



HOUSING AND LAND RIGHTS NETWORK

Habitat International Coalition

Open Letter to James W. Owens, CEO, Caterpillar Inc.

15 July 2004

James W. Owens
CEO, Caterpillar Inc.
100 NE Adams Street
Peoria IL 61629 USA

Dear Mr. Owens:

It is with much regret that we issue this open letter to you and your company on the moral and legal matter of Caterpillar Inc. consciously abetting practices recognized as war crimes and crimes against humanity.

A conscientious stockholder initiative placed this dilemma on the agenda of the Caterpillar Corporation annual stockholders' meeting in Chicago last April; however, the Caterpillar Board of Directors urged the stockholders to vote down that proposal to review its relationship with the Israeli military for its misuse of Caterpillar products for destructive, colonial purposes. Caterpillar's directors thus suspended the corporation's Code of Worldwide Business Conduct and cynically argued that such matters should be deferred to US foreign policy decision makers.

Before the April 2004 stockholder vote to uphold the Caterpillar Board's support of Israel's illegal use of Caterpillar equipment, it was assumed that international civil society shared with Caterpillar a common principle of minimum civilized conduct. Caterpillar's Code of Worldwide Business Conduct, asserted that "the social dimension of [corporate] responsibility [for] Caterpillar's impacts on the social systems in which we work and live." By this Code, Caterpillar accepted "the responsibilities of global citizenship" and asserted that "Wherever we conduct business or invest our resources around the world, we know that our commitment to financial success must also take into account social priorities."

This foregone principle formed a laudable corporate position and a model for other enterprises, in theory. However, it has degraded beyond recognition, firstly, at the image of Caterpillar equipment on the frontline of Israel's ethnic cleansing of Palestine and, ultimately, with the moral descent of Caterpillar stockholders and directors in April 2004. A wider public now understands more clearly

South Asia Regional Program:

B-28, Nizamuddin East
Delhi 110013
INDIA

Tel./FAX: +91 (0)11 2435-8492
E-mail: sarp@sarp.org

UN Liaison Office:

8, rue Gustave Moynier
1202 Geneva
SWITZERLAND

Tel./FAX: +41 (0)22 738-8167
E-mail: hic-hrc@iprolink.ch

Website: <http://www.hlm.org>

Coordination & MENA Office:

7 Muhammad Shafiq St., No. 8
Muhandisin, Cairo
EGYPT

Tel./FAX: +20 (0)2 347-4360
E-mail: hic_mena@hic-mena.org

Caterpillar's association with these international criminal acts. As consumers, that public is bound to make choices about Caterpillar Corporation and its products, since they have become a trademark of ethnic cleansing, colonization, entrenched international conflict and the unconscionable human costs arising.

Systematic destruction of Palestinian homes by bulldozer since 1948 is perhaps foremost among the destructive Israeli practices throughout Palestine in both physical and socioeconomic terms. This legacy evokes the systematic Israeli depopulation and demolition of 531 indigenous Palestinian villages in the first two years of Israel's proclamation of independence, and a continuum of ethnic cleansing practices ever since.

Since 1987, Israeli authorities arbitrarily demolished over 2,450 Palestinian homes in the West Bank (including Jerusalem), reportedly with Caterpillar equipment, and thus rendered 16,700 people homeless. Some 168,000 Palestinian inhabitants of 28,000 Palestinian homes in occupied Jerusalem remain under similar threat of demolition at any moment. More recently, the UN has reported that, from 1 December 2002 to 31 December 2003, the Israeli army demolished 511 civilian Palestinian homes in the West Bank, of which 77 were shelters of refugees whom, as you well know, Israeli forces previously had dispossessed in population transfer and village demolitions actions since 1948. In the Gaza Strip, the UN also has reported that the Israeli army completely or partially demolished at least 858 homes in 2003, of which 776 were refugee shelters. A total of 15,825 Gazans lost their homes in this way last year. In 2002, the material losses from 1,175 Israel-damaged and destroyed Palestinian homes valued at least \$44,329,225, which deprivation conspicuously bears the Caterpillar corporate logo.

In the Gaza Strip, during 2003 alone, Israeli occupation forces bulldozed 4,480,000 square meters of land with their 132,840 trees, and destroyed five vital water sources belonging to the occupied people. Cumulatively, Israeli forces have leveled 10% of Gaza's arable land in that period, mostly through the use of Caterpillar equipment, including the infamous D-9, D-10 and D-11 bulldozer models that Caterpillar has sold to the Israeli army without compunction.

