

# Questions & Answers

FOR RESOLUTIONS ON

## EXCLUDING SOVEREIGN DEBT OF COUNTRIES INVOLVED IN MILITARY OCCUPATIONS

### ***What exactly is sovereign debt?***

Governments issue bonds when they need to borrow money to support government spending. Buyers of sovereign debt purchase bonds in that foreign country's government, and receive interest and repayment over years.<sup>1</sup>

### ***What are the proposed resolutions/petitions?***

Three foreign governments have been engaged in prolonged military occupations (over 40 years) that have been the focus of UN Security Council and/or International Court of Justice rulings because their occupations violate international law and human rights standards. United Methodists for Kairos Response has created options urging annual conferences to consider the justice of investing in bonds from those governments.

We prepared templates for two slightly different annual conference resolutions and one General Conference petition:

- Resolution to Exclude Sovereign Debt of Countries Involved in Prolonged Military Occupations
- Resolution to Exclude Government Debt of Countries Involved in Prolonged Military Occupations
- Petition to General Conference to Amend the United Methodist Book of Discipline Paragraph 717, Sustainable and Socially Responsible Investments

Find the resolution templates at [our website](#).

### ***What is the purpose of these resolutions/petitions?***

When we purchase a foreign government's sovereign debt by buying bonds, we are de facto supporting what that government does with the money we lend it. We believe that our conferences, boards and agencies should not lend church money to governments that are engaged in pro-longed military occupations that have also been named as violators of international law and human rights standards. Bond purchasers cannot know how the money will be spent. There is no advocacy mechanism to express objections to what that government will do with the lent money. There is no shareholder advocacy as with a company or corporation. If a government is guilty of harming people, then owners of their bonds are complicit. We believe that United Methodists' money, via the purchase of bonds, should not make us complicit in human rights violations or prolonged military occupations.

### ***Where are these prolonged military occupations?***

These prolonged (over 40 years) occupations include Israel's [occupation](#) of Palestine since 1967, Turkey's [occupation of Northern Cyprus](#) since 1974 and Morocco's occupation of [Western Sahara](#) since 1976. While temporary military occupation is not illegal provided civilians held under occupation are properly cared for by the occupier, these 3 prolonged military occupations all have multiple UN Security Council resolutions and/or International Court of Justice rulings calling for the end of these occupations and an end to violations of international law and human rights standards that result from the military occupation. (See below) While there are other military occupations in the world, we are focusing on the ones that the UN has concentrated on. Article 42 of the Hague Convention of 1907 defines military occupation as "under the authority of a hostile army."<sup>2</sup>

### ***How might sovereign debt be financially risky?***

In addition to being subject to interest rate risk, foreign government bonds may be subject to credit risk and political risk. A government may not have the resources to meet their obligations. Finances might be mismanaged. Instability may result in a regime change which could affect how well an interim or new government may pay its bills. The strength of the government's currency can affect the yield of sovereign debt bonds.<sup>3</sup>

### ***How are these investments morally risky?***

When the church purchases a foreign government's sovereign debt by buying that government's bonds, we cannot know how that money will be spent. There is no advocacy mechanism to express objections to what that government does with church money as there is when purchasing stocks. If that government is guilty of harming people, then we, as owners of their bonds, are complicit.

### ***What is Wespath's policy on sovereign debt?***

While our United Methodist pension fund, Wespath Benefits and Investments, has a policy not to buy the sovereign debt (government bonds) of any country demonstrating a prolonged and systematic pattern of human rights abuses (based on Freedom House's Freedom in the World report), Wespath does not currently exclude investment in the sovereign debt of these three governments responsible for long-term military occupations that violate international law and human rights standards.<sup>4</sup>

