



Human Rights and the Israeli-Palestinian Conflict

By Sara E. Murphy
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Executive Summary

Investors and other stakeholders have raised concerns about U.S. business dealings with Israel and the Occupied Territories for more than a decade, challenging companies on many fronts. They have questioned corporate contracts with the Israeli government and sales of goods and services, arguing these facilitate the continued repression of Palestinians. They also have challenged broader business ties between companies in Israel and Jewish settlements in the West Bank, contending these relationships legitimize the settlements, which remain a key point of contention in the search for a peace agreement, and extend workplace discrimination against Palestinians and Christians in the region. Civil society organizations and shareholder proponents have taken widely differing views, with some calling for divestment from any company doing business in the Occupied Territories and others asking for more explicit corporate human rights policies and practices. Official U.S. support for the state of Israel, concerns about historic and current anti-Semitism and the fraught history of Jewish-Palestinian relations also contribute to the potent backdrop to the discussion.

The past year has seen tensions escalate, and the situation has generally worsened from all perspectives. The peace talks, which once appeared to have been revived, have collapsed. Violence has increased in both directions, and activists on both sides are doubling down on their efforts. Companies are beginning to feel more pressure—often in opposing directions. This pressure originates more from Europe at present, although there has also been some nascent activity in the United States.

It appears that the international community may be on the cusp of a shift in its approach to the Israeli-Palestinian conflict. U.S. support for Israel, once so stalwart, seems to be faltering in the wake of the Iran nuclear deal. Europe appears poised to take substantive action on some previously languishing labeling initiatives that would support boycotts against Israeli goods. And Palestine has joined the International Criminal Court, the implications of which remain to be seen. That notwithstanding, Palestinian governance structures—which were never robust to begin with—are devolving into a state of near-crisis, adding to doubts about the Palestinians' capacity to participate in a lasting, fully representative solution.

This report aims to give investors information to help further navigate the debate about operating in Israel and the Occupied Territories, ask informed questions and productively engage with companies more generally. Implementation of corporate human rights policies and steering a careful course through the divisive scene in the region presents both risks and opportunities for multinational companies in the region and their shareholders. A key question for companies is how they apply their human rights policies in light of the educational and other disparities in Israel between Jews and non-Jews. These disparities may limit a company's ability to achieve diversity and equal employment goals, constrain dealings with the Israeli government and the Israeli Defense Forces (IDF) in maintaining Israel's Occupation of the West Bank and other territories, and affect potential involvement with other companies, including vendors, that support continued development of Israeli settlements.

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About This Report

The Holy Land Principles, a Washington, D.C.-based non-profit organization that takes its inspiration from the MacBride Principles and other previous corporate conduct codes, commissioned the Sustainable Investments Institute (Si2) to produce this report. The Holy Land Principles, from which the organization takes its name, is a set of fair employment principles for doing business in Israel-Palestine. The organization is promoting them to U.S. companies doing business in the region. *(For more information on the Holy Land Principles, see <http://www.holylandprinciples.org>. Background materials on fair employment in Israel-Palestine also are available on the website, along with additional company reports.)*

While the Holy Land Principles commissioned this report, Si2 retains editorial control and takes responsibility for its content. Si2 is a non-profit research organization supported primarily by subscriptions from the largest U.S. college and university endowments, leading North American pension funds and other institutional investors, which use its impartial research on sustainability issues raised in shareholder resolutions at leading U.S. companies. Si2 also conducts research on contentious and emerging corporate responsibility subjects.

This report contains information that updates Si2's first report on the subject in 2013, which was written by Peter De Simone. Sara Murphy has substantially updated and revised the report, which was edited by Heidi Welsh, Si2's executive director.

Israel, the Occupied Territories and Investor Concerns

In July 2013, U.S. Secretary of State John Kerry brought Israelis and Palestinians into direct negotiations for the first time in three years. The peace talks broke down the following year, however. In July 2014, a fresh wave of conflicts escalated into months of a de-facto war between Israelis and Palestinians in the Gaza strip, leaving more than 2,100 Palestinians dead. According to a UN Office for the Coordination of Humanitarian Affairs (OCHA) [report in September 2014](#), almost 1,500 of the fatalities (71 percent) were identified as civilians and 500 as children. The report said 71 Israelis were killed in the conflict, including 66 soldiers. The UN Office of the High Commissioner for Human Rights (OHCHR) launched an [independent investigation](#) into the conflict in July 2014, and [reported](#) on its findings at its twenty-ninth session in June 2015.

According to the UN report, the Israeli government was resolutely uncooperative with its investigators, while the governing authorities in the State of Palestine were “fully cooperative.” The report also offers a comprehensive tally of the human cost of the summer 2014 violence. The greatest devastation took place in the Gaza strip: 2,251 Palestinians were killed, including 1,462 Palestinian civilians, of whom 299 were women and 551 children; and 11,231 Palestinians, including 3,540 women and 3,436 children, were injured, of whom 10 percent suffered permanent disability as a result. “While the casualty figures gathered by the United Nations, Israel, the State of Palestine and non-governmental organizations differ, regardless of the exact proportion of civilians to combatants, the high incidence of loss of human life and injury in Gaza is heartbreaking,” the UN concluded.

Territorial Disputes

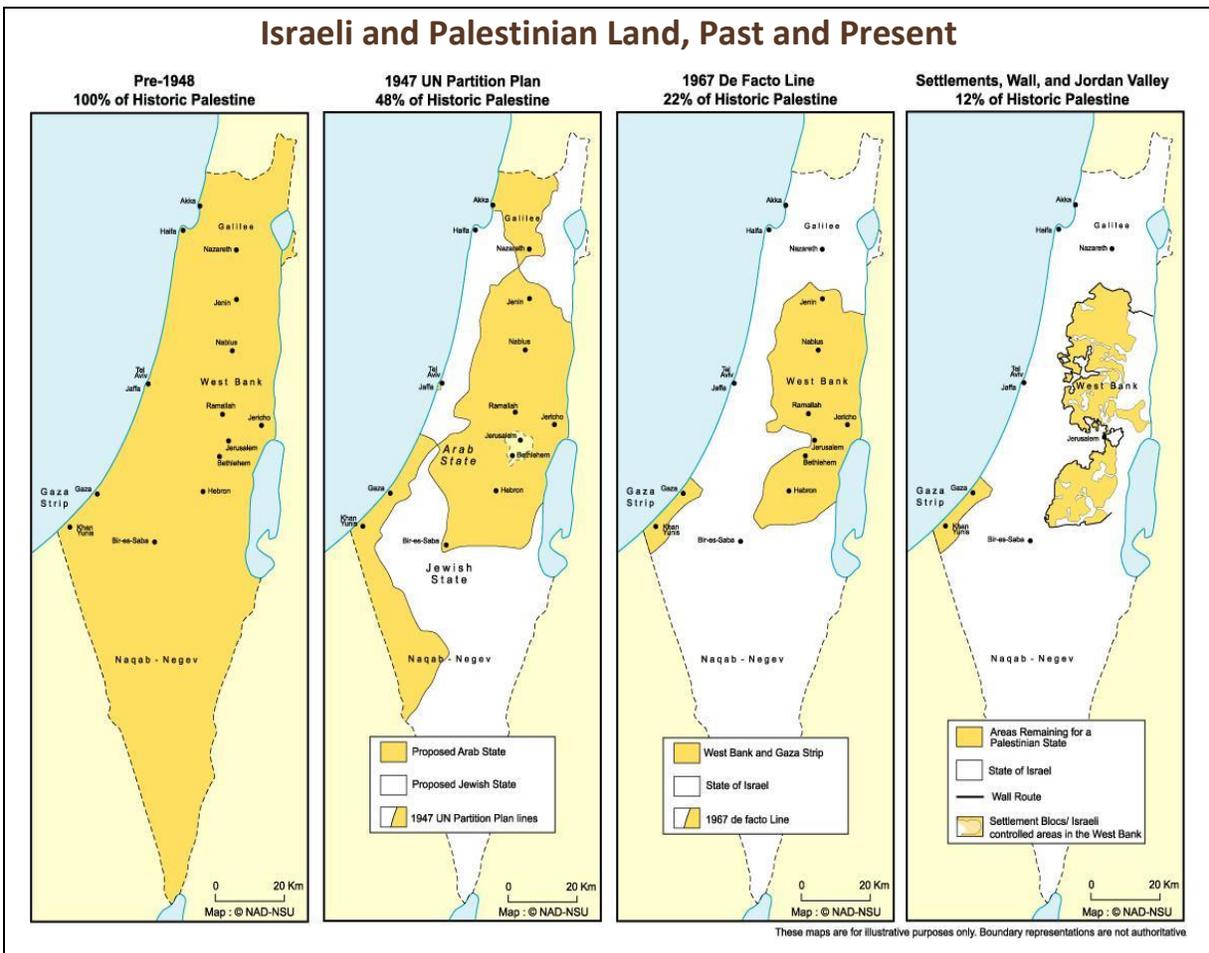
Tensions arising from decades of conflict between the two groups are nothing new. They center on territorial disputes:

