



Targeted Divestment from Sudan

Frequently Asked Questions

Since 2004, AJWS has been a leader in the movement to end the genocide in Darfur, Sudan. Targeted divestment is an additional tactic in AJWS' ongoing campaign to put real and concerted pressure on the Sudanese government. While many of our elected officials have spoken out in support of actions to stop the violence, diplomatic efforts have fallen far short of what is necessary. Targeted divestment offers an opportunity for citizens to increase economic pressure on Sudan and stop the flow of money that funds the genocide.

What is targeted divestment?

Targeted divestment focuses on companies that directly or indirectly finance the Sudanese government's military campaign against the people of Darfur. Of the 400+ international companies operating in Sudan, about two dozen are currently considered the "worst offending" and are targeted for engagement to change their corporate behavior.

While U.S. sanctions prevent domestically-owned companies from doing business in Sudan, many U.S. corporations, mutual funds and individuals are invested in foreign companies that operate there. Mainly in the oil, energy, mineral extraction or weapons industries, these offending companies provide little to no benefit to Sudanese civilians and have failed to address the genocide in Darfur through corporate action. If such companies prove unresponsive to shareholders' efforts to address their complicity and refuse to change their behavior, shareholders then remove their funds.

How does targeted divestment work?

When institutions divest from companies doing business with Sudan, demand for the companies' shares falls and the share price loses value. When more institutions divest from offending companies, this effect is multiplied. Targeted companies who feel that their investments are threatened may either encourage the Sudanese government to change its behavior or stop their operations in Sudan entirely.

Is targeted divestment the same as the anti-apartheid movement to divest from South Africa?

Since it focuses on the worst offending companies, targeted divestment differs greatly from the "blanket" approach used during the South Africa divestment movement.

Will targeted divestment hurt the general Sudanese population?

Targeted divestment does not affect companies involved in medicine, education, agriculture, consumer goods or the provision of humanitarian aid. While the Sudanese government is profiting greatly from its thriving oil industry, very little of that revenue benefits civilians. In fact, more than 70 percent of the government's oil revenues are spent on defense. Both Amnesty International and Human Rights Watch report that these funds have been used to purchase expensive military equipment like the bombers and helicopters used against civilians in Darfur.

Is targeted divestment effective?

Sudan has proven responsive to economic pressure in the past. In 1997, when the U.S. imposed sanctions on Sudan for sponsoring international terrorism (the regime hosted Osama bin Laden in the 1990s), the Sudanese government responded by breaking up terrorist networks and providing information to U.S. intelligence agencies. A similar divestment campaign in protest of the government's human rights abuses in South Sudan prompted several important oil companies to leave the country in the late 1990s, providing an incentive for the government to enter into peace negotiations to end a 20-year civil war between North and South Sudan.

What has the response been so far?

Companies in Sudan are already responding to shareholder pressure. The Swiss power company ABB decided to halt non-humanitarian business activities in Sudan, citing divestment among the factors in its decision. Siemens AG, the German electronics firm, said it would pull out of Sudan because of "humanitarian" reasons by July 2007. The British firm

Rolls Royce PLC, which supplies equipment to the Sudanese oil industry, announced that it would withdraw its business from Sudan citing "increasing international humanitarian concerns about the situation in Darfur."

The Sudanese government itself has also responded to the divestment movement. In the spring of 2006, the Sudanese embassy authored a press release and an op-ed condemning divestment and placed a six-page ad in the *New York Times* to promote Sudan to foreign investors. These are clearly not the actions of an indifferent regime—Sudan is taking the divestment threat seriously.

In the U.S., several investment firms have created Sudan-free index funds, including Barclays Global Investors and Northern Trust. There are also socially responsible investing firms that are free of offending companies. Four such firms have explicitly screened their portfolios to ensure no holdings in companies that meet the criteria of the Sudan Divestment Task Force: Calvert, Clean Yield Group, Trillium Asset Management and Walden Asset Management. There are also a growing number of Sudan-free mutual funds. While investment in these Sudan-free portfolios expresses shareholder concern, it does not necessarily provide pressure for investment firms to withdraw support from offending companies.

Is it possible for me to get list of targeted companies?

The list of companies targeted for divestment is continuously updated as some companies have responded to pressure and demonstrated a willingness to change their corporate behavior in Sudan. You can find the latest list of the top offending companies on the AJWS Web site at www.ajws.org/darfur.

There are also active campaigns targeting JP Morgan, Franklin Templeton, Fidelity Investments, Capital Group (American Funds), and Vanguard. Fidelity has sold 91% of its PetroChina shares on the New York Stock Exchange, but still has massive holdings through the Honk Kong Stock Exchange. Berkshire Hathaway, once the largest individual U.S. investor in PetroChina, was also targeted for sustained pressure from activists and has now sold all of its PetroChina shares.

Who in the Jewish community supports targeted divestment from Sudan?

In November 2006, AJWS resolved to divest its holdings and became the first national Jewish organization to promote targeted divestment from Sudan. Since then, we have seen growing support for this effort in the Jewish community. Many Jewish institutions have endorsed targeted divestment from Sudan, including:

- American Jewish Committee, Anti-Defamation League, Jewish Council for Public Affairs, Jewish War Veterans of the USA, Jewish World Watch.
- Jewish Federations of Connecticut; Dutchess County, NY; Fort Wayne, IN; Greater Indianapolis, IN; St. Joseph Valley, IN; and Western Massachusetts.
- Jewish Community Relations Councils of Colorado; Fort Wayne, IN; Greater Boston, MA; Greater Los Angeles, CA; Greater Washington, D.C.; Indianapolis, IN; Richmond, VA; San Antonio, TX; San Francisco, CA; Southern NJ; and Youngstown, OH.
- Brandeis University, Reconstructionist Rabbinical College and several synagogues and university Hillels.

Where have Sudan divestment policies been adopted?

As of August 2008, the following 27 states—plus the District of Columbia—have adopted Sudan divestment policies: Arizona, Arkansas, California, Colorado, Connecticut, Florida, Hawaii, Illinois, Indiana, Iowa, Kansas, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Oregon, Rhode Island, South Carolina, Texas, and Vermont. Legislation is now pending in several other states.

Several cities have passed divestment resolutions, including: Los Angeles, CA; San Francisco, CA; Denver, CO; New Haven, CT; Miami Beach, FL; Miami Gardens, FL; Palm Beach Gardens, FL; Newton, MA; Worcester, MA; Edina, MN; St. Paul, MN; Baltimore, MD; MetroWest, NJ; Cleveland, OH; Philadelphia, PA; Pittsburgh, PA; and Providence, RI.

Additionally, many colleges and universities have restricted their investments in Sudan.

For ways to take action, please visit the AJWS Web site, www.ajws.org/darfur.

For an overview of states, cities, universities, companies, and private pensions currently working on Sudan divestment, please visit the Sudan Divestment Task Force Web site at www.sudandivestment.org.