



## Questions and Answers: Avoiding Investment in Companies Producing Goods or Services in Illegal Settlements

### What are illegal settlements?

Illegal settlements are segregated colonies built in violation of international law on land that is occupied by a foreign power.

### Why are Israel's settlements in Palestinian occupied territories illegal?

Article 49 of the Fourth Geneva Convention forbids an occupying power from moving its own population onto land it occupies. Israel has occupied the West Bank, including East Jerusalem, since 1967. Since this occupation began, Israel has moved more than half a million of its own people onto land it occupies. This land lies beyond Israel's internationally recognized border.

### What is the impact of Israeli settlements on Palestinians?

Settlements seize land and water from the Palestinian people inside the West Bank. The Israeli government sends thousands of soldiers to provide "security" for these settlements, builds segregated roads to connect them to Israel, and installs checkpoints, walls and fences throughout the area, dividing Palestinian villages from each other. Settlers often pollute groundwater with sewage and industrial waste and dump their garbage on Palestinian land. Cancer rates in villages below these hilltop settlements are increasing.

**Theft of land:** According to a well documented study by the respected Israeli group Peace Now, much of the land on which settlements are built is privately owned by Palestinian families; the rest has been used for centuries by Palestinian villages as agricultural and grazing land that sustains communities and forms the backbone of the Palestinian economy. Often when Palestinian farmers go to their fields they find notices telling them to stop cultivating their land to make way for settlement expansion, or telling them the land now belongs to Israel. This is happening to Christian families as well as Muslims. (86.6% of Bethlehem's land has been confiscated.) Owners can contest this in Israeli courts, but the process costs tens of thousands of dollars, well beyond the means of most Palestinians. Hundreds of thousands of Palestinian olive trees have been uprooted and destroyed, robbing whole villages of their livelihoods.

**Theft of water:** According to the World Bank, Israeli settlers have access to four times as much water as Palestinians, though the major aquifer lies beneath the West Bank. Israeli forces have destroyed water wells and cisterns on which whole villages depend. Because Israel prohibits them from drilling new wells, Palestinians are often forced to buy expensive water by the truck load from Israeli companies or collect scarce rainwater for survival.

**Theft of Resources:** In some cases the settlements extract resources from the land and from the Dead Sea in violation of the Hague Conventions of 1907. Two publicly held companies in the Pension Board's portfolios (Cemex and Heidelberg Cement through its subsidiary Hanson Israel) are involved in illegally extracting and profiting from Palestinian resources. Ahava is a private company profiting from resources illegally extracted from Palestinian territory.

**Violence:** Armed settlers frequently descend on Palestinian villages and farms and destroy water supplies, burn orchards and fields, and attack farmers while they work. In 2012-14 these incidents have increased, and have involved the slaughter of sheep in front of their shepherds. Settlers have also attacked churches and mosques. These events are rarely covered in the US, but Israeli and international newspapers often report them. Settler violence is real and alarming.

**Segregated roads:** The settlements are connected to each other by a network of segregated roadways that cover thousands of kilometers of Palestinian land and divide the Palestinian areas into isolated pockets of poverty, cut off from each other and unable to sustain their economies. Palestinian roads are often blocked.

**Walls and fences:** The settlements are surrounded by walls and fences that further divide and confiscate Palestinian land. Palestinians must wait for hours at checkpoints to reach schools, hospitals, and other Palestinian towns. These checkpoints and barriers are built throughout the West Bank to separate Palestinians from each other, impeding trade, travel, education and medical care. For many Palestinians, the sun no longer sets over the valley, but disappears early behind a three story concrete wall.

**Evictions and demolitions:** Palestinians cannot obtain permits to build new homes, additions to existing homes, or structures such as solar panels and water cisterns on their own property. When they build anyway out of necessity, these structures are targeted for demolition. In one analysis of the first 40 years of the occupation, 95% of the over 18,000 house demolitions had nothing to do with terrorism or security. In 2011 alone, the Israeli military destroyed more than 620 structures belonging to Palestinians in the West Bank. In 2012, eight villages received notice to evacuate their homes so Israel's military could establish a firing range and conduct military exercises on their property.

**Frustrated peace efforts:** While publicly urging Palestinians to "negotiate," the Israeli government has continued to confiscate Palestinian land and water, providing subsidies to the settlements and to companies locating there. As Palestinians hear about a "peace process," they watch the settlements expand and their own space in the land of their ancestors shrink. This inhuman and illegal situation has been condemned by countries around the world, and the US government has called the settlements "illegitimate." It is absurd to engage in peace talks while this theft is ongoing. No Palestinian leader can convince his people to accept a document filled with words when their daily reality is filled with loss and despair.

### **Why do companies locate in the settlements?**

Companies locate in the settlements for several reasons: (1) the Israeli government provides them with subsidies and lower tax rates as incentives to locate there (2) environmental laws that apply inside Israel are not applied to companies operating in the settlements (3) labor laws that apply inside Israel are not enforced consistently in the occupied territories. Companies can hire people for very low wages in the settlement industrial zones, and working conditions are often hazardous to employees. Discrimination in hiring practices and pay is common.