- Jerusalem**—Israel has claimed the entire city as its own, undivided capital since it took control of East Jerusalem in 1980, although UN Resolution 478 voided Israel’s claims to the land in 1981. At the same time, Palestinians want to make East Jerusalem the capital of their own state, including the Old City and its sites sacred to Muslims, Jews and Christians.
- West Bank**—Israel began occupying the West Bank following the 1967 Six Day War; the area encompasses the cities of East Jerusalem, Ramallah and Bethlehem. Israel began erecting settlements in the West Bank almost immediately after the war ended. Today, nearly half a million Israelis live in the disputed territory alongside 2.6 million Palestinians, according to the most recent UN estimates. The Israeli settlements in the occupied West Bank have been a source of great tension be-



tween the two parties because the Palestinians view them as a way for Israel to encroach permanently on their state. The international community considers them illegal. Israel has agreed to slowdowns and halts of settlement construction over the years as a bargaining chip, but the most recent agreement expired in 2012. Settlement activity decreased significantly in the first half of 2015, but resumed in August. In 2002, Israel also began constructing a barrier that is now complete, to isolate its settlements from Palestinian strongholds. The wall is yet another source of tension between the two parties and greatly restricts the movements of Palestinians and their access to jobs, healthcare and educational opportunities.

- Gaza Strip**—A 25-mile-long by 7-mile-wide strip of land lying on the eastern coast of the Mediterranean Sea, Gaza is home to about 1.6 million Palestinians. It is under the firm control of Hamas, both a democratically elected government and an associated militant movement by the same name. Gaza has been the staging point of most rocket attacks on Israeli civilians, as well as Israeli attacks on Palestinians. In addition, since Hamas was elected by Palestinian voters in 2007 Israel has maintained a blockade to stop supplies from arriving into the Gaza Strip, an economic blow that has hit most residents hard.
- Golan Heights**—A strategically important area on the border of Syria, Israel, Lebanon and Jordan, the Golan Heights were part of Syria until 1967, when they were captured by Israel. Syria wants to secure the return of the Golan Heights as part of any peace deal, but its own current turmoil has left this dispute off the table for now.



The first [map](#) above (p. 3) is from the United Nations and gives an overview of the Occupied Territories. The next [set of maps](#) (p. 4), however, is from the Palestinian National Authority. While clearly not an impartial source, these four frames give outsiders insight into how most Palestinians view the conflict—what they see as nearly century’s long land grab of their former state. (Readers also should note that the borders reflected below largely represent international consensus, so they are accurate.) By its estimates, the Palestinian National Authority controls approximately 12 percent of historic Palestinian lands pre-dating the 1947 partition of Israel and Palestine.

West Bank Sanctions and Boycotts

Israel does not comply with several international treaties and faces condemnation from the UN and other groups for its occupation of the West Bank and other disputed territories. Allegations of human rights abuses and observed economic deprivation, coupled with a fairly uniform, international consensus on Palestinians’ right to self-determination, have prompted myriad reactions. These include calls for investors to divest from companies doing business in Israel, to boycott such firms, or to respond more modestly. Critics of Israel’s conduct in the West Bank have been stymied by a strong coalition bolstered by the U.S. government that argues for Israel’s right to defend its borders and ensure its own security and stability. Most of the previous and current calls to push Israel to the negotiating table have historically come from and continue to be initiated by the European Union and major powers outside of the United States. However, the United States’ staunch support for the Israeli government appears to have eroded somewhat over the course of 2015, as the Obama administration undertook several major international initiatives under strong Israeli protest. Most notable among these was a nuclear arms treaty with Iran, which Israel sees as a threat to its security and – in the words of Israel Prime Minister Benjamin Netanyahu – its very survival.

International law and UN resolutions: A variety of organizations consider Israeli settlements in the Occupied Territories to be illegal under international law and they remain unrecognized by all countries aside from Israel, including the United States. The international legal grounds that support assertions Israel has violated global norms are the following:

- **Article 49, paragraph six of the [Fourth Geneva Convention](#)** states that “the occupying power shall not deport or transfer parts of its own civilian population into the territory it occupies.” International observers point out that Israel has aggressively sought to settle the Occupied Territories by promoting its own Jewish population to move there and encouraging businesses to set up shop in these areas.
- **Articles 46 and 55 of the [Hague Convention](#)** prohibit the confiscation of private property in occupied territory and stipulate that “the occupying state shall be regarded only as administrator and usufructuary of public buildings, real estate, forests, and agricultural estates belonging to the hostile State, and situated in the occupied country. It must safeguard the capital of these properties, and administer them in accordance with the rules of usufruct.” Israel has gone well beyond safeguarding to repurposing buildings for its own needs, destroying and rebuilding over others, and depleting local natural resources for its own citizens and their businesses’ needs.
- **United Nations [Security Council Resolution 465](#)** from March 1, 1980, states that “Israel’s policy and practices of settling parts of its population and new immigrants” in the Occupied Territories constitutes “a serious obstruction to achieving a comprehensive, just and lasting peace in the Middle East.” The Security Council called upon Israel to “dismantle the existing settlements and in particular to cease, on an urgent basis, the establishment, construction or planning of settlements in the Arab territories occupied since 1967, including Jerusalem.”

- On July 9, 2004, the **International Court of Justice (ICJ)**, the principal judicial organ of the United Nations, issued a unanimous [opinion](#) finding that the construction by Israel of a series of walls in the West Bank was a “flagrant violation” of international law. The court said Israel should stop building the barriers and dismantle any it had erected. Israel did not accede. The ruling also called on Israel to pay reparations to the Palestinian people for the construction of the walls and for signatories to the Fourth Geneva Convention to promote Israel’s compliance with the ICJ’s findings, including by taking action in the UN General Assembly and Security Council. It also said Israel’s actions were in contravention of the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights and the United Nations Convention on the Rights of the Child. In explaining, the court said it “considers that the construction of the wall and its associated régime ‘create a ‘fait accompli’ on the ground that could well become permanent, in which case, . . . [the construction of the wall] would be tantamount to de facto annexation.’”
- On January 31, 2013, the **United Nation’s International Fact-Finding Mission on Israeli Settlements in the Occupied Palestinian Territory** published its [findings](#) on the effects Israeli settlements have upon the human rights of Palestinians. It said, “A multitude of the human rights of the Palestinians are violated in various forms and ways due to the existence of the settlements.” Further, “These violations are all interrelated, forming part of an overall pattern of breaches that are characterized principally by the denial of the right to self-determination and systemic discrimination against the Palestinian people which occur on a daily basis.” The report adds that Israel continues to violate Article 49 of the Fourth Geneva Convention, because of its actions, as it continues to establish and develop settlements for the exclusive benefit of Israeli Jews.

