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Sarna, A. J.

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BOYCOTT AND BLACKLIST

*A History of Anti-
Economic Warfare Against Israel*

XARON J. BARNES

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BOYCOTT AND BLACKLIST

A History of Arab
Economic Warfare Against Israel

AARON J. SARNA

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To
My Wife,
Shelley

"And the teaching of loving-kindness is on her tongue."
Proverbs 31:26

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INTRODUCTION

For almost a century, the Arabs have waged economic war against the Jews in the Middle East. Originally, its purpose was to help prevent the restoration of the historic Jewish homeland in the land of Israel. Following the establishment of the State of Israel in 1948, the Arab world practiced economic warfare as part of an overall military effort to eliminate this state from its midst.

Increasingly, as the military option proved to be ineffective, reliance was placed on economic warfare to block the development of a viable Jewish state. The League of Arab States, a regional organization formed in 1944 to promote pan-Arab unity, was entrusted with formulating the strategy of this economic war. Under its auspices, the collective Arab world and individual Arab states resorted to a policy of boycott, blacklisting, and intimidation not only against Israel, but also against governments, companies, organizations, and individuals around the globe considered to be pro-Israel. While this policy has failed in attaining its objective, it has nonetheless achieved considerable success in retarding the economic development of Israel chiefly through coercing foreign parties to act as enforcers of the Arab League program. This has been made possible by the vast endowment of petroleum resources in Arab nations and the concomitant purchasing power derived therefrom.

The Historic Dimension

Boycotts and blacklists have long been familiar to the Jews as part of the anti-Semitic terror visited upon the Jewish people throughout their almost 2,000-year exile from Israel. From Roman times until the present era, the history of the Jews abounds with prolonged periods of anti-Jewish legislation and violence designed to cripple Jewish economic life. Living under the constant threat of pogroms, expulsions, and forced conversions, Jews attempted to earn their livelihood as best they could. Often, this was made even more difficult by the restrictive ordinances that prohibited Jews from following various occupations. In fifteenth-century Spain, for example, Jews were forbidden to serve as ironmongers, shoemakers, tailors, barbers, butchers, or rag dealers. In Cologne, the guilds succeeded in banning Jews from almost all industrial occupations. Discriminatory taxation, prohibitions on land purchases, and enforced confinement to ghettos were also enacted against Jews. Jewish traders were forced to wear a yellow badge to denote their identity. In the Western world, Jews were denied the benefits of citizenship until the mid-nineteenth century with respect to the right to vote, the holding of public office, employment, and entrance into schools of higher learning. Where progress was made in integrating Jews into nation-state systems, a *numerus clausus* was usually introduced limiting the quantity of Jews permitted to enter universities and the professions.

In the two decades leading up to World War II, anti-Jewish boycott agitation reached a frenzy in Nazi Germany and Eastern Europe. Jews were blamed for rampant inflation and high unemployment. In 1933, uniformed Nazi pickets appeared in front of Jewish shops, attacking their customers and painting anti-Semitic slogans on their windows. Offices of Jewish doctors, lawyers, and engineers were also picketed — and soon forced to close altogether. Star of David armbands became mandatory for German Jews. By 1938, a peak was reached in the Nazi economic terrorization of German Jews. On the night of November 9, widespread attacks on Jews, Jewish-owned property and houses of worship were mounted throughout Germany and Austria. In the course of this rampage, which was called *Kristallnacht* or “Night of the Broken Glass,” some forty thousand Jews were beaten by mobs, arrested, and deported to concentration camps. Hundreds of dwellings and synagogues were fire-bombed, and nearly a thousand Jewish-owned shops were destroyed. Jews were quickly wrenched from the fabric of the German economy, which became “aryanized.” These anti-Jewish outrages spread to Eastern Europe, particularly Poland, where Jews were boycotted and pressured to emigrate to Palestine. The end result of these measures was the mass murder of six million Jews by the Nazis and their European collaborators.

Insofar as the Arab world is concerned, Jews were historically categorized as *dhimmis*, subjects guaranteed their lives in return for the acceptance of civil disabilities. These included confinement to mellahs or ghettos; distinctive dress such as the yellow badge; discriminatory taxation; and deference to Moslems by not walking on sidewalks, living in elevated dwellings, riding horses, or praying loudly. Persecution of Jews under Arab rule was frequent. In the twentieth century, the rise of Arab nationalism, combined with traditional perceptions of the Jew, led to a bitter confrontation and the emergence of an autonomous Jewish presence in the heart of the Arab world. Economic boycotts, which figured prominently in this confrontation, have endured to the present time.

This brief historical perspective is necessary for two reasons: first, to appreciate the special poignancy attached to the State of Israel, as a Jewish state, by the fact of its subjection to an economic boycott in modern times and second, to recognize the influence that ancient attitudes can exert in modern statecraft. The latter is particularly essential for an understanding of the discriminatory religious requirements of the Arab economic boycott of Israel that are dealt with in detail in this work.

