



# General Board of Church and Society of The United Methodist Church

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Dear Delegate,

As someone who has been involved in the discussions by UM agencies and ecumenical partners with Caterpillar for six years, I would like to share critical issues we have repeatedly raised with the company. Regrettably, in all of these meetings, including one last week, Caterpillar has told us it has no intention to change any of its business practices relating to the occupied Palestinian territories.

There are three key points we have raised with the company: (1) Our church has a responsibility to do no harm with its investments, yet it is currently profiting from the sale of Caterpillar equipment used to sustain Israel's military occupation of Palestinian territories; (2) A company has a responsibility, when its products are repeatedly misused in human rights violations, to do something about it. Unfortunately, Caterpillar refuses to do anything about the repeated misuse of its equipment; and (3) For us as a church, this is first and foremost a moral issue, yet sadly Caterpillar offers only misleading interpretations of the law and irrelevant arguments as a basis for continuing their sales.

The question before delegates is whether our church should profit from the sales of equipment which are clearly used in ways that violate human rights.

## **How does Caterpillar do harm with our investments?**

Caterpillar equipment is used in uprooting olive trees, in home demolitions, and in the construction of settlements and the separation wall on Palestinian land. In 2004 Amnesty International asked Caterpillar to take steps to ensure that its equipment is not misused. Human Rights Watch sent a letter specifically to Caterpillar to suspend its sales to Israel's military. United Methodist and ecumenical shareholders have repeatedly asked Caterpillar to take such steps as well.

## **Doesn't Caterpillar do many good things around the world?**

No amount of doing good takes away from the responsibility to also do no harm. Caterpillar knowingly provides its equipment for use in ongoing human rights violations. All its other good works cannot hide this fact. \

## **Does Caterpillar know the end users of its equipment sold to Israel/Palestine?**

Caterpillar sells some of its equipment through the U.S. Foreign Military Sales program (FMS). Caterpillar also sells directly to Israeli contractors known to be involved in settlement construction through Direct Commercial Sales (DCS). Its exclusive dealer in Israel, Israel Tractors & Equipment (ITE) is responsible for these sales.

For contracts with Israel's military, every FMS sale is preceded by a notification to Congress that lists the government purchasing the equipment and the contractor providing it. The Government acts as a negotiator between the foreign government and the company. But specific requirements and design details requested by the foreign government are factors in these negotiations. The U.S. government's Defense Security Cooperation Agency (DSCA), which handles these transactions, states: "Except for items supplied directly from DoD inventory, the USG purchases the desired items or services from the U.S. manufacturer **on behalf of the foreign government.**" In some cases the U.S. government may also sell surplus equipment to Israel and other countries, but this is not the primary means through which Israel obtains its equipment for the Israeli army.

## **Can Caterpillar control sales to Israel's military?**

Caterpillar absolutely has the right and the ability to stop the sale of its equipment to Israel's military, which uses it consistently to violate human rights. A spokesman at the Defense Department Office of Public Affairs has said that any company may decline to participate in any contract under the Foreign Military Sales program.

## **Is Caterpillar responsible for the weaponization of its equipment?**

Caterpillar's sole representative in Israel (ITE) is a partner with Israel Military Industries (IMI) in a program to weaponize and armor the D-9 Caterpillar bulldozers sold to Israel. In a phone call (recorded by GBPHB) between the UM pension board and UMKR, David Zellner of GBPHB stated that he has done research and agreed with the conclusion that Caterpillar's sole dealer is involved in the weaponization. In addition, Caterpillar's representative has sent its employees onto the battlefield to repair and maintain the weaponized bulldozers during assaults on Palestinians in the occupied territories. The Israeli army considers these machines such an important part of its weaponry that it has drafted civilian employees of Caterpillar's Israeli representative to maintain them during its latest invasion on Gaza. During this attack, unmanned D9 Caterpillar bulldozers led the invasion by leveling whole civilian neighborhoods, at times destroying houses on top of their inhabitants, in a grave violation of international law and human rights. In addition, heavy equipment sold through its dealer, ITE, has been used repeatedly for military purposes in the occupied Palestinian territories.

## **Is Caterpillar legally prevented from denying sales to Israel due to anti-boycott laws?**

We have asked CAT to avoid sales to Israel's military, which uses the equipment for violating human rights, and to Israeli companies known for their activity in building illegal settlements or other illegal structures of occupation. Although there is a federal law containing anti-boycott provisions – the Export Administration Act of 1979 – campaigns conceived independently, rather than as support for, or in response to, pressure by a hostile foreign government, do not violate the anti-boycott laws.

In 2010, Caterpillar issued a directive to all its dealers worldwide to avoid sales likely to end up for use in Iran. We have asked the company to issue a similar directive regarding sales of equipment that might end up in the hands of illegal settlement builders or companies engaged in constructing the infrastructure of occupation. The anti-boycott laws do not apply to such requests from shareholders and civil society for ending actions that cause harm.

## **How does Rachel Corrie's death relate to this divestment proposal, or does it?**

Rachel Corrie died trying to prevent an Israeli-operated Caterpillar bulldozer from destroying a home belonging to a Palestinian pharmacist and his family – a crime under international law. Since the 1988 General Conference, we as United Methodists have called for an end to home demolitions. Now that we as a church know Caterpillar equipment is being used as a weapon to illegally destroy homes and in some cases even result in tragic deaths, we have a responsibility to end our involvement.

This was not an isolated incident, but was part of a pattern of human rights violations that have been well-documented over many years. It was our hope that once Caterpillar saw how its customer was using its equipment, it would end sales to that customer. We must now sever our ties to Caterpillar until it decides to no longer sell its product to customers it knows are using its equipment as weapons and for immoral purposes to perpetuate the occupation.

I ask you to consider that United Methodist investment in Caterpillar makes it a party to Caterpillar's actions. We are partial owners of the company and share responsibility for its actions. After years of engagement, Caterpillar has refused to change practices that are within its control. Caterpillar's unwillingness to stop providing products that the company knows are systematically used to violate human rights makes it an unsuitable investment for our church.

Yours in Christ,



James E. Winkler  
General Secretary