The 2013 report also says that the Government of Israel continues to commit “serious breaches of its obligations under the right to self-determination and under humanitarian law” and concludes that the “Rome Statute establishes the International Criminal Court’s jurisdiction over the transfer of populations in the Occupied Palestinian Territory.” It explains,

The settlements are maintained and advanced through a system of total segregation between the settlers and the rest of the population living in the Occupied Palestinian Territory. This system of segregation is supported and facilitated by strict military and law enforcement control to the detriment of the rights of the Palestinian population.

The report calls on the Israeli government “to ensure full accountability for all violations, put an end to the policy of impunity and to ensure justice for all victims.” It says that the

magnitude of violations relating to Israel’s policies of disposessions, evictions, demolitions and displacements from land shows the widespread nature of these breaches of human rights. The motivation behind violence and intimidation against the Palestinians and their properties is to drive the local populations away from their lands, allowing the settlements to expand.

- The **Report of the Independent Commission of Inquiry on the 2014 Gaza Conflict**, published on June 25, 2015 and noted above (p. 4), provides a detailed evaluation of the bloody conflict that erupted between Israelis and Palestinians in the summer of 2014. The report includes a detailed exposition of the numerous instances of violence and brutality, as well as the resulting physical and psychological trauma to those exposed, making for truly harrowing reading. The report provided the following conclusions:

The commission was deeply moved by the immense suffering of Palestinian and Israeli victims, who have been subjected to repeated rounds of violence. The victims expressed their continued hope that their leaders and the international community would act more resolutely to address the root

causes of the conflict so as to restore human rights, dignity, justice and security to all residents of the Occupied Palestinian Territory and Israel. In relation to this latest round of violence, which resulted in an unprecedented number of casualties, the commission was able to gather substantial information pointing to serious violations of international humanitarian law and international human rights law by Israel and by Palestinian armed groups. In some cases, these violations may amount to war crimes. The commission urges all those concerned to take immediate steps to ensure accountability, including the right to an effective remedy for victims.

The report excoriated both sides. It said Israel did not release enough information about its military objectives and that “security considerations do not relieve the authorities of their obligations under international law,” concluding that “impunity prevails across the board for violations of international humanitarian law and international human rights law allegedly committed by Israeli forces, whether it be in the context of active hostilities in Gaza or killings, torture and ill-treatment in the West Bank.” It singles out artillery and explosives used in densely populated neighborhoods and live ammunition to control crowds. But it also criticizes Palestinians’ “inherently indiscriminate” rocket attacks on Israel and the “targeting of civilians,” as well as the extrajudicial killing of alleged collaborators. In addition, alluding to fissures in the Palestinian government, I said, “The commission is concerned that continuing political divisions¹ contribute significantly to the obstruction of justice for victims of violations by Palestinian armed groups.

In conclusion, the report said, “Comprehensive and effective accountability mechanisms for violations allegedly committed by Israel or Palestinian actors will be a key deciding factor of whether Palestinians and Israelis are to be spared yet another round of hostilities and spikes in violations of international law in the future.”

Palestinian membership in the International Criminal Court—In January 2015, Palestinian President Mahmoud Abbas’ signed the Rome Statute, the treaty governing the International Criminal Court (ICC), amid considerable international consternation. The move outraged Israeli leaders and effectively dashed any residual hopes U.S. officials might have had for restarting peace talks. The Obama administration [condemned](#) the move as “entirely counterproductive” and one that “does nothing to further the aspirations of the Palestinian people for a sovereign and independent state.” The Israeli response was to [halt tax transfers](#) that account for nearly two-thirds of the Palestinian Authority’s budget.

The move carries risks for Palestinians, as there is no assurance that the ICC will open an investigation into alleged war crimes in Palestinian territory—and even if it did, charges could also be brought against Palestinians and not just Israelis. Many observers believe, however, that Abbas’ decision to join the ICC is part of a broader strategy to internationalize the conflict in order to increase pressure not only on Israel but on the United States as well. While some see the strategy as designed to bypass or preclude negotiations, others note that it would likely give the Palestinians some much-needed leverage in any future negotiations process.

The immediate implications are about to be tested. In August 2015, Palestinian Foreign Minister Riad Malki [filed a report](#) with the ICC over the [deadly arson attack](#) in the West Bank village of Duma that killed a 1.5-year-old infant. According to Malki, the report also contains general allegations of settlers’

¹ The report authors refer here to a deepening governance crisis in the Palestinian territories. Palestinian Authority (PA) President Mahmoud Abbas dissolved the Fatah-Hamas consensus government in June 2015, on the grounds that the government could not operate in the Gaza strip, where Hamas retains exclusive control. Hamas derided the move as “one-sided” and rejected any attempt to dismantle the government without its approval. Most observers believe that Abbas’ decision effectively ends hopes for the PA’s return to Gaza, and further imperils prospects for that area’s reconstruction, as well as for Fatah-Hamas reconciliation.

aggression against the Palestinians. Malki said that a Palestinian team met with the ICC's prosecutor and her team, and that they showed "great interest" in the report.

Israeli justification: Israel has justified its establishment and expansion of settlements in the Occupied Territories, saying they are not in violation of the Fourth Geneva Convention and other international laws governing military occupation of foreign territory. Israel argues that the West Bank is not technically "occupied" because it never was part of the sovereign territory of any state. Israel says it therefore is not a foreign "occupier" but a legal "administrator" of a territory with an undetermined status. Israel also points to widespread anti-Semitism throughout the region and threats to its security as further reasons for creating a buffer in the Occupied Territories. Historically, the Arab League has boycotted Israel and sought to isolate it economically (although few Arab League members today continue to support and enforce the boycott).

European moves: In a subtle move that may have stronger undertones, the European Union circulated a guideline in July 2013 that forbids all 28 of its member states from financially supporting, cooperating with, awarding scholarships or prizes to or funding research connected with anyone residing in the Jewish settlements in the West Bank and East Jerusalem. The policy went into effect on January 1, 2014, although some Palestinian activists contend the European Union is applying the guidelines unevenly.

Product labeling—In 2009, the United Kingdom initiated guidance on labeling goods from West Bank settlements to facilitate boycotts of those goods. The *Guardian* [reported](#) that goods from the West Bank should be labeled as "Israeli settlement produce" or "Palestinian Produce" based on where the goods are produced and who controls the land. The move was viewed as a way for the United Kingdom to increase pressure on Israel over its West Bank settlements by advising UK supermarkets on how to distinguish between foods from the settlements and Palestinian-manufactured goods. E.U. law already had required a distinction to be made between goods originating in Israel and those from the Occupied Territories, although pro-Palestinian campaigners say this is not always observed. The article noted implications for United Kingdom retailers Tesco, Sainsbury's, Somerfield, John Lewis and B&Q. Goods from inside Israel's 1967 borders, excluding the West Bank, are entitled to a preferential rate of import duty under an agreement with the European Union, which presents companies with further cost considerations.

On May 10, 2013, the *Independent* [reported](#) that Ireland's foreign affairs minister, Tánaiste Eamon Gilmore, said Ireland would strongly support a European initiative to label exports from Israeli producers in the Palestinian state to give consumers a choice about their purchases. He said this was "in effect" facilitating a boycott of the goods. "Settlements on the West Bank are illegal and therefore the produce of those settlements should be treated as illegal throughout the European Union," Gilmore said, citing high level European support for labeling.

That round of action was a response to Israel's announcement that it planned to build another 3,000 settlements in the West Bank. The *Independent* noted that Gilmore warned in 2012 that Ireland might push for a European Union ban on goods from Israeli settlements if Israel did not quickly change its settlements policy. He also said at the time that Ireland would use its presidency of the European Union to advance its position. Former President Jimmy Carter, who then was in Dublin, also backed a new labeling system, demonstrating some broader international support for such a move. "The EU has repeatedly condemned settlement expansion in the West Bank," Carter said. "It could therefore introduce a clear labeling of products made in Israel settlements, which are illegal under international law."