The insights provided by history enable the reader to gain an initial acquaintance with the unique character of the Arab boycott — a subject which is a central theme of this book and is discussed in detail. By way of introduction, the comment of Professor Christopher Joyner of George Washington University is worth noting: “Of all the contemporary boycotts, the League of Arab States’ boycott against Israel is, ideologically, the most virulent; organizationally, the most sophisticated; politically, the most protracted; and, legally, the most polemic.”¹

PART ONE

HISTORY, PRACTICE,
AND IMPACT

ORIGINS OF THE BOYCOTT

The modern institution of the Arab boycott of Israel has its roots in the closing years of the nineteenth century, when world Jewry undertook political action to return to Zion, its ancient homeland in the Middle East. The reasons for the Jewish undertaking were based on immediate considerations of physical security in light of the life-threatening dangers posed by anti-Semitism as well as on the spiritual need to redeem the Jewish nation from its almost 2,000 years of exile from the land of Israel.¹

There had been a continuous pattern of Jewish settlement in the Holy Land since the destruction of the Second Temple in 70 C.E., particularly in the four sacred centers of Tiberias, Hebron, Safed, and Jerusalem (where Jews constituted the majority). The size of this population, however, did not exceed thirty thousand until the final quarter of the nineteenth century, when Jewish immigration from Europe began in earnest. The Arabs of Palestine,* as Israel was then called by the European nations, were hostile to this development. In 1891, they requested the Ottoman rulers to halt Jewish immigration and forbid land sales to the Jews. A boycott of goods produced and sold by Jews was proposed in 1908 by the Arabic newspaper in Jaffa, *al-Asmai*. The editor of the Haifa newspaper *al-Karmil*, Najib Nassar, attempted to organize an economic boycott in 1911. He urged local Arabs not to rent homes to Jews or to trade with them.²

The imminent collapse during World War I of the Ottoman Empire, which had ruled both the Holy Land and Arab territories since the sixteenth century, provided both Jews and Arabs with concrete opportunities to regain their lands. These opportunities were made available by Britain.

On November 2, 1917, British Foreign Secretary Arthur Balfour issued a declaration of sympathy with Zionist aspirations on behalf of His Majesty's government. The declaration stated that Britain viewed with favor the establishment in the Holy Land of a national home for the Jewish people on condi-

*Arab settlement of the Holy Land only began in the seventh century C.E., when the Arab nation wrested it from Byzantine rule during its imperial expansion beyond the borders of its homeland in the Arabian Peninsula.

tion that the civil and religious rights of existing non-Jewish communities be respected. In 1922, the League of Nations also recognized the historic connection of the Jewish people with the Holy Land and the need to reconstitute its national home in that territory. With the defeat of the Ottoman Empire in World War I, the League established Britain as the mandatory power over the territory of the Holy Land and entrusted it with putting into effect the Balfour Declaration. Specifically, the League mandate required Britain to secure the establishment of the Jewish national home through the development of self-governing institutions, the safeguarding of civil and religious rights of all the inhabitants, and facilitating Jewish immigration and land settlement.

The Arab people had dreamed of a return to the days of their empire in the Middle East prior to their defeat at the hands of the Ottoman Turks. The British promised to create an Arab state in the Middle East once the Ottoman Empire was defeated. Palestine and Lebanon were to be excluded because of their respective historic Jewish and Christian characters.

Accordingly, leading Arabs initially welcomed the return of the Jews to Zion.³ The spokesman of the Arab nationalist movement, Emir Feisal, saw in the creation of a Jewish homeland an indispensable ally for the development of a projected Arab state encompassing the Arabian Peninsula, Syria, and Iraq. Also, Feisal gave recognition to the economic prosperity the Jews would bring to the Arab population of the Holy Land. In the agreement signed between Feisal and Dr. Chaim Weizmann, leader of the Zionist Organization, on January 3, 1919, both sides pledged the closest possible collaboration in the development of their respective patrimonies. Large-scale immigration of Jews into Palestine was agreed upon, and the Zionist Organization was required to survey the economic prospects of both Palestine and the envisaged Arab state* and to report upon the best means for their development.

The correspondence of Feisal with the American Zionist professor Felix Frankfurter, dated March 3, 1919, underlines the initial philo-Semitic outlook of this Arab leader. In his letter, Feisal highlights the parallel aspirations of the Jews and Arabs in reestablishing their nationhood in their own respective homelands. Jews and Arabs are termed "cousins in race," having suffered similar oppressions at the hands of powers stronger than themselves. The Arabs, especially the educated among them, are said to "look with the deepest sympathy on the Zionist movement [and] wish the Jews a most hearty welcome home." In closing, Feisal urged that irresponsible leaders on both sides not be permitted to halt the movement toward mutual cooperation.

*The projected pan-Arab state did not emerge after World War I due to opposition from Arab nationalists, who favored a series of independent Arab states, and the desire of Britain and France to partition the Arab world into respective spheres of influence. By the time the Jewish state was re-established, six new Arab states had become independent—Syria, Iraq, Saudi Arabia, Lebanon, Egypt and Trans-Jordan. A total of twenty-one Arab states are now in existence.