## **BACKGROUND ON THE OCCUPATIONS OF PALESTINE, NORTHERN CYPRUS AND WESTERN SAHARA**

### ***Israel's Occupation of Palestine***

• Israel has occupied the Palestinian West Bank and the city of East Jerusalem since The Six-Day War in 1967. In their Zionist goal to control all of the Holy Land in spite of the centuries of presence of the Palestinian people, Israel restricts the movement of Palestinians using walls, fences, and checkpoints that impede trade, travel, education and medical care; enforces inhumane policies including the separation of Palestinian families; seizes Palestinian land for illegal Israeli settlements and Israeli-only roads; divides indigenous Palestinian villages from each other; controls underground water sources in the Palestinian territories and then sells the water back to Palestinians on a limited basis; extracts resources from Palestinian land; arrests Palestinian children and adults in nighttime raids meant to intimidate; imprisons and tortures Palestinians without charge; forcibly evicts Palestinian civilians; demolishes Palestinian homes, gardens, and orchards; protects illegal Israeli settlers who commit hate crimes and acts of vandalism such as the pollution of groundwater with sewage and industrial waste and dumping their garbage on Palestinian land.

• Israel's involvement in Gaza, which it controls by land, sky and sea, is now considered a blockade or siege which continues to strip Gazans of their freedom and dignity. The blockade has turned that tiny territory with 2.2 million people into an open-air prison. Gaza is expected to be uninhabitable by 2020 after years of Israeli bombings that have killed thousands and destroyed water and power infrastructure, schools, hospitals, businesses, and homes.<sup>5</sup> During the Great March of Return in 2018-2019 the United Nations reported that 189 Palestinians, including an unarmed female paramedic, were killed by Israeli sniper fire in Gaza.<sup>6</sup>

• In repeated UN Security Council resolutions, and in endless UN reports, Israel has been condemned for human rights violations and for violating international law such as the 4th Geneva Convention and the Hague Convention of 1907. The Separation Wall was declared illegal in 2004 by the International Court of Justice.

### ***Turkey's Occupation of Northern Cyprus***

• Northern Cyprus, part of a culturally Greek island in the Mediterranean, has been occupied since the Turkish invasion in 1974. Most of the northern region's Greek population was evicted, and many who remained are still listed as missing following mass executions. Ethnic and religious cleansing of Christians and Jews resulted in destruction of religious antiquities. Turkish settlers were brought in to occupy former Greek villages. The island was partitioned and the capital, Nicosia, was divided. The island was partitioned and the

capital, Nicosia, was divided. The international community does not recognize the legitimacy of the Turkish Cypriot state. The Turkish Army maintains a strong presence as the occupying force. This occupation has been denounced in multiple UN Security Council resolutions.

• In January 2011, *The Report of the Office of the United Nations High Commissioner for Human Rights on the question of Human Rights in Cyprus* noted that the ongoing division of Cyprus continues to affect human rights throughout the island "... including freedom of movement, human rights pertaining to the question of missing persons, discrimination, the right to life, freedom of religion, and economic, social and cultural rights."<sup>7</sup>

### ***Morocco's Occupation of Western Sahara***

• Western Sahara, on the west coast of Africa, continues its struggle for self-determination after being a Spanish colony until 1975 and then was turned over to Morocco. Now partially occupied by neighboring Morocco, Western Sahara is the last remaining colonial outpost in Africa. The Sahrawi people suffer economically due to Morocco's theft of natural resources such as phosphates and fish. Human-rights abuses against the Sahrawi people include collective punishment, forced disappearances and displacement of civilians. Aerial bombardments with napalm and white phosphorus of the Sahrawi refugee camps have been documented.<sup>8</sup>

An activist for economic justice was tortured to death while in Moroccan detention in April 2016.<sup>9</sup>

• In 1975 the International Court of Justice issued an Advisory Opinion denying the claims of Morocco and Mauritania and affirming the right of the Sahrawis to self-determination under international law. Morocco refuses to comply with the demands of the United Nations, which has issued Security Council resolutions calling for self-determination for Western Sahara. The UN has also said Morocco's theft of phosphate and fish stock are violations of international law.<sup>10</sup>

## **UN SECURITY COUNCIL RESOLUTIONS**

### **Israel/Palestine:**

<https://en.wikipedia.org/wiki/>

[List of United Nations resolutions concerning Israel](#)

### **Turkey/Northern Cyprus:**

<https://www.securitycouncilreport.org/un-documents/cyprus/>

### **Morocco/Western Sahara:**

<https://en.wikipedia.org/wiki/>

[List of United Nations resolutions concerning Western Sahara](#)