According to the *Financial Times* and other news outlets as of July 2015, the European Union is "within months" of enacting product labeling guidelines. This would come after continued delays stemming from E.U. fears that the move, if poorly timed, could backfire in Israel. However, as of August 2015, it appears that the requisite support has accumulated, and that enactment is imminent. If it comes to frui-

tion, such labeling could hold implications for multinational firms sourcing or making goods in the settlements and exporting them to the European Union. However, it also would hold broader implications, as it would mark a noticeable shift in European Union policy toward Israel and could come with additional reforms to trade and investment down the road.

These developments present new challenges to U.S. companies operating in Israel. U.S. firms' products and services may facilitate the development, construction, and improvement of settlements, while corporate purchases of settlement services, finished goods, components, or sub-components may economically enable the settlements' viability and growth.

Actions by Investors

Boycott, divestment and sanctions (BDS) campaign: Long before the International Court of Justice issued its ruling and European Union states and localities began moves to label West Bank goods and limit cooperation with Israel, a range of groups had started calling for boycotts of settlement goods and services. These include what is now a growing coalition of civil society organizations, religious institutions, citizens and other supporters of Palestinians' right to self-determination and right of return. These organizations also have called for action against Israel, given its defiance of international laws, and for divestment from firms involved in activities facilitating trade with settlements. These efforts took on a stronger identity in 2005, when members of Palestinians civil society called for boycotts, divestment and sanctions, which has come to be known as the BDS movement. Players in the BDS movement have included:

- **The BDS National Committee (BNC)**—Formed in 2005 when 170 Palestinian organizations called for BDS action against Israeli interests, the BNC says it represents the three major elements of Palestinian society: refugees in exile, Palestinians under occupation in the Gaza Strip and West Bank and Palestinians living within Israel.
- **Religious organizations**—**Jewish Voice for Peace (JVP)** calls itself “the only national Jewish organization that provides a voice for Jews and allies who believe that peace in the Middle East will be achieved through justice and full equality for both Palestinians and Israelis.” It has been calling for a boycott of goods and services originating from the West Bank settlements, as well as a divestment campaign, for more than a decade. JVP has supported both of the boycott and divestment calls from a wide range of other religious organizations, including the Church of England, the United Methodist Church, the Presbyterian Church (USA) and the World Council of Churches. In June 2015, the United Church of Christ adopted a resolution calling for divestment from companies that profit from the Israeli occupation of the West Bank and Gaza, a measure that affects a portfolio with \$3.3 billion in assets.
- **Trade unions**—The Ontario Section of the Canadian Union of Public Employees, the Congress of South African Trade Unions and the Irish Congress of Trade Unions all have voiced support for boycotts of Israeli goods. In the wake of the Israeli attack on the Freedom Flotilla² in summer 2010, and in response to an appeal from the Palestinian trade union movement, the Swedish

² The Freedom Flotilla, organized in 2010 by the Free Gaza Movement and the Turkish Foundation for Human Rights and Freedoms and Humanitarian Relief, was carrying humanitarian aid and construction materials, and attempting to break the Israeli-Egyptian blockade of the Gaza Strip. On May 31, 2010, Israeli forces boarded the ships from speedboats and helicopters and killed nine activists. Widespread international condemnation of and reaction to the raid followed, Israel-Turkey relations were strained and Israel subsequently eased its blockade of the Gaza Strip.

Dockworkers union blocked more than 500 containers weighing approximately 500 tons during a weeklong blockade of exports to Israel and Israeli goods. Dockworkers in Oakland, California supported a labor and community picket by refusing to unload an Israeli cargo ship for 24 hours. These actions followed those of the South African Transport and Allied Workers' Union, which pioneered the boycott against Israeli maritime trade in February 2009 by refusing to offload a ship in Durban in protest of Israel's activities in the Gaza Strip. The South African Municipal Workers Union (SAMWU) promoted the "Israeli Apartheid Free Zone" to ensure their municipalities have no commercial, academic, cultural, sporting or other linkages with Israel. Similar trade union activist campaigns have sprung up in Ireland and Australia.

- **American Black rights activists**—In the United States, 2015 was a year of social upheaval in the wake of multiple incidents involving violent and sometimes fatal encounters between the police and African Americans. This breathed new life into general efforts to promote equal rights for minorities, and gave rise to the Black Lives Matter movement. Many members of the Black Lives Matter movement have found common cause with the Palestinians, perceiving significant parallels between their respective situations. In August 2015, more than 1,000 African Americans and their allies signed a letter reaffirming Black solidarity with the plight of Palestinians, and endorsing the BDS movement. [In the letter](#), the activists reaffirmed their "solidarity with the Palestinian struggle and commitment to the liberation of Palestine's land and people." The text was signed by scholar Cornel West, 1960s activist Angela Davis and Black Lives Matter co-founder Patrisse Cullors.

Not everyone supports the BDS movement. According to an August 13, 2015 [article](#) in *J*, a Jewish news weekly publication based in Northern California. Julie Hammerman, executive director of JLens Investor Network, said, "BDS has hijacked the SRI field." JLens engages the Jewish community in investing through a Jewish values lens. "They've created a controversy risk for companies doing business with Israel. The strategy is economic warfare against the State of Israel," said Hammerman. Reflecting on the progress of the BDS movement, the article observes,

[U]nlike divestment resolutions passed by college students — none of which have resulted in any university divesting from Israel — some evidence suggests the BDS corporate strategy may in time wear down some companies that do business with Israel, leading to eventual exit.

In a nightmare scenario, this would become a stampede.

As [French Telecom giant Orange, S.A.'s CEO Stéphane] Richard said... "If you take the [\$6.3 million in annual royalties from Israel] and, on the other side, the time that we spend to explain this, and the consequences that we have to manage, believe me, it's a very bad deal."

In response to BDS pressure in the European Union, Unilever and Veolia have both recently contracted their activities in Israel-Palestine, according to the *J*. article.

Meanwhile, a February 22, 2015 [opinion piece](#) in *Forbes* argues that the BDS movement also undermines the Palestinian economy, and observes that this "coincides with a disturbing rise of violent [anti-Semitism across Europe](#)." Echoing the arguments of many companies active in the region, as well as some Palestinian activists, the writer notes:

While the broader Israeli economy is presently shielded from BDS, one victim is SodaStream, an Israeli company manufacturing DIY soda that shuttered a West Bank factory and moved it to southern Israel. This cut hundreds of jobs for Palestinians that reportedly paid between three and five times the local prevailing wage.

The Holy Land Principles: Taking a different approach from focusing on settlements, borders, the right of return, UN resolutions, boycotts and divestment, Father Sean McManus, president of the Capitol Hill-based Irish National Caucus, launched the [Holy Land Principles](#) on International Human Rights Day, De-

ember 10, 2012. (*See box.*) The principles call on U.S. companies to adopt a code of conduct to ensure their operations in Israel and the Occupied Territories comply with basic tenets of internationally recognized human rights principles and fair employment. The principles are modeled on a previous code of conduct, the MacBride Principles, launched in 1984 to support equal treatment for Catholics and Protestants in Northern Ireland and supported by the Irish National Caucus and many other Irish-American groups and institutional investors.

McManus says his organization’s research shows evidence of 545 U.S. companies doing business in Israel and the Occupied Territories, and the group is reaching out to those companies to persuade them to sign on to the principles, with letters and other action including shareholder pressure, noted below.

Response to the HLP—Other activists in the corporate social responsibility space so far have generally not endorsed the Holy Land Principles. In March 2015, the American Friends Service Committee (AFSC), a Quaker organization, released a critique, *Holy Land Principles: Lowering the Bar on Human Rights*. The AFSC’s primary assertion was that “the Holy Land Principles fall short of the most basic and widely recognized standards of corporate respect for both human rights and labor rights.” Father McManus described the AFSC’s report as a “hatchet job” that sought to “sabotage” the Holy Land Principles, and that the response is not consistent with the Quakers’ faith tradition. He has had similar exchanges with other members of the corporate responsibility community.