Cooperation Gives Way to Conflict

Palestine, which had never been an independent entity since the exile of the Jews, historically had been incorporated into Syria. Nationalist sentiment arose in Syria, asserting the principle that Palestine was an integral part of Syria. At the same time, unfounded fears were propagated by the leaders of the Arabs in the Holy Land that the influx of Jews would lead to the demise of their way of life. Pressures built up on the British to create an independent Arab state in the Holy Land. As a result, an intense animosity developed against the foundation of the Jewish homeland, leading to the termination of Feisal's cooperation with the Zionist movement.

Throughout the duration of the British mandate, Arab hostility grew more extreme and was marked by plundering of Jewish property, massacres of Jews, and open warfare. Arab extremists, led by the British-appointed mufti, Amin el-Husseini, opposed increasing Jewish immigration to the Holy Land as well as land sales to Jews.

The attitude of successive British governments was to avoid any active implementation of the Balfour Declaration and the League mandate. This abnegation of international and moral obligations was justified in terms of maintaining a secure sphere of influence in the Arab Middle East, in order to safeguard British control over the routes to the Suez Canal and India. Notable measures to appease the Arabs were the frequent suspensions of Jewish immigration and the severing of eastern Palestine, constituting 75 percent of the denoted Jewish national home under the Balfour Declaration, from the scope of the League Mandate in 1922. A new entity known as Trans-Jordan was created, placed under Arab rule, and barred to Jewish settlement. In further appeasement of Arab nationalism British mandate authorities prevented Jews from exercising their right to self-defense against mounting Arab violence and allowed Arab nationalist gangs to rampage virtually unchecked.

Following Arab pogroms of Jews in 1920 and 1921, the boycott weapon was further developed as a major instrument in the campaign against Jewish settlement. In 1922, the Fifth Palestine Arab Congress passed a resolution calling on Arabs to boycott Jewish businesses. This policy was widely adopted in western Palestine in 1929, a year of bloody outbreaks of Arab violence against Jews incited by the mufti. Rumors had been circulated among the Arab populace that the continuing worship by the Jews in Jerusalem at the Western Wall, the last remnant of the Second Temple and their most sacred shrine, would lead to the tearing down by the Jews of the Moslem holy places, particularly the adjacent Mosque of Omar and the rebuilding of the ancient Jewish Temple on its site. In August, Arab mobs attacked the Jewish quarter of Jerusalem, pillaging and slaughtering. The worst massacres occurred in Hebron and Safed, where mainly elderly Jews, *yeshiva* students, women and children were the victims. In September, Arabs were called upon to cease all commercial relations with Jews. A fairly typical example of such proclamations was the one issued by

Jerusalem Arab students through the auspices of the Moslem Supreme Council:

If you are concerned in the life of your country and in your future, keep away from the Jew who has killed your innocent Arab brethren with weapons purchased with the money you paid in buying his goods and which he intends to utilize for the acquisition of the land remaining in your hands in order to drive you away from your Fatherland. Know that in buying from a Jew you will yourself work for the extermination of your life and your country with your own hands and will betray your Fatherland and religion. Therefore, you Arab, either Moslem or Christian, win the confidence of your people and boycott the Jews by buying nothing from him except land and by selling him everything except land. Remember always the words of the upright Caliph Omar Ben Khutab who said: "The foreigners shall overcome you in trade which is one third of domination . . ."

O Arab! Remember that the Jew is your strongest enemy and the enemy of your ancestors since olden times. Do not be misled by his tricks for it is he who tortured Christ, peace be upon him, and poisoned Mohammed, peace and worship be with him. It is he who now endeavours to slaughter you as he did yesterday. Be aware that the best way to save yourself and your Fatherland from the grasp of the foreign intruder and greedy Jew is to boycott him and support the industry of your Fatherland . . .⁴

To enforce the boycott, Arab leaders such as Hamdi Husseini organized pickets to prevent their brethren from entering Jewish stores. Those that had managed to enter such shops were attacked upon leaving, their merchandise was destroyed, and they were forced to return to the stores and request a refund. If Jewish shopkeepers refused, their store windows were smashed.⁵

The boycott became a pan-Arab issue at an October 27 congress of 800 Arabs from western Palestine, Trans-Jordan, Syria, Iraq, and Egypt. The congress vowed to boycott all Jewish merchandise and to compel other Arabs to do the same. Other resolutions dealt with suspension of further Jewish immigration, withholding of land for sale to Jews, and support for Arab merchants and industry.⁶ The latter took advantage of the boycott to force up prices by 20 to 30 percent.