## INTERNATIONAL COURT OF JUSTICE RULINGS

### Israel/Palestine:

<https://news.un.org/en/story/2004/07/108912-international-court-justice-finds-israeli-barrier-palestinian-territory-illegal>; <https://www.ici-cij.org/en/case/131>

### Turkey/Northern Cyprus:

<https://www.ici-cij.org/en/quick-search?utf8=✓&keywords=northern+cyprus>

### Morocco/Western Sahara:

<https://www.nyctbar.org/pdf/report/uploads/20072089ReportonLegalIssuesInvolvedintheWesternSaharaDispute.pdf>;  
<https://www.ici-cij.org/en/quick-search?utf8=✓&keywords=western+sahara>

## PROCESS TO SUBMIT RESOLUTIONS AND PETITIONS TO ANNUAL CONFERENCES

### *Which resolution should my conference use?*

Either resolution can be submitted to any annual conference. Some may feel the words ‘government bonds’ are more accessible to their conference members; others might prefer ‘sovereign debt.’ The two versions basically say the same thing, although presented in a different order. Either resolution asks your annual conference not to hold this form of investment in the defined situations of occupation, and asks that your conference secretary submit it to General Conference 2020 by the deadline of September 15, 2019. If it passes at General Conference, it will be included in our Book of Resolutions that helps us shape our work as United Methodists. Resolutions are strongly suggestive, but are non-binding. **We encourage you to share the resolution with your conference treasurer/finance committee as perhaps such action could be taken without the need to vote on it at annual conference. If such a conversation results in a change to their investment policy, do let us know.**

### *How is the General Conference petition different?*

The petition to General Conference asks for a binding change to our United Methodist Book of Discipline. The petition is presented in the written format required by General Conference. You (or your group) as the petitioner/s should complete the bottom section. General Conference petition instructions require that we underline any additions requested to the Book of Discipline. This specific petition inserts these additions into the existing paragraph about sustainable and socially responsible investments:

- Adds “governments” to potential investment opportunities whose policies and practices should be socially responsible, i.e. they should avoid human rights violations.

- Inserts *United Methodist institutions should similarly not hold sovereign or government debt in states conducting prolonged military occupations as they violate international law and human rights standards.*

Your vote at annual conference is to endorse this request and to have the conference secretary submit it to General Conference 2020 by the deadline of September 15, 2019. The bottom of the form should be changed to the conference information. Submitting it will indicate your conference’s stand that the Book of Discipline should be amended in this way. Only General Conference can amend the Book of Discipline. Annual conferences are not required to debate or to vote on petitions to General Conference. The petition should, however, be printed in your pre-conference materials for consideration if time permits. **Each annual conference may have a different process for General Conference petitions, so for more information, direct your questions to your conference leadership.**

## END NOTES

- 1 <https://www.investopedia.com/financial-edge/0412/the-basics-of-investing-in-foreign-government-bonds.aspx>
- 2 <https://www.loc.gov/law/help/us-treaties/bevans/m-ust000001-0631.pdf>
- 3 <https://www.investopedia.com/financial-edge/0412/the-basics-of-investing-in-foreign-government-bonds.aspx>
- 4 <https://www.wespath.org/humanrights/guideline/>
- 5 [https://www.btselem.org/gaza\\_strip](https://www.btselem.org/gaza_strip)
- 6 <https://www.middleeasteye.net/news/stop-funding-israel-gazas-ahmed-abu-artema-tells-new-yorkers>
- 7 "Report of the Office of the United Nations High Commissioner for Human Rights on the question of human rights in Cyprus : 16th Session, Human Rights Council, United Nations" (PDF). *Office of the United Nations High Commissioner for Human Rights*. 7 January 2011. Retrieved 14 February 2014.
- 8 [https://en.wikipedia.org/wiki/Western\\_Sahara](https://en.wikipedia.org/wiki/Western_Sahara)
- 9 <https://www.opendemocracy.net/en/north-africa-west-asia/world-s-last-colony-morocco-continues-occupation-of-western-sahara-in-de/>
- 10 <https://www.opendemocracy.net/en/north-africa-west-asia/world-s-last-colony-morocco-continues-occupation-of-western-sahara-in-de/>;  
[https://en.wikipedia.org/wiki/Western\\_Sahara](https://en.wikipedia.org/wiki/Western_Sahara)