A March 2015 analysis in Triple Pundit, “[Separating Human Rights from Politics in the Holy Land](#),” summarizes the primary objections some—including but not limited to AFSC—raise to the principles:

- The Principles do not cover all at-risk groups in Israel-Palestine. Jews and non-Palestinian minorities are not addressed.
- Geographical boundaries are unclear. The Principles focus on Israel itself, rarely mentioning Gaza and the West Bank, and at times fail to recognize internationally accepted borders established under the Oslo Accords.
- Israeli demographics and their relationship to social problems are complex. A close examination of census data does not establish a clear link between ethnicity/religious affiliation and poverty, for instance.

The Holy Land Principles

The [Holy Land Principles](#) call on American companies conducting business in The Holy Land to:

- Adhere to equal and fair employment practices in hiring, compensation, training, professional education, advancement and governance without discrimination based on national, racial, ethnic or religious identity.
- Identify underrepresented employee groups and initiate active recruitment efforts to increase the number of underrepresented employees.
- Develop training programs that will prepare substantial numbers of current minority employees for skilled jobs, including the expansion of existing programs and the creation of new programs to train, upgrade, and improve the skills of minority employees.
- Maintain a work environment that is respectful of all national, racial, ethnic and religious groups.
- Ensure that layoff, recall and termination procedures do not favor a particular national, racial, ethnic or religious group.
- Not make military service a precondition or qualification for employment for any position, other than those positions that specifically require such experience, for the fulfillment of an employee’s particular responsibilities.
- Not accept subsidies, tax incentives or other benefits that lead to the direct advantage of one national, racial, ethnic or religious group over another.
- Appoint staff to monitor, oversee, set timetables, and publicly report on their progress in implementing the Holy Land Principles.

- Some of the Principles' supporting sources have a tenor that feels politically motivated.
- Many locally owned businesses in the region have made meaningful and significant strides in advancing diversity and equality in their workplaces, and these go unrecognized in the Holy Land Principles.

2015 shareholder resolutions—A shareholder resolution asking for implementation of the principles went to votes for the first time in 2015. The resolution asks companies to “Make all possible lawful efforts to implement and/or increase activity on each of the eight Holy Land Principles.” **Corning, General Electric and Intel** all lodged multi-pronged challenges to the proposals with the Securities and Exchange Commission (SEC). The SEC rejected these challenges, reiterating its much earlier view on the fair employment standards articulated in the MacBride principles, and the resolutions were thus presented to shareholders. The resulting votes were quite low—not cracking the 3 percent needed for re-submission at Corning, and earning just slightly more than 3 percent at GE and Intel. The last vote for this year will occur in November at **Cisco Systems**. At all the companies where the resolution has gone to vote so far, there were unusually high numbers of shares cast as abstentions, which suggests that while investors may not wholeheartedly support the principles, some are not ready to reject them out of hand, either.

New research from EIRIS: On July 16, 2015, the U.K.-based EIRIS Foundation launched a [database of companies](#) operating in occupied lands. The EIRIS Conflict Risk Network carried out the underlying research into corporate activity in Crimea and Palestine, which is designed to provide “businesses, civil society, media and the investor community [with] access to objective and comprehensive information about corporate operations in these two occupied territories.” The EIRIS database was partly motivated by the Holy Land Principles shareholder resolutions.

Israeli Financial Incentives for Settlements

Israel has created a wide range of financial incentives to persuade otherwise reluctant Israeli Jews to move into the Occupied Territories. Prospective residents may fear violence or an international backlash and eventual forced removal, or may simply be reluctant due to inconvenience. Israel has supplemented land and housing support with additional inducements for teachers and businesses to move into and support the communities, too. Some international observers say that Israel's incentives for persuading Israeli Jews to move to the settlements with money violates international law and thwarts the peace process, although Israel has long maintained that the Israelis moving into the Occupied Territories do so voluntarily. However, critics view the incentives as discriminatory, as they are only available to Israeli Jews and not to Israeli citizens of other faiths.

As noted earlier, Israel began promoting settlement of the Occupied Territories almost immediately after the 1967 war. Over the decades, it has identified certain priority areas (A for higher and B for lower) for settlement and has attached various monetary and other enticements to prompt Israeli Jews to move to these areas. A 2002 report, [Land Grab, Israel's Settlement Policy in the West Bank](#), authored by B'Tselem, The Israeli Information Center for Human Rights in the Occupied Territories, documents many of the incentives, including:

- Israel's Ministry of Construction and Housing provides loans to settlers, which convert into grants if the applicant stays after a certain time period. At present, for Class A priority areas, the ministry provides loans up to NIS (New Israeli Shekel) 60,000, half of which is converted into a grant after 15 years. For Class B areas, loans are available up to NIS 50,000, with up to NIS 20,000 converting to a grant after 15 years.
- The Israel Lands Administration discounts lease fees for residential construction up to 69 percent.

- The Ministry of Education offers incentives for teachers who work in settlement schools along with exempting 90 percent of tuition fees for compulsory pre-kindergarten and free transportation to school.
- The Ministry of Industry and Trade offers grants to investors and developers, including significant discounts on land prices. Pursuant to the Capital Investments Encouragement Law, “approved enterprises” are eligible for up to 30 percent grants for total project costs in Class A priority areas and 23 percent for Class B areas. In addition, all enterprises receive “grants for research and development which can cover up to 60 percent of the cost for each project.” During the 1990s, the Ministry established 10 new industrial zones in the West Bank and allocated NIS 20 million per zone for infrastructure development and incentives to lure businesses. The enterprises established in these industrial zones are under Israeli ownership and largely employ Israeli Jews, although some employ Palestinians.
- The Ministry of Labor and Social Affairs offers incentives for social workers similar to those for teachers outlined above.
- The Ministry of Finance provides reductions in income tax for individuals and companies.

B’Tselem’s report also notes that various groups in and outside of the Israeli government actively recruit settlers. It contends the Israeli government is less than transparent about what it is spending on these initiatives. It notes that some estimates peg spending in excess of \$60 billion between 1977 and 2002, and one estimate for 2001 alone was NIS 2.19 billion (\$621 million) for settlers and settlements in the West Bank and Gaza.

Even on the eve of the most recent attempt at peace talks, *The New York Times* [reported](#) on August 13, 2013, that Israel’s Interior Ministry announced it had approved 900 additional apartments for a contested part of Jerusalem in an area known as Gilo and had issued tenders for construction contracts to begin building of the new apartments later that year. Yasser Abed Rabbo, an aide to Abbas, was [quoted by Agence France-Press](#) as saying the news of Israeli housing expansion in areas occupied or annexed by Israel “threatens to make talks fail even before they’ve started.” Other critics said the housing expansion reflected what they regarded as Israeli intransigence on a fundamental issue. The ultimate collapse of the peace talks the following year occurred in part because of Israel’s continued expansion of settlements, according to American officials.

In July and August 2015, rumors swirled that the Palestinian Authority had agreed to relinquish its demands for statehood in exchange for a settlement. (See, for example, this [July 15, 2015 article](#) from *The Times of Israel*.) The chief Palestinian negotiator vehemently denied these claims. Meanwhile, after a notable lull earlier in the year, controversial Israeli settlement activity resumed in August 2015. Settlement activity had decreased significantly in the first half of 2015, and Israeli Prime Minister Netanyahu made a series of fairly conciliatory statements regarding settlements that led to speculation that building would no longer be approved outside existing settlement blocs. However, Netanyahu has very tenuous political support, and faced a backlash from Israeli settlement advocates. His Likud party responded with a denial of any unofficial settlement freeze or slowdown, and 906 new West Bank housing units were approved 3 days later.