By December, the boycott had spread to Syria, where importers halted purchases of Jewish-made knitwear and other goods valued at \$250,000 annually.⁷ Further external support for the Arab boycott was obtained at the World Islamic Congress held in Jerusalem on December 11, 1931. The Congress adopted a resolution requesting Moslem states to boycott trade with Jewish Palestine.⁸

In 1932, Arab youth groups in the Holy Land enforced a boycott against the Tel Aviv-Levant Fair organized by Jews, and in March 1933 the Arab Executive Committee resolved to boycott both British and Zionist goods.⁹ In October 1934, the Arab Labor Federation decided to picket Jewish enterprises and to conduct an anti-Jewish boycott.¹⁰

With the rise of Nazi Germany in 1933, larger numbers of Jewish immigrants reached the Holy Land, arousing stronger Arab fury. A peak in Arab terrorist activities occurred during 1936 and 1937 initiated by Syrian and Iraqi gunmen. Several thousand Arabs also fell victim to indiscriminate bombings. A new pan-Arab congress was held at Bludan, Syria, in September 1937, at which representatives from Lebanon and the Hejaz participated for the first time. Resolutions were passed demanding the repeal of the Balfour Declaration and a boycott against Jews as a patriotic duty. Unless Britain altered its policy, a boycott of British goods by Arab and Moslem countries was threatened.¹¹

Under international pressure, Britain firmly suppressed the Arab violence, expelling el-Husseini, the principal instigator. At the same time, Jewish immigration was severely restricted up to and throughout World War II. As a consequence, Arab boycott activity diminished in importance.

The Birth of the Arab League

In March 1945, the League of Arab states was formed among the newly independent and semi-autonomous Arab states (Egypt, Lebanon, Syria, Trans-Jordan, Iraq, Yemen, and Saudi Arabia) to promote pan-Arab cooperation in the political, military, economic, and social spheres. The League had received strong support from Britain, which regarded it as a means of maintaining continuing influence in the Middle East.

The League's constitution included a declaration on Palestine, which was said to form an integral part of the Arab world. It envisaged the creation of an independent Palestinian Arab state. To this end, the League sought to combat the development of the Jewish national home. A resolution of the League Council of December 2, 1945 urged both member states and Arab territories not yet members to prohibit the importation and use of "the products of Jewish industry in Palestine" effective January 1, 1946.¹² The League's Secretary, Abdul Rahman Azzam Bey, justified the boycott on the grounds that Jewish industry in Palestine was based on "Zionist funds, collected in foreign countries to serve a political purpose: the establishment of a Jewish national home and state in Palestine." On January 23, the Jewish Agency, the representative body of Palestinian Jews, protested to the United Nations against this economic warfare and appealed to it to inform the Arab states that their action was contrary to the provisions of the UN Charter.¹³

A Permanent Committee to supervise the implementation of the League resolution was set up in Cairo in January. It recommended that every Arab state establish national boycott offices to give effect to the League resolution. The Council of the League adopted this recommendation in Resolution 70 on June 12 and agreed to strengthen the boycott machinery by: requiring certificates of origin; allocating 50 percent of the value of confiscated goods to customs offi-

cials; and prohibiting the use of Jewish banks, insurance companies, contractors, and transport in the Holy Land.¹⁴ Resolution 68 of the Council declared that propaganda should be carried out “to make the boycott of Zionist goods a creed of the Arab nations so that each Arab might preach it enthusiastically to all.”¹⁵

The member states of the League all proceeded to enact administrative and legislative measures to apply the boycott. Special import licenses were generally required to import goods of Palestine origin. Syria enacted legislation forbidding the importation, distribution, or smuggling of “Zionist goods.” Offenders were liable to penalties varying from imprisonment with forced labor to capital punishment. Lebanon prepared legislation providing up to fifteen years imprisonment for traders in “goods produced by Zionist hands in Palestine” and life sentences for habitual offenders. Saudi Arabia requested the foreign petroleum companies operating in its territory not to employ Jewish labor. In August 1947, a conference called by King Ibn Saud at Riyadh attended by the emirs of Bahrain and Kuwait decided to prohibit the passage of Zionist goods through the Gulf of Basrah and Arab ports under their control. Egypt prohibited the handling of Palestinian goods in transit at any Egyptian port or free zone. The Trans-Jordan Medical Association called on the public not to frequent Jewish doctors or use “Jewish medicines.” On March 25, 1947, the Iraqi Parliament published the following resolution: “The export of raw materials used by Zionist factories is forbidden, whether such materials are of Iraqi origin or pass through Iraqi territory in transit. This is in addition to the absolute boycott of Zionist imports.”¹⁶ In the Holy Land itself, the Arab Higher Committee set up central and local boycott committees, which conducted propaganda campaigns among the Arab population and appointed special pickets to supervise Arab shops and markets and to keep Arab customers away from Jewish shopping centers. Arab newspapers published the names of boycott breakers. An Arab underground organization, al-Houriah, claimed responsibility in September 1947 for the bombing of five Arab stores that had violated the campaign against selling Jewish products.¹⁷

With the creation of the State of Israel on May 14, 1948 following the expiration of the British Mandate, the armies of Egypt, Lebanon, Syria, Iraq, and Trans-Jordan launched an invasion of the new state in an attempt to quickly crush it. Denying the validity of the UN General Assembly’s decision of November 29, 1947 in favor of the partition of western Palestine into Jewish and Arab states, the Arab League banned all commercial and financial transactions between Israel and the Arab states. Postal, radio, and telegraphic communications were cut off and a land, sea, and air blockade was imposed. The Egyptian government inspected every ship using the ports of Alexandria, Port Said, and Suez and confiscated goods of Israeli origin. Proclamation 38 of July 1948 set up a Prize Court in Alexandria authorizing the seizure of cargoes shipped directly or indirectly to institutions or persons in Israel. These regulations were supplemented by a decree issued on February 6, 1950, providing for

search and confiscation procedures for Israel-bound goods on ships and airplanes.¹⁸