Israel conducted most of its bulldozing destruction last year in the path of its annexation/separation barrier that snakes through the West Bank, and that the International Court of Justice condemned in its Advisory Decision on 9 July, calling on the international community "not to render aid or assistance in maintaining the situation created by such construction" (pp. 4, 58). The wall's construction has involved uprooting hundreds of thousands of olive, citrus and other fruit trees, representing the livelihood of the indigenous communities; destroying at least 806 wells and 296 agricultural warehouses; tearing up 2,000 roads and blocking thousands of others with concrete and earthen mounds. According to the World Bank, this inflicted on Palestinian agriculture \$217 million worth of destruction in 2003 alone. Local monitors attribute much of this to the implementation of Caterpillar equipment, expressly at the time in which Caterpillar's directors and stockholders voted their consent to it. Less than one month after Caterpillar's annual stockholders consented to the practice, Caterpillar's Israeli clients invaded the Gaza Strip under dubious military pretenses and demolished 100 Palestinian homes between 10 and 14 May alone, making the inhabiting families of 1,160 people homeless.

Much of the world was shocked just over a year ago when a Caterpillar bulldozer served as the instrument to murder a human shield, namely, 23-year-old Rachel Corrie. She was a solidarity volunteer from Olympia, Washington, defending a Gaza home against its arbitrary destruction by Caterpillar-equipped Israeli occupation forces. On 16 March 2003, the Israeli authorities

commemorated the anniversary of Rachel's murder with the ultimate Caterpillar-driven destruction of the very home she tried to protect in 2003. Caterpillar directors and stockholders can either embrace it or lament it, but they can never deny that a significant portion of responsibility for the criminal use of their products increasingly lies with them, particularly under light of recent corporate decisions.

The population transfer policy and practice of Caterpillar's Israeli partners also includes the implantation of settlers and settlements. Population transfer and demographic manipulation of the region form the composite of the Caterpillar-facilitated destruction of individual Palestinian family homes so commonly reported in the media. Since World War II, such practice has been codified in international law as a war crime and a crime against humanity, and is recognized among the list of crimes within the jurisdiction of the International Criminal Court. Israel's current practice of destroying lands and livelihoods with Caterpillar equipment has reached such a sinister level as to constitute food deprivation as a weapon. This concern was the subject of the UN Special Rapporteur on the right to food's unheeded letter to you on 18 May 2004.

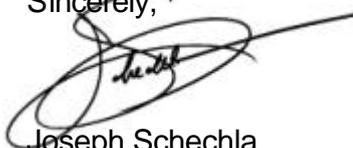
It is essential that a company so publicly identified with both ethnic cleansing *and* self-acclaimed social responsibility take a more-responsible stand in the interest of its own integrity. Today, Caterpillar faces an inescapable choice, precisely because its Israeli customers have helped widen the chasm of the corporation's ethical contradictions. What invokes as much disappointment as disgust is the fact that Caterpillar holds the capacity, the resources and—above all—the opportunity to do the right thing, but deliberately does not.

We ask that Caterpillar's CEO, directors and stockholders take the necessary, responsible step to restore their plummeting moral stock by *ad minimum* formally, visibly and effectively denouncing their clients' illegal and criminal use of Caterpillar products. This includes conscientious cooperation with defenders and monitors of human rights as an alternative to disingenuous deference to foreign policy makers notorious for failing to uphold the human rights provisions of the Foreign Assistance Act (1961).

Of course, a morally and legally grounded position by Caterpillar would have meaning only if it also accompanied the cessation of further sales and/or transfer of Caterpillar equipment and spare parts to those who have abused them at a cost to Caterpillar's public reputation, foremostly including Israel. That naturally calls for refraining from the sale of Caterpillar equipment and parts to the "Israel Defence Forces," the Jewish National Fund, Jewish Agency and World Zionist Organization and their affiliates, particularly as all officially act on behalf of the State of Israel and engage in illegal population transfer and colonization practices.

We remain ready to provide further information on any of these issues, in order to clarify Caterpillar's corporate responsibility. We also look forward to further correspondence with Caterpillar Inc. toward its initiative to restore its waning integrity and, instead, use its resources, capacities and opportunities actually to build a better world.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joseph Schechla', written over a large, stylized circular flourish.

Joseph Schechla
Coordinator