In a speech to the UN Security Council on August 19, 2015, UN Under-Secretary-General for Political Affairs [Jeffrey Feltman](#) [blamed](#) the recent increase in violence against both Israelis and Palestinians on settlement activity and lax law enforcement. “Such violence is possible because of the environment created as a result of Israel’s decades-long policy of illegal settlement activities,” said Feltman.

Workforce Issues

Relative unemployment in Palestinian-controlled areas is persistently high, making job opportunities in Israel's advanced and diversified economy more lucrative and very attractive. While unemployment in Israel hovers in the single digits—around 6 percent to 7 percent—unemployment rates in the West Bank are more than double these rates and can exceed 30 percent in the Gaza Strip. However, the barriers—including physical walls and border crossings, lack of access to proper government permits, education and skills deficiencies, as well as discrimination—make the prospects grim even for those able to obtain gainful employment in Israel. As well documented in other territorial and sectarian conflicts, economic deprivation often exacerbates existing tensions and makes the path to peace more difficult. Multinational employers with codes aimed at upholding human rights standards, including non-discrimination, therefore face many challenges. They also have the opportunity to promote integration, tolerance, stability and prosperity, which could help cement a peace accord—something that has occurred in other protracted conflicts.

Employment data: Unemployment in the West Bank and the Gaza Strip remained high in 2014, based on [data](#) published in February 2015 by the Palestinian Central Bureau of Statistics (PCBS), even while higher numbers of Palestinians were working in Israel and its settlements. The data also reveal a significant erosion of the employment situation in the Gaza Strip between 2013 and 2014. The bureau said:

- Unemployment in the Gaza Strip decreased from 47.4 percent in the third quarter of 2014 to 42.8 percent in the fourth quarter of 2014, also in the West Bank from 19.2 percent to 17.4 percent over the same period. However, this constitutes a notable spike from the previous year, particularly in the Gaza Strip, when unemployment stood at 27.9 percent in the Gaza Strip and 16.8 percent in the West Bank.
- Women fared worse in both areas with an overall average unemployment rate of 36.5 percent compared with 23.8 percent for men. Unemployment in both groups increased from 33.6 percent and 17.6 percent for men in 2014.
- Earnings in the Gaza Strip evaporated with the violence in 2014, and the average daily wage for employees there dropped to NIS 1.66 from 63.2 the previous year. Wages in the West Bank have been relatively higher but were still affected by recent events—NIS 88.6 in 2014, down from 91.4 in 2013.
- The number of Palestinians employed in Israel and settlements was 105,200 in 2014, up from 96,000 in 2013. Of these, 62,800 of the Palestinians had a work permit, while 27,800 worked without a permit. This reflects a notable increase in the proportion of workers with permits since 2013.
- The number of Palestinian workers employed in settlements stood at 20,200, holding steady since the previous year.
- Construction was the most common job for Palestinians working in Israel and the settlements.
- Pay rates were more than double for Palestinians working in Israel and the settlements when compared with comparable jobs with Palestinian employers.
- In Palestinian areas, 34.5 percent of wage employees in the private sector received less than the monthly minimum wage (NIS 1,450) in 2014. This breaks down to 22.9 percent in the West Bank and 62.8 percent in the Gaza Strip, again demonstrating the extraordinarily challenging conditions in the latter region.

Discrimination: The Israeli Declaration of Independence pledges that Israel will ensure complete equality of social and political rights to all its inhabitants irrespective of religion, race or sex, and guarantees freedom of religion, conscience, language, education and culture. In addition, following Supreme Court rulings in the 1990s, Arabic has been recognized as one of Israel's official languages, and government ministries publish some material in Arabic as well as English, Russian and other languages spoken in Israel, although Hebrew is the only language used for all government publications.

According to Israel's [Central Bureau of Statistics](#), the Arab population in Israel in 2010 (the most recent year for which data are available) was estimated at 1,617,000, representing 20.5 percent of the country's population. Meanwhile, a report by the International Crisis Group from March 2004, [Identity Crisis: Israel and its Arab Citizens](#), found that the majority of Arabs in Israel self-identifies as Arab or Palestinian by nationality and Israeli by citizenship. Many Arabs in Israel have family ties to Palestinians in the West Bank and Gaza Strip, as well as to Palestinian refugees in Jordan, Syria and Lebanon. In addition, the report said, most of the Arabs living in East Jerusalem and the Golan Heights were offered Israeli citizenship, but most have refused, not wanting to recognize Israeli sovereignty. Most also have become permanent residents and retain the right to apply for citizenship, as well as access to municipal services and voting rights. By contrast, the report noted, Negev Bedouins and Druze tend to identify more as Israelis than other Arab citizens of Israel.

Arab citizens of Israel experience discrimination in many aspects of life, including in the workplace. In fact, Israel itself documented discrimination against Arabs in Israel, including Arab citizens, in a landmark [Report by the State Commission of Inquiry into the Events of October 2000](#). The report was authored by the Or Commission, an inquiry that investigated the killings of 12 Arab citizens of Israel and a Palestinian by Israeli police during demonstrations. The chief investigator was Theodore Or, a judge at an Israeli High Court, who concluded:

The Arab citizens of Israel live in a reality in which they experience discrimination as Arabs. This inequality has been documented in a large number of professional surveys and studies, has been confirmed in court judgments and government resolutions, and has also found expression in reports by the state comptroller and in other official documents. Although the Jewish majority's awareness of this discrimination is often quite low, it plays a central role in the sensibilities and attitudes of Arab citizens. This discrimination is widely accepted, both within the Arab sector and outside it, and by official assessments, as a chief cause of agitation.

Many Arab citizens feel that the state, as well as society at large, treats them as second-class citizens or even enemies of the state. They point to the preferential treatment Israeli Jewish citizens receive in building homes and businesses in the Occupied Territories, discussed above in this report. The U.S. Department of State's (DoS) [Country Reports on Human Rights Practices for 2014](#) notes that Arab citizens of Israel face "institutional and societal discrimination." It notes a recent increase in tensions in the wake of renewed violence and the failure of peace talks.

The DoS also cites a survey commissioned by Israel's Economy Ministry's Equal Employment Opportunity Commission, which found 42 percent of employers would prefer not to hire Arab men and 41 percent would prefer not to hire an Arab mother of young children. Of all respondents, 46 percent said they were reluctant to work with an Arab man, and 28 percent said the same of working with an Arab woman. The DoS, however, points out that the Israeli government "continued to implement a multiyear development and social advancement projects for Arab and other minority populations, which were authorized in 2010 and 2011." The government invests in housing, transport, community-based law enforcement and job training. It also authorized affirmative action policies for hiring Arabs and Druze in the civil service, and by June 2014 had filled 1,421 of 1,730 positions. The education ministry also implemented a program to place 500 Arab teachers in Israelis schools, the report noted.

Education—Nonetheless, the State Department says, “Resources devoted to education in Arabic were inferior to those devoted to Hebrew education in the public education system... and some Arabs in ethnically mixed cities elected to study in Hebrew instead.” In addition, the DoS added:

The separate school systems produced a large variance in education quality: 35 percent of Muslim students, 45 percent of Druze students, 51 percent of Arab students studying at mainstream Hebrew schools, and 61 percent of Christian students passed the matriculation exam in 2014, according to the Knesset Center for Research and Information, compared with 76 percent of Jews, according to the Central Bureau of Statistics.

Land sales—Furthermore, the DoS continues to see widespread discrimination against Arab citizens of Israel in the sale of land. It points out that Israel’s Jewish National Fund (JNF), a non-governmental organization with a charter prohibiting it from selling or leasing land to non-Jews, continues to hold 12.5 percent of Israel’s land area—including in the Occupied Territories, and the Israeli government continues to work around court rulings to enable the JNF to perpetuate its discriminatory practices.