In August 1950, the Political Committee of the Arab League recommended the appointment of a boycott commissar to be assisted by deputies acting as liaison officers and appointed by each member state. On May 19, 1951, the League Council adopted this recommendation in Resolution 357 and decided to set up a central boycott office in Damascus with branch offices in member states.¹⁹

With the attempt to destroy Israel militarily a failure, the League's new boycott machinery embarked upon a thirty-five-year campaign to execute Arab aggressive designs against Israel through intensified forms of economic warfare. One observer noted that the boycott had been the most effective means the League had found to wage its "cold war" against Israel.²⁰

THE GLOBAL ASSAULT

Since the rebirth of the State of Israel in 1948, Arab economic warfare against this nation has been characterized by two remarkable developments. The first is the comprehensive globalization of this campaign, which has constituted one of the most enduring assaults against international law in the twentieth century. More unsettling, however, is the second one — the failure of the international community effectively to challenge its illegal and discriminatory application until the late 1970s.

In examining the history of the Arab attempt to destroy Israel by sabotaging its economic ties with the rest of the world, one is struck by the boldness and logic permeating Arab actions. For example, in the early years of modern Israel's existence, there was every reason to believe from the Arab point of view that the fledgling state would not be able to maintain itself without extensive dependence on foreign trade, capital, and development assistance. The new Jewish state, after all, consisted of what seemed largely a broken people — shattered survivors of Hitlerian death camps and refugees from Fascist and Islamic massacres. Moreover, the lack of action on the part of the international community as a whole to prevent the virtual annihilation of European Jewry during World War II was taken as an indication by the Arab world that its global strategy to cripple and demolish the Jewish state would meet with little, if any, active international resistance. This was very early borne out by the UN's inability to enforce its resolutions against Egypt's blockade of maritime trade with Israel and the tame submission of foreign governments and firms to the dictates of Arab boycott offices.

In the persistence and, indeed, the intensification of Arab economic warfare after Israel had shown the world it could be self-reliant economically, one must note the influence of Islamic ideology. In Arab eyes, the very idea of Jews being able to withstand the combined might of the Arab world for any length of time was considered implausible given the inferior destiny predicted for them by the Islamic world view. The Arab failure to devastate Israel in the 1948 war was therefore seen as an aberration made possible only by temporary disunity in the Arab camp. Accordingly, the more Israel grew and prospered, the greater its "offense against nature" appeared in the Islamic perspective.

Efforts by various Arab leaders to breach Arab League solidarity in the economic war against Israel therefore have encountered a fierce reaction. In 1951, King Abdullah of Jordan was assassinated shortly after concluding an agreement with Israel providing for normal trade and travel between the two countries and a free port zone in Haifa for Jordan.¹ An economic boycott of Egypt was declared by the Arab League in 1979 following the signing of the Israel-Egypt Peace Treaty by President Sadat, which opened up the Suez Canal to Israeli shipping and required Egypt to terminate its participation in the Arab economic boycott of Israel. The global assault of the Arab economic war against Israel is highlighted in this chapter.

Blockade of the Suez Canal and the Gulf of Aqaba

The earliest manifestation of the global character of the Arab economic boycott of Israel was Egypt's decision on May 15, 1948 to search the ships of all nations passing through the Suez Canal and Egyptian ports for goods destined for or originating from Israel. In the Embargo Act of February 6, 1950, Egypt declared that certain goods consigned to Israel were deemed "war contraband" and subject to automatic seizure. Initially, these goods comprised materiel that might be used in warfare, but on November 30, 1953 the Act was amended to include any "foodstuffs and all other commodities which are likely to strengthen the war potential of the Zionists in Palestine in any way whatever."²

To prevent circumvention of their blockade of Israel, the Egyptians in September 1950 had required guarantees from ship captains that their vessels had not discharged cargo at any Israeli port. Oil tankers proceeding southward through the Suez Canal were required to submit their log books. If found to have called at any Israeli port, ships were placed on a blacklist barring them in future from Egyptian waters and were denied stores, fuel, and repair facilities in Egyptian ports.³ By 1956, Egypt had blacklisted 103 ships from fourteen nations, of which 75 were tankers.⁴ Among the numerous seizures of ships passing through the Suez Canal were the following vessels:⁵

- The Norwegian vessel *Rimfrost*, seized on October 31, 1952 for carrying a cargo of meat to Haifa. The cargo was confiscated.
- The Greek ship *Parnon*, detained at Port Said on September 2, 1953 for 11 days on its voyage from Haifa. Its cargo of building materials destined for Eilat and Israeli-assembled autos for Mombasa, Kenya, was confiscated.
- The Italian ship *Franca Maria* whose cargo of meat and hides destined for Haifa was forfeited on December 16, 1953.
- The Norwegian ship *Laritan*, which had its cargo of clothing and bicycles en route from Melbourne to Genoa confiscated on December 20, 1953 because an Israeli port figured in the vessel's destination.
- The Greek vessel *Pannegia* held up on May 25, 1956 for carrying cement to Eilat. Its crew was not allowed ashore for three months despite the spread of sickness, and its water provisions were purposely limited.

