



## What is Costco?

Costco is a membership club warehouse chain.<sup>1</sup> Costco limits its profits to 15 percent through high volume contracts with producers and by minimizing product display expenditures. Its prices for consumer goods, groceries, prescription drugs, optical products, insurance policies and leisure travel packages are thus lower than its competitors. Costco claims 57.4 million members worldwide, and its membership fees constitute most of the company's profits.<sup>2</sup> Costco has 425 warehouses in the US, 81 in Canada and dozens in the UK and other countries. According to CNNMoney, Costco posted annual profits of \$1.3 billion in October 2010 on sales of \$77.9 billion.<sup>3</sup> At an international level, it is the ninth largest chain of its type.

## How is Costco bolstering Israel's colonial expansion and its economy?

Costco sells a variety of products made by Keter Plastics, an Israeli-owned company with plants in two illegal Israeli colonies established within the occupied West Bank, as well as plants within Israel.<sup>4</sup> The products include Keter fence and gate kits, "Summit" shelving and storage items, "Magic Villa" playhouses and "Apex" shelving and sheds.

In addition, Costco sells numerous Israeli products, including:

- Israeli fresh produce and processed food products: Jaffa brand clementines; Carmel dates, and dates produced by other Israeli companies, often misleadingly labelled as "Mediterranean" dates; other fresh produce by Carmel, Israel's leading fresh produce brand name; Osem Pearl couscous.
- Israeli-manufactured items: EduShape toys and playsets; Tiny Love soft toys and playtime accessories.

Costco also sells Sabra brand hummus, made in the US by Sabra Dipping Company LLC, which is 50 percent owned by the Israeli company the Strauss Group. The Strauss Group is Israel's second largest food and beverage company. It is widely touted as one of the great successes of Israeli industry and has very close ties with the Israeli military.<sup>5</sup>

## Why boycott Costco?

By selling products from Israeli colonies, Costco is accepting, legitimizing and profiting from the Israeli occupation and the establishment of the illegal Israeli colonies in the occupied territories. This is in direct violation of Article 3 (Section C) of the UN Norms on the Responsibilities of Transnational

Corporations and Other Business Enterprises with Regards to Human Rights, which clearly states that "business enterprises shall not engage in nor benefit from war crimes, crimes against humanity... other violations of humanitarian law and other international crimes against the human person as defined by international law, in particular human rights and humanitarian law."<sup>6</sup>

The establishment of colonies and colonial infrastructure on occupied territory is illegal under international law. This is articulated in the Fourth Geneva Convention (Art. 49, p. 6), and in the Rome Statute of the International Criminal Court, which considers the transfer of a population to occupied territories a war crime.<sup>7</sup>

It should also be noted that in July 2005, over 170 Palestinian civil society organizations called on the international community to boycott Israeli products in order to promote recognition of the Palestinians' right to self-determination. The Palestinian call asked for a boycott of any business or institution participating "directly or indirectly" in the Israeli military occupation of Palestinian territories. Thus, social justice-minded Canadians should boycott Costco to pressure it to stop stocking Israeli products.

## Does selling Israeli products violate Costco's code of conduct?

Yes. Costco's Code of Conduct commits it to respecting all laws, including, presumably, international law. It also contains a Supplier Code of Conduct prohibiting suppliers from, among other things, using "illegal child labor."<sup>8</sup> The code also says that Costco expects its suppliers "to comply, at a minimum, with the applicable labor and environmental laws and regulations of the country where the merchandise is produced."<sup>9</sup> However, the infringement of Palestinian and Israeli child labour and minimum wage laws in Israel's illegal colonies in the Jordan Valley is common. Colonists (a.k.a. "settlers") avoid complying with Palestinian and Israeli laws by recruiting through subcontractors, so that the colonists have no direct contracts with minors and other Palestinians working in their factories, who have no official employee status or rights. In 2007 the Israeli Ministry of Trade and Industry extended the minimum wage law to include Palestinians employed in Jewish settlements, but no authority has enforced it. Despite this, while the legal minimum wage in Israel is \$5.51 an hour, Palestinians working in settlements earn \$2 an hour or less.<sup>10</sup>