Bedouins—Despite all of the tremendous disadvantages experienced by broader Arab communities in Israel, the DoS says, the Bedouin segment of the Arab population continued to be the most disadvantaged. It notes that more than half of the approximately 200,000 Bedouins in Israel live in seven state-planned communities, and 30,000 lived in the 11 recognized villages of the Nave Midbar and Al-Qasum Regional Councils, formerly the Abu Basma Regional Council. However, “Approximately 60,000 Bedouins lived in 35 unrecognized tent or shack villages that did not have water and electricity or educational, health, and welfare services.”

Other recent research echoes the DoS’ findings. The International Labor Office (ILO) published a report in May 2015, *The situation of Workers of the Occupied Arab Territories*, observing:

The continuing occupation fundamentally affects the rights and well-being of Palestinian women and men, including through confiscation of land, forced displacement, a myriad of [sic] unpredictable and opaque access and movement restrictions and exposure to violence by Israeli security forces and settlers. Measures taken by the Israeli authorities in the Occupied Palestinian Territory have created separate and different realities that favour Israeli citizens over Palestinians, a situation that contradicts the principle of equality and non-discrimination.

The report notes an overall deterioration in the last two years of the basic living situation in the Occupied Territories, which it largely attributes to the collapse of the peace process and the increased violence described earlier in this paper. The report also notes a general perception among residents of the area that prospects for a lasting peace are diminishing.

B’Tselem³ published *Social Rights and Terms of Employment of Workers from the Occupied Territories* on January 1, 2015. The article detailed some of the intricacies of how discrimination works in practice in Israeli workplaces that employ workers from the Occupied Territories. B’Tselem notes, “Palestinian workers employed in Israel and the settlements suffer blatant discrimination, and their social rights are systematically trampled by their employers and at times also by the Israeli authorities.” The article observes that for the most part, legal protections are adequate, and that discriminatory practices result from breaches of the law, although it identifies exceptions. Tactics the article describes include the following:

³ B’Tselem, or the Israeli Information Center for Human Rights in the Occupied Territories, was established in February 1989 by a group of prominent academics, attorneys, journalists and Knesset members. It “endeavors to document and educate the Israeli public and policymakers about human rights violations in the Occupied Territories, combat the phenomenon of denial prevalent among the Israeli public, and help create a human rights culture in Israel.”

- **False labor reports:** “One of the widespread methods used by Israeli employers to reduce costs at the workers' expense is to file false reports with the Payments Section of the Employment Service (through which the salaries are paid to workers from the Occupied Territories) regarding the number of days worked by the employee.” Employers then pay workers the difference between actual and reported hours worked directly in cash, the effect of which is to undermine workers' full access to social entitlements such as pensions, as well as their right to labor courts.
- **Closures preventing access to work:** “Israel's closure policy directly and indirectly prejudices the rights of Palestinian workers employed in Israel in the past and present,” the article says, reflecting a situation explained in detail later in this paper. “The primary harm inherent in imposition of a total closure on the Occupied Territories is the loss of workdays and the resultant dismissals (often without providing severance pay) that occur because the workers are unable to reach their jobs in Israel.”
- **Social insurance discrimination:** Palestinians have suffered from discrimination in social insurance. Without attributing this situation to a single cause, the article explains that funds deducted from Palestinian paychecks for social insurance have been improperly deposited to the Israeli Treasury. After the Oslo peace accords, this issue was supposed to have been rectified, but so far, no concrete actions have been taken. “Palestinians working in Israel continue to pay national insurance without receiving anything in return,” B'Tselem concludes.
- **Differential pay rates:** “Palestinian workers employed in the settlements and industrial areas in the Occupied Territories are exploited more than Palestinians working within Israel, despite a military order requiring payment of a minimum wage equal to that paid in Israel.” Readers will recall the statistics earlier in this report that showed at least a two-fold difference between pay rates in Israel and the Occupied Territories, as well as widespread violations of minimum wage laws.
- **Barriers to filing grievances:** “Palestinian workers who sue their employers in Israeli labor courts are required to deposit large sums of money to guarantee payment of trial expenses in the event their complaint is rejected. Israeli employees and employers are not required to provide this guarantee.” This situation comes because Palestinians legally are foreign residents. Many workers with employment complaints are unable to afford these deposits, and thus never pursue their claims.

A June 2013 report by Kav LaOved and the Workers Hotline, funded by the European Commission, is entitled [Arab Citizens of Israel and Work: Trends of Workplace Discrimination and Violation of Labor Rights](#). It reviewed Israeli government public data, as well as original research, and found:

- “Arab citizens of Israel face multiple forms of discrimination on the basis of their national, ethnic and religious identifications (i.e. Arab, Palestinian, Bedouin, Druze, Muslim, Christian) and at times their membership in one or more distinct subgroups, such as women, the disabled and the elderly.”
- “Arab citizens of Israel often face discrimination in work opportunities, pay and conditions, both because of the lack of enforcement of labor legislation and inadequate implementation of equal opportunity legislation. Additionally, entrenched structural barriers and employment practices particularly affect Arab women workers.”
- The most common form of discrimination against Arab citizens of Israel is making military service a required or desirable attribute for job applicants. While military service is compulsory for Jewish Israeli citizens it is waived for (and shunned by the vast majority of) Arabs living in Israel.

While discrimination based on military service is illegal, such practices are often ignored, the report says.

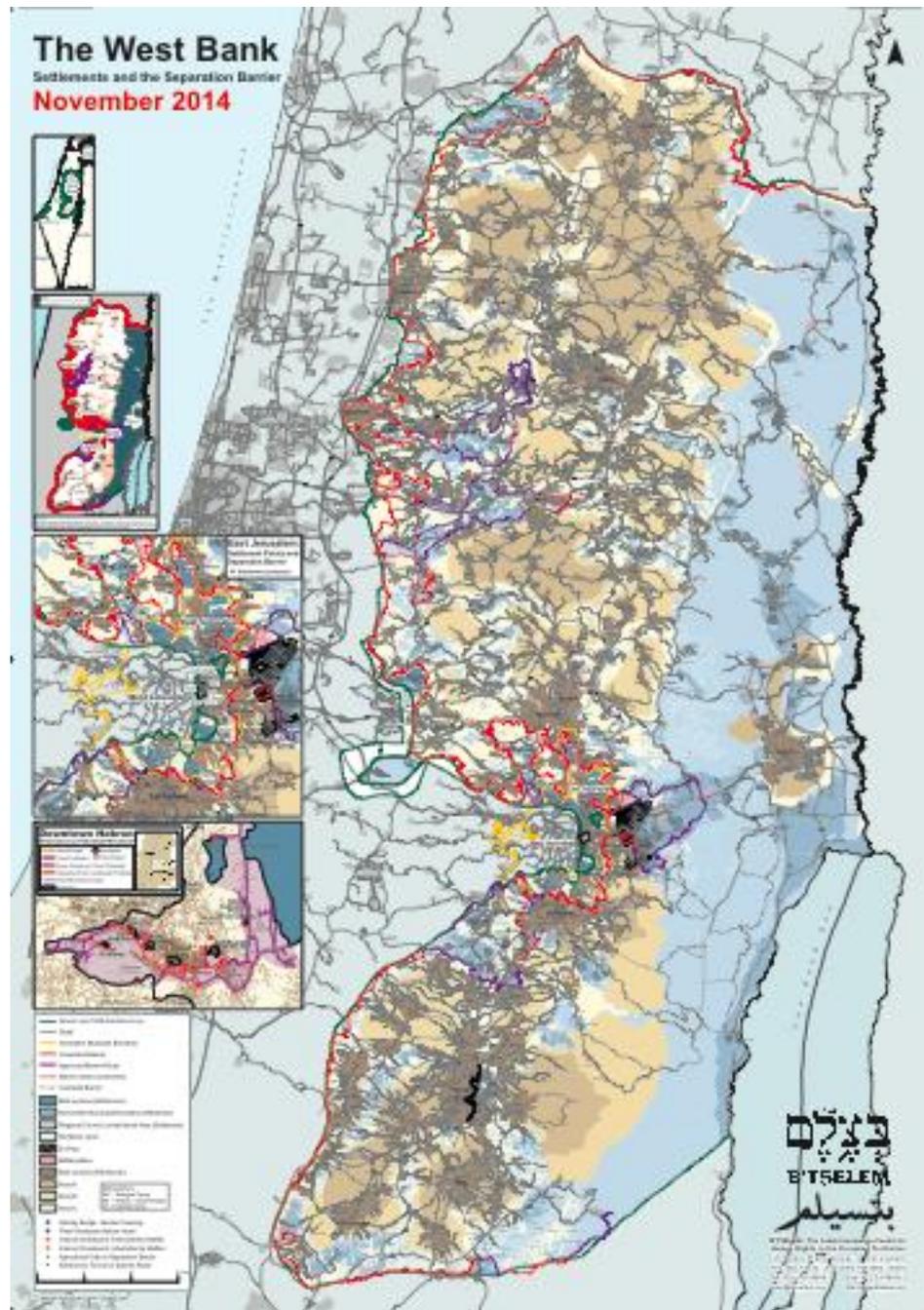
- Employers in Israel often forbid Arab workers from speaking Arabic to coworkers or clients, even if it is the first and preferred language for both parties and even though Arabic is an officially recognized state language in Israel.
- Arabs are severely underrepresented in Israel's civil service. Only 6.97 percent of all civil service employees in Israel are Arab, and only 2 percent are Arab women.
- 45 percent of Arabs working in Israel reported "experiencing discrimination when being interviewed for employment, such as being asked about military service or their religion."
- 35 percent said they experienced "discrimination in salary gaps or that harsh conditions were inflicted on Arabs only in their workplace," as well as "racist attitudes (i.e. towards their dress or language, such that Arab employees were told not to speak to each other or customers in Arabic)."
- The International Labor Organization (ILO) has inquired several times over the past decade with the Israeli government about enforcement issues related to local labor laws and relatively low rates of workplace inspections.
- "In 2008, while the overall unemployment rate in Israel stood at 7.3 percent, the figure among Arab citizens was even higher at 10.9 percent. Furthermore, of the 40 towns in Israel with the highest unemployment rates, 36 are Arab towns. The percentage of Arabs among all those employed is about 12.6 percent while the Arab population is 20 percent of the Israeli population. The rate of Arab participation in the workforce is 40 percent compared to 62.5 percent for Jews." In addition, the report found that the rate of participation of Arab women 15 years and older in the Israeli workforce is only 22 percent, one of the lowest in the world, and well behind the 60 percent participation rate for Jewish women.
- "Arab workers are over-represented in low-wage, labor-intensive industries, such as un-skilled industries, construction and agriculture."
- In 2011, Almost 40 percent of the families in Israel living below the poverty line were Arab families, although they only comprise 20 percent of the overall population. In fact, 53.5 percent of Arab families in Israel live below the poverty line.