- The Swedish freighter *Birkaland*, seized on July 5, 1956 on the grounds that Haifa had been among its previous ports of call.
- The Liberian ship *Capetan Manolis*, detained at Port Said on February 25, 1959 for carrying a cargo of Israeli cement, fruit juices, and potash to Ceylon.
- The British ship *Nicolas Kairis*, held up at the same time for carrying Israeli cement and steel scrap to Hong Kong.
- The West German freighter *Lealott*, which lost its Israeli cargo bound for Malaysia and Hong Kong on March 13, 1959.
- The Danish vessel *Inge Toft*, seized on May 21, 1959 for transporting Israeli cement, potash, scrap iron, marble and leather destined for Hong Kong and Japan. The captain refused to unload his cargo, whereupon the vessel and its crew were held in custody for nearly nine months.
- The Greek freighter *Astypalea*, seized on December 17, 1959 for carrying Israeli cement to Djibouti and detained for over four months.
- The British freighter *Socotra*, whose shipment of horsehair to Israel was appropriated on April 1, 1961.
- The Dutch ship *Cornelius van der Schuit*, whose cargo of American-made trucks and excavating machinery was impounded on August 5, 1966 because the shipping documents contained the name of the Swiss-Israel Trade Bank of Geneva.

In addition to obstructing passage through the Suez Canal, Egypt had erected military installations in 1950 on the islands of Tiran and Sanafir to control foreign navigation through the Gulf of Aqaba, thus cutting off the Israeli port of Eilat from needed supplies. In July 1951, the British vessel *Empire Roach* carrying arms to Jordan was fired upon by the Tiran batteries and denied entrance to the gulf. In January 1953, the Danish ship *Andres Borge* was seized in the area and in December the U.S. vessel *Albion* was fired upon while transporting gift wheat to Jordan. In January 1954, the *Maria Antonia* of Italy, carrying wheat from Eritrea to Eilat, was fired upon and in April and July 1955 the British ships *Argobec* and *Anshun* were respectively set upon.⁶

The Egyptian blockade of the Suez Canal and the Gulf of Aqaba represented an express violation of international law, specifically of the Constantinople Convention of 1888 and the 1949 Armistice Agreement with Israel. The UN Security Council passed a resolution on September 1, 1951 demanding that Egypt terminate its restrictions on navigation through international waterways. The council failed to enforce the UN Charter when Egypt refused to comply (see details in Chapter 5).

In an effort to focus world attention on the Egyptian blockade, the Israeli government had agreed in 1954 to allow the Israeli ship *Bat Galim* to attempt to pass through the Suez Canal on its voyage from Massawa in Eritrea to Haifa. Egypt seized the vessel on September 28, confiscated its cargo of meat, plywood, and hides and imprisoned its crew until January 1, 1955, when they were released. The vessel itself was consigned to the Egyptian navy.⁷

By 1956, almost 95 percent of Israel's trade had been throttled by Egypt's acts of piracy and, in the case of oil, there was a complete halt in tanker traffic to Haifa. Israel was forced to develop other trade routes and to build up its own

merchant fleet. The additional cost to it of purchasing oil from sources other than the tanker traffic (which faced Egyptian threats of blacklisting) and of acquiring it without using the Suez Canal was estimated in 1958 at \$100 million.⁸ As a direct result of the Egyptian maritime blockade, the majority of international shipping companies were effectively deterred from serving the Israeli market in order to avoid a ban on their commerce with the Arab world. This power of deterrence against third parties was the basis of the global application of the Arab boycott of Israel in the ensuing decades.

The Gulf of Aqaba was opened to Israeli shipping following the dislodging of the Egyptians during the Sinai War in November 1956. In 1975, nonmilitary cargoes destined for or originating from Israel were to be permitted, for the first time since 1950, to pass through the Suez Canal under the terms of the Sinai disengagement agreements between Egypt and Israel. The final word on this issue may have been written into the Treaty of Peace between the Arab Republic of Egypt and the State of Israel, signed in Washington on March 26, 1979, which provided:

- that ships of Israel, and cargoes destined for or coming from Israel, shall enjoy the right of free passage through the Suez Canal and its approaches through the Gulf of Suez and the Mediterranean Sea;
- that the Strait of Tiran and the Gulf of Aqaba are to be considered international waterways open to all nations, including Israel, for unimpeded freedom of navigation and overflight.⁹

The Arab League's Opposition to the Luxembourg Treaty

A strident campaign was conducted by the Arab League against the conclusion of the Luxembourg Treaty between the Federal Republic of Germany and Israel on September 10, 1952. The agreement provided that the FRG would pay \$820 million to Israel over a ten-year period. These funds would be used to purchase German goods and services to facilitate the resettlement of Jews victimized by the Nazis. Of this amount \$107 million was allocated for Jews living outside Israel.¹⁰ (The agreement was separate from the program of restitution payments to victims of the Nazi regime inaugurated after 1953 in the form of lump sum payments and pensions.)

