

Avon Pension Fund Committee – 13th December 2024

Statement from Dave Searby

The Avon pension fund has a responsibility to manage the members funds to maximise returns in future. Maximising returns means minimising risks.

In June 2023, The UK govt, in the guise of Department for Business & Trade and Foreign and Commonwealth office updated their guidance on Overseas business risk in Israel. Note that this was before the terrible events of October 7th 2024 and the judgements of the ICJ, which will have hugely increased the risk outlook.

I quote from section 2 of the report:

“The UK has a clear position on Israeli settlements: The West Bank, including East Jerusalem, Gaza and the Golan Heights have been occupied by Israel since 1967. Settlements are illegal under international law, constitute an obstacle to peace and threaten a two-state solution to the Israeli-Palestinian conflict. We (the UK govt) will not recognise any changes to the pre-1967 borders, including with regard to Jerusalem, other than those agreed by the parties.

There are therefore clear risks related to economic and financial activities in the settlements, and we do not encourage or offer support to such activity. Financial transactions, investments, purchases, procurements as well as other economic activities (including in services like tourism) in Israeli settlements or benefiting Israeli settlements, entail legal and economic risks stemming from the fact that the Israeli settlements, according to international law, are built on occupied land and are not recognised as a legitimate part of Israel’s territory. This may result in disputed titles to the land, water, mineral or other natural resources which might be the subject of purchase or investment.

UK citizens and businesses should be aware of the potential reputational implications of getting involved in economic and financial activities in settlements, as well as possible abuses of the rights of individuals. Those contemplating any economic or financial involvement in settlements should seek appropriate legal advice.”

And the commercial world sounds a similar tune

The January 2024 Country Risk Report for Israel in Israel, from the prestigious Allianz group includes the following conclusions.

Again, I quote:

The ongoing conflict is expected to have severe, short-term consequences, affecting private consumption, labor supply and foreign investors’ confidence

Internal tensions and prolonged hostilities exacerbate political uncertainty. Trust issues with international allies and potential internal dissatisfaction pose challenges to the government

Anticipated military spending in 2024 may lead to a deficit of over 6% of GDP, contributing to public debt nearing 70%. This could impact government bonds and economic sustainability

Without a clearly written constitution, it is especially important for Israel to keep the judiciary separate from the executive and legislative branches. The internal tensions that emerged in the first nine months of 2023 and the prospect of a prolonged conflict around Israel's borders portend greater political uncertainty, political developments linked to the person of Prime Minister Benjamin Netanyahu and a general deterioration of political risk in the country.

I put it to you that if the Avon Pension fund is looking to minimise commercial and legal risk, it needs to eliminate investments in the occupied territories and in companies involved in the supply of weapons to Israel.

[Overseas business risk: Israel - GOV.UK](#)

[Allianz | Country Risk Report Israel](#)