IT services to a company called Matrix, which employs settlers in Modi’in Illit to do much of its IT work. HP also provides printers and technological services to the [Israeli prisons authority](#), which holds many Palestinians without charge or access to attorneys.

Why should the church get involved in this conflict?

[We are already involved](#) through our ownership of companies that are providing products to keep the occupation going and that allow the United Methodist Church to profit from decades of suffering in the Holy Land as well as multiple violations of international law.

Wouldn’t investing in Palestine’s economy be a better approach?

[No economy can prosper without freedom of movement for workers and goods, reliable affordable water, and access to markets and raw materials.](#) The occupation denies all these to Palestinians. While companies we invest in are helping to strangle the opportunity for growth and stability in the occupied territories, putting more money into businesses there is largely futile. It is designed to make us feel good while avoiding the fundamental issue of occupation.

Would this change UM policies?

No. [This is not a change in policy](#). It is aligning our investments with [existing](#) church policy, which opposes the Israeli occupation^{vii} and discourages investments that “directly or indirectly support the violation of human rights.”^{viii} The new Human Rights Guideline developed by the Pension Board in

consultation with other UM agencies states, “We always reserve the right to decline ownership of the stock of any company whose actions or activities are not compatible with the values or beliefs of the denomination.”

Will the church lose money by divesting from companies that sustain Israel’s occupation?

Actually, church funds are protected when they are removed from companies that are widely condemned for their actions. Some companies have lost billions of dollars in contracts as a direct result of their involvement with the occupation. One of these, Veolia Environnement, lost \$9 billion in contracts and two thirds of its value while in UM Pension Board portfolios. United Methodists in the New England Conference had alerted the Board to Veolia’s involvement before most of these losses occurred.

Don’t we need to keep a place at the table with these companies to influence them on issues of human rights in the Congo and elsewhere?

The UMC will have more influence with all companies if they know that divestment is a real possibility when change is not achieved. The Pension Board staff failed to sign a letter by many religious shareholders seeking change in corporate activity in the Congo. They have also failed to sign other letters and shareholder resolutions written to companies by ecumenical partners. They do not list Motorola Solutions as a company with which they are engaged. Apparently, they are not using that “place at the table” now.

Is divestment really effective?

Yes. Some companies are already moving out of the settlements because of targeted economic actions like divestment and boycott. Divestment has worked in the past, and it can work again. In the 1980s, the UM Pension Board divested \$77 million from companies doing business in South Africa. Bishop Desmond Tutu has said: “In South Africa, we could not have achieved our freedom and just peace without the help of people around the world, who through the use of non-violent means, such as boycotts and divestment, encouraged their governments and other corporate actors to reverse decades-long support for the Apartheid regime.” Bishop Tutu has long supported divestment from Israel’s occupation.

Would United Methodists be the first denomination to divest from these companies ?

No. The Church of England divested from Caterpillar in 2009. The American Friends Service Committee divested from companies involved with Israel’s occupation in 2011. Friends Fiduciary Committee (Quakers) and Mennonites voted to divest from these companies in 2012 and 2013. The Presbyterian Church USA voted to divest from Caterpillar, HP, and Motorola Solutions in 2014.

Shouldn’t we study this more?

Eternal study is often a tactic to avoid taking effective action. Palestinians are out of time, and the world is out of patience. Unless the global churches step forward now there will be no meaningful Christian indigenous presence in the Holy Land in a few years. The UMC has to decide now whether it will be a bystander or be true to its tradition of prophetic justice by cutting its ties to a situation it has declared often and overwhelmingly that it wants to end.

ⁱ https://www.kairosresponse.org/Corporate_Engagement_04-11.html

ⁱⁱ “The boards and agencies are to give careful consideration to shareholder advocacy, including advocacy of corporate disinvestment.” Paragraph. 717, United Methodist Book of Discipline.

ⁱⁱⁱ See HP letter at <http://electronicintifada.net/blogs/adri-nieuwhof/hp-spins-israeli-checkpoints-role-reducing-friction-palestinians>

^{iv} <http://www.whoprofits.org/company/motorola-solutions-israel>

^v https://www.kairosresponse.org/Corporate_Engagement_04-11.html

^{vi} <http://imeu.org/article/50-days-of-death-destruction-israels-operation-protective-edge>

^{vii} UM Book of Resolutions, Resolution #6111 - “Opposition to Israeli Settlements in Palestinian Land”

^{viii} United Methodist Book of Discipline, Paragraph 717, “Socially Responsible Investments”

Dec. 2016 – Please note that this document has been updated with UMKR's new name:
United Methodists for Kairos Response.