On November 12, the Arab League threatened to sever economic relations with the FRG and blacklist German firms involved in deliveries to Israel. It claimed that the German reparations payments would assist Israel's war potential, and that Israel had no right to compensation since the Jewish state was nonexistent at the time of the Hitlerian massacres. Arab threats were also made in connection with the possible opening of diplomatic ties with Israel by the FRG, with the Arabs warning that they would recognize Communist East Germany in retaliation.

FRG Chancellor Konrad Adenauer declared: "It would be shameful, in-

deed, if we became wavering in our decision only because of being threatened with economic disadvantages. There are higher values than good business deals." Nevertheless, opposition from German industry and four political parties prompted the FRG to buy off Arab hostility through extensive trade credits, foreign aid, and technical assistance, particularly to Egypt, which benefited from the services of former Nazi scientists in developing its military capability. The FRG also delayed entering into diplomatic relations with Israel until 1965.¹¹

The Power of the Arab Boycott Offices

The Arab League had approved the creation of national boycott offices in 1946 to prevent commercial relations with the Jews of Palestine. The establishment by the League of the Central Office for the Boycott of Israel (CBO) in Damascus on May 19, 1951 proved to be an important development in the strengthening and coordination of the Arab global strategy to destroy Israel's economic life.

The CBO has carried out an unabashed program of international intimidation and blackmail for more than thirty years in an effort to shatter Israel's economy. Using the blacklist instrument, the CBO and the national boycott offices in Arab states have scored major successes in deterring foreign firms from conducting business with Israel and with those firms maintaining trade ties with the Jewish state. Of even greater importance has been the power of the Arab boycott offices in compelling foreign governments to refrain from acting against the application of the most extreme discriminatory practices witnessed in international commerce in modern times. The injection of anti-Semitism into world commerce has been an integral part of Arab boycott objectives.

The boycott offices have registered substantial failures as well, particularly with growing numbers of foreign firms refusing to submit to blackmail and the passage of comprehensive antiboycott legislation in the United States in 1977. Indeed, the basic objective of the Arab boycott of crushing Israel's economy has not been fulfilled at all. However, the absence of will on the part of the majority of the international political and business communities to challenge the Arab boycott has meant that Israel continues to remain hostage to exogenously induced blows to its economy of a breadth and scope not experienced by any other nation in the world.

A review of the leading events in the history of the CBO and its affiliates is provided below.

Saudi Arabia's Anti-Jewish Boycott Practices

Saudi Arabia issued boycott regulations in 1952 instructing importers to discontinue all relations with businesses abroad owned or controlled by Jews or

that employed Jews. Any contract negotiated in violation of these directives was to be cancelled and any imported merchandise falling under the regulations would be confiscated. Further regulations in 1953 prohibited the entry of goods into Saudi Arabia on any ship owned by Jewish steamship companies. Saudi Arabian merchants were required to obtain certificates from their overseas suppliers, duly legalized by Saudi consular offices abroad, attesting that the latter's workmen were not Jewish and that they maintained no branch office in Israel.¹²

These boycott directives were part of a general pattern of anti-Jewish measures enacted by the Saudis. Entry permits and travel visas had long been denied to Jews. In 1956, the Saudi government refused to permit American army personnel of the Jewish faith to be stationed at the U.S. air base near Dhahran.¹³ Foreign oil companies operating in Saudi Arabia were ordered not to hire Jewish personnel for work in Saudi Arabia and many went so far as to extend this practice to their offices in non-Arab countries. Similarly, U.S. army contractors engaged in defense projects in Saudi Arabia as well as the U.S. Army Corps of Engineers refused to recruit American workers of the Jewish faith in compliance with Saudi demands.¹⁵

According to Saudi Arabian Oil Minister Sheik Ahmed Yamani, Saudi Arabia's policies against Jews were based on the premise that they were Zionists unless proven otherwise.¹⁶

The American Express Pull-out

In March 1956, the American Express Company announced it was closing down its traveler check operations in Israel for commercial reasons. It cited the decline in tourist traffic to Israel due to the Middle East conflict and restrictions on the amounts of foreign currency traveling Israelis could take abroad. The Israel Government Tourist Office pointed out that the company's statements were without foundation given the actual rise in tourism to Israel and the fact that American Express had expanded its Israeli operations only a year earlier. The Israelis attributed the company's decision to Arab boycott pressure and, as a result, the firm lost a considerable amount of goodwill in the United States.

Two years later, American Express reversed its decision, reopened its offices in Israel, and today operates in both Israel and Arab countries.¹⁷ Recognizing the need of Arab states for the services of American Express, the Arab boycott offices waived boycott principles in this case in favor of pragmatic considerations.