Furthermore, with regards to environmental law infringements, at least one of Costco's Israeli suppliers, Keter, has a plant in the Barkan industrial zone. Barkan's industrial waste is discharged into the waterways and lands near the Palestinian village of Salfit.<sup>11</sup> This waste affects nearby occupied Palestinian populations who rely on the polluted farmland for produce, and on surrounding rivers for irrigation.<sup>12</sup> Environmental standards for businesses are not enforced in the Israeli-occupied Palestinian territories, and some of Israel's "dirtiest" businesses are located to the West Bank as a consequence.

## When should the boycott of Costco end?

The boycott of Costco will end when Israel ends its occupation of Palestinian territories (and its concomitant violations of international law), or when Costco stops carrying products from Israel and its colonies.

## How can I pressure Costco to stop enabling Israel to harm Palestinians?

Concerned individuals and groups can visit the CJPME Website for additional tools to pressure Costco to stop stocking products from Israel or produced by companies that benefit or facilitate the occupation:

- CJPME encourages individuals to use CJPME's Costco action alert at [www.cjpme.org/consumerboycott.htm](http://www.cjpme.org/consumerboycott.htm) to send their complaints and questions to the Costco warehouse executive managers in each province.
- A selection of letter templates is available on the CJPME Boycott site at [www.cjpme.org/consumerboycott.htm](http://www.cjpme.org/consumerboycott.htm)
- Also, a mechanism to bring together the shareholders of Costco is set up on the CJPME Boycott site <http://www.cjpme.org/bds.htm> to prepare for possible shareholders-based initiatives to pressure Costco.

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<sup>1</sup> See Wikipedia website: <http://en.wikipedia.org/wiki/Costco>

<sup>2</sup> IssaquahPress.com. "Japan earthquake hits Costco operations," March 15, 2011

<sup>3</sup> CNNMoney, "Costco Wholesale Corp," June 23, 2011.

<sup>4</sup> CJPME Factsheet. "Boycott Campaign: Home Depot," January 2011.

<sup>5</sup> Adalah-NY: The New York Campaign for the Boycott of Israel. "Help end Israel's human rights abuses. Boycott Israel now. Israeli brands sold in the US. Sabra hummus." Accessed June 23, 2011. In 2010 the Strauss Group "adopted" the Golani Brigade, an "elite" Israeli army unit with a history of grave human rights abuses. As well, right-wing extremist Yigal Amir, who assassinated Israeli PM Yitzak Rabin in retaliation for Rabin's signing of the Oslo peace accords, is a former member of the Golani Brigade.

<sup>6</sup> United Nations: Economic and Social Council, "Norms on the responsibilities of transnational corporations and other business enterprises with regard to human rights," E/CN.4/Sub.2/2003/12/Rev.2

<sup>7</sup> "Settlements and International Law," Settlement Report vol. 12 no. 7, Foundations for Middle East Peace, March, 2002

<sup>8</sup> Costco. Investor Relations. Corporate governance and citizenship. Supplier Code of Conduct. <http://phx.corporate->

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<sup>9</sup> Costco. "Code of Conduct." Accessed June 23, 2011.

<sup>10</sup> Palestine Monitor. "Child labour in Jordan," October 30, 2010.

<sup>11</sup> Office for the Coordination of Humanitarian Affairs (OCHA) Integrated Regional Information Networks (IRIN). "Israelis, Palestinians see eye to eye on fly tipping in West Bank," Aug. 30, 2007.

<sup>12</sup> The Palestine Telegraph. "Palestine - An Israeli Dumping Ground for Radioactive/toxic Waste," Peter Eyre, June 8, 2010.