Companies that would have to spend large sums disposing of hazardous waste byproducts from production often escape those costs by locating in the settlements, where hazardous waste is

either discharged onto Palestinian farmland or disposed of in ways that do not meet international standards. For this reason, many of the companies locating there are those that use chemicals in their production processes or produce hazardous byproducts.

### **What is the impact of settlement industry on Palestinians?**

Palestinian agricultural land is polluted by runoff from these factories. United Methodist researchers have photographed untreated waste water being discharged onto Palestinian land from settlement industrial zones. Palestinians whose families may have farmed the land for generations where the settlements have been built have lost their income, and must often work in settlement factories in dangerous working conditions and without recourse if their employers do not pay them for hours worked.

Kav LaOved, the leading Israeli labor rights group, states: "Israeli employers in the settlements and industrial zones in the West Bank continue to routinely deny the rights of their Palestinian workers on a much larger scale than they do their Palestinian brethren working in Israel. The vast majority of workers earn less than the minimum wage, their wages are withheld from time to time, their social rights are denied and they are exposed to dangers in their workplaces, as the State Comptroller has also pointed out." <sup>i</sup>

Israel's Coalition of Women for Peace states: "Palestinian workers lost their land and livelihood to the Israeli occupation. 11% of Palestinian workers in settlements work on confiscated lands originally owned by their families or one of their relatives. Providing Palestinians with jobs on their own stolen land is another humiliating insult that they are forced to bear in order to provide for their families. The settlement industry's revenues are a direct result of shameless exploitation of Palestinian land, labor and resources. The industry's existence on occupied land enables, deepens and perpetuates the Israeli occupation." <sup>ii</sup> (*WhoProfits web site*)

### **How can a screen to avoid investment in settlement companies help?**

The occupation continues because it has become so profitable for companies around the world which benefit from lower costs of production in the subsidized settlements, where environmental and labor laws can be easily ignored. The awareness that institutional investors may avoid their stock if they continue to support the settlements can make companies rethink the wisdom of remaining involved with settlements that violate international law.

As Archbishop Desmond Tutu has said, "If international courts and governments refuse to deal with this matter, we in the churches and in the rest of civil society really have no choice but to act in small ways and big ways." Refusing to invest in settlement companies is one of those ways we can make a difference.

The threat of economic measures like divestment and boycott has already convinced some large companies to leave the illegal settlements in the West Bank. Examples are Mul-T-Lok, Barkan Wineries, Unilever, Achva, and Intercosma. When companies find that the reputational and financial risk of remaining in the settlements outweighs the subsidies provided by the Israeli government, they will leave. Settlers living illegally on Palestinian land will find it less convenient without jobs in the settlements. They may then begin to move elsewhere. Companies that have avoided the settlements will no longer be at a competitive disadvantage.

### **Will a settlement screen harm Israelis?**

Only those Israelis who are profiting from violations of international law will be affected. It is only those products that are produced in the illegal settlements that the churches have condemned. The goal is to have companies leave these settlements so the occupation will end.

If the companies relocate inside Israel's legitimate borders, this may actually provide more job opportunities for Israelis.

### **Will a settlement screen harm Palestinians?**

Though some Palestinian jobs could be lost if companies leave the settlements, many more will be created once the occupation that is strangling Palestine's economy comes to an end. The campaign for boycott, divestment and sanctions was launched by Palestinians themselves. It was reiterated in the Kairos Palestine Document issued by Palestinian Christians in 2009. The three main Palestinian labor unions - The Palestinian General Federation of Trade Unions, the General Union of Palestinian Workers and the Palestinian Federation of Independent Trade Unions - have all endorsed boycott and divestment, as well as sanctions. Israel's claims that some union leaders did not favor these measures have been denied by the leaders themselves. Palestinians had a long and proud history of economic independence, and once provided food for much of the Middle East and Europe. Once occupation ends they can do so again. They value their freedom more than any jobs they are offered in the settlements. History has shown that it is important to give credence to what native peoples say will and won't help them, and not presume to know what's best for their situation.

### **What companies would be affected by this screen?**

A list of publicly held companies that produce goods or services in illegal Israeli settlements is published on the UMKR web site, at [www.kairosresponse.org](http://www.kairosresponse.org).

### **What is the church's policy on Israeli settlements?**

Three United Methodist general conferences in a row have passed resolutions entitled "Opposition to Israeli Settlements in Palestinian Land." In 2012, the conference added language calling on all nations to boycott goods produced in illegal settlements on Palestinian land. A screen that would keep the church from profiting through companies that produce goods or services on Palestinian land is not only consistent with church policy, but essential to demonstrate that the denomination means what it says in its resolutions.

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<sup>i</sup> <https://www.scribd.com/doc/111205869/Employment-of-Palestinians-in-Israel-and-the-Settlements-Restrictive-Policies-and-Abuse-of-Rights> Employment of Palestinians in Israel and the Settlements: Restrictive Policies and Abuse of Rights

<sup>ii</sup> [http://www.whoprofits.org/sites/default/files/palestinian\\_workers\\_in\\_settlements\\_wp\\_position\\_paper.pdf](http://www.whoprofits.org/sites/default/files/palestinian_workers_in_settlements_wp_position_paper.pdf) Palestinian Workers in the Settlements, a WhoProfits Position Paper

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