The Cigarette Boycott

At the same time that American Express was receiving unfavorable publicity, another situation revealed the growing submission of foreign firms to Arab

boycott pressures. The American tobacco company Brown and Williamson began refusing Israeli orders for Lucky Strike and Pall Mall cigarettes. Defending this action, company president W. S. Cutchins stated: "Just one question was involved, namely, did a large company with thousands of stockholders looking to it for earnings have the right to defy a threat which inevitably would hurt every one of those stockholders?"¹⁸

A consumer boycott by the American Jewish community and adverse publicity generally resulted in a decline in the company's tobacco sales in the United States. In 1961, the company decided to ship to Israel all the cigarette brands for which it had export rights. At present it sells to both Israel and the Arab world.

The Oil Company Boycott

Visitors to Israel often notice the lack of the familiar gasoline stations that are found in nearly every corner of the world. This situation is attributable to the Arab League boycott of Israel.

On July 24, 1957, Shell Oil and British Petroleum announced they were ending their operations in Israel. Both owned and operated the Haifa oil refinery, which processed 900,000 tons of crude oil annually. The reason given for their decision was that their Israeli operations were not commercially satisfactory. Standard Oil of New Jersey and California, Socony Mobil, and Texaco also halted dealings with Israel. Because of their dependence on Arab oil supplies, the policies of these multinational oil companies were seen as a victory for the Arab boycott.¹⁹

Pressure on International Airlines

During the 1950s, the Central Boycott Office attempted to prevent the development of air links between Israel and the outside world. In this effort they were only somewhat successful. In 1953, boycott officials meeting in Jordanian-occupied Jerusalem warned that aircraft landing in Israel would not be allowed to operate in Arab countries. Air France and British Overseas Airways were particularly singled out. The following year, Saudi Arabia warned all international airlines that strong measures would be taken against foreign aircraft passing over its territory to or from Israel.²⁰ In 1955, BOAC halted services to Israel. In 1958, Saudi Arabia decreed that imports of merchandise carried by airline companies dealing with Israel were to be prohibited.

Boycott pressures intensified in the 1960s. The CBO threatened to confiscate any airmail or freight to or from Israel found on international aircraft stopping at Arab airports. Such leading international airlines as Japan Air Lines, Iberia, and Qantas declined to service Israel. BOAC received renewed blacklisting threats in 1961, when published reports indicated the airline was considering operating a service to Tel Aviv. In 1967, BOAC acceded to anti-

Israel pressures and cancelled two weekly Asian flights from London that formerly made landings at Lod International Airport. The flights were halted after Pakistan, an Islamic state, warned that it would prohibit overflights by aircraft going directly from Israel to India without an intermediate stop. Regular BOAC direct flights between London and Lod were not affected but elimination of the two additional flights reduced facilities available for air transport between Britain and Israel. The Pakistan move represented a growing tendency on the part of non-Arab Islamic states to tangibly support the anti-Israel boycott.²¹

In 1967, Tabso Bulgarian Airlines cancelled flights to Tel Aviv when Bulgaria followed the Soviet Union in breaking diplomatic relations with Israel, but Tarom, the Romanian airline, continued operations despite its blacklisting. Swissair, Scandinavian Airlines, Olympic Airways, KLM, Lufthansa, Sabena, Alitalia, Austrian Airlines, Cyprus Airways, Turkish Airways, and Canadian Pacific Airlines also provided flights to Tel Aviv despite Arab pressure to discontinue them.

In the case of Trans World Airlines, which operated runs to both Cairo and Tel Aviv, no action was taken in the sixties or seventies by the Arab boycott offices due to economic expediency. However, the CBO decided in September 1980 to blacklist TWA and bar it from flying in Arab air space and landing at Arab airports because of its joint ownership of the Nairobi International Hilton Hotel with El Al, Israel's national airline. While Egypt did not implement the decision, TWA was forced to abandon plans to open a twice-weekly flight from New York to Bombay, using Abu Dhabi, Dubai and Kuwait as stopovers.²²

In March 1981, Laker Airways was temporarily blacklisted and prevented from obtaining landing rights in the Gulf state of Sharjah after competitors circulated a 1979 newspaper picture of Sir Freddie Laker at Jerusalem's Western Wall.²³

The Renault Incident

The state-owned French automobile producer Régie Renault incurred the wrath of the CBO in 1955, when it began to ship knocked-down Dauphine autos for assembly by Kaiser-Frazer of Israel. Renault was placed on the national blacklists of Arab countries, resulting in a ban on the importation of Renault cars into Arab markets. Although Renault had increased its shipments to Israel from 200 units in 1955 to 2,000 in 1958, it suddenly terminated its contract with Kaiser-Frazer in August 1959 — eighteen months before the contract was due to expire. Only 800 out of the contracted 2,400 units were delivered. In a public statement, Renault attempted to justify its decision:

It is true that after many years, contrary to the rules of law and practice, certain states prohibited the admission of merchandise to proceed from firms executing industrial contracts with enterprises situated in the State of Israel.

Régie Renault, being unable, despite repeated efforts, to