Daunting commute: The [map \(next page\)](#), produced by B'Tselem, shows the sprawling set of barriers Israel has been erecting to separate its settlements from Palestinian-controlled areas in the West Bank. It was current as of November 2014. B'Tselem also maintains a consistently updated, [interactive map](#) of the barriers. Israel began construction on "the wall" in 2002, and the project is almost complete. Palestinians see it as an affront to their aspirations to form an independent state in the West Bank, as it divides lands they see as composing their future nation. It also complicates commutes for the tens of thousands of Palestinians seeking employment in Israel and its settlements. Israeli businesses and foreign companies find these workers to be valuable sources of labor.

A July 23, 2013, [article](#) from Reuters covering the realities of daily commutes for many Palestinians working in Israel and its settlements illustrated the human dimension, which has more recently been echoed by the B'Tselem article referenced above. While Palestinians with proper government work permits face difficulties navigating military checkpoints to get to work, those without legal access have the far more treacherous task of navigating Israel's security walls. As the article's author notes, "Both ways are time consuming. Neither is pleasant."

The article details the common experiences of Palestinians, legal and illegal, working in Israel and its settlements—experiences with implications for both individuals and their employers. “If I don’t work in Israel, I will die from hunger,” said one worker, explaining the wage and employment opportunity differentials’ pull for workers despite the trek across borders. Workers uniformly described long, unpredictable lines and even fights at checkpoints, making estimating any daily commute difficult and jeopardizing timely arrival at work. Once at a checkpoint, fingerprint scans, x-ray machines, questioning and unwarranted detention are the norm. For those taking the illegal route, arrest, tear gas and bullets are possibilities.

As of May 2015, Israel had started to take small but important steps to [ease some of these restrictions](#), including allowing a limited group of cars with Palestinian plates to drive into Israel, lowering the age at which West Bank Palestinians may apply for a work permit, opening several West Bank roads that had previously been closed to Palestinians and expanding Palestinians’ access to the Al-Aqsa mosque, Islam’s third holiest site. Israeli officials have characterized these changes as an experiment. At the same time, however, Israel also [launched a pilot program](#) in May to force Palestinians to return to the West Bank via the same checkpoint through which they had entered, and to prohibit Palestinians from using the same bus lines as Israelis. Some human rights groups estimate that these moves would have added as much as two hours to some Palestinians’ daily commutes. The Israeli government [scrapped the plan](#) only hours after its launch in the face of intense criticism, including from within Israel itself. Meanwhile, on August 17, 2015, Israeli forces [de-](#)



nied Palestinian worshippers access to the Al-Aqsa mosque, even as they escorted a group of right-wing Israeli visitors to see the compound. The situation around checkpoints and Palestinians' freedom of movement remains intensely volatile.

Child labor: In the midst of all of this, child labor is a reality, especially in agriculture. In May 2015, the International Labor Office reaffirmed the fact that child labor is a particularly serious problem in the Jordan Valley. An April 2015 [Human Rights Watch report](#) found that Palestinian children work in Israeli settlements at wages equivalent to about half of what legal adults must be paid under minimum wage laws. Children are often employed in Israeli orchards, picking and cleaning fruit and vegetables, placing them into containers and finally loading them onto trucks. Workdays are 10 to 12 hours long, access to bathrooms is restricted and child laborers are routinely exposed to harsh chemicals, Human Rights Watch said. Many have dropped out of school to bolster their family incomes out of desperation. Two big contributors to the problem are a lack of Israeli enforcement of child labor laws and the government's continuing demolition orders for Palestinian schools as Israel attempts to settle more land in the West Bank, the report concluded.

Scrutiny of U.S. Company Dealings with Israel

While there has been no broad shareholder campaign, from time to time over the years shareholders have challenged U.S. companies and their dealings with the Israeli government. Scrutiny has centered on concerns about the sale to the Israeli government of products and services that were then allegedly used to perpetrate human rights abuses. One high-profile case, involving American peace activist Rachel Corrie and **Caterpillar**, captured headlines worldwide when Corrie was crushed in controversial circumstances; her parents sued but cases in both Israel and the United States ultimately were dismissed. More recently, **Hewlett-Packard** and other technology firms have come under fire for how their products may be used by the government to potentially violate human rights. Israeli firm SodaStream, traded on the Nasdaq, has been the target of more concerted activist efforts as well, because of its location.

Company Responses

To date, company responses to campaigns specifically related to Israel-Palestine have been muted. Most refer to their general human rights policies, saying that these relate equally to their global operations. Many such policies include a commitment to the tenets of the [UN Guiding Principles for Business and Human Rights](#), also known as the Ruggie Principles. While some readers may see this as adequate reassurance of good corporate practice in the region, others may consider it insufficient or even contradictory, given a UN interpretation that the settlements violate the [Fourth Geneva Convention](#). Some companies provide somewhat more detail in their public reporting regarding their activities and practices in Israel-Palestine, although none so far has done so in the kind of detail that they do in other markets, such as the United States. Ultimately, companies face a difficult reality: while Palestine and the Occupied Territories badly need investment, employment and economic opportunity, it is virtually impossible for business operations there not to run afoul of the Ruggie Principles and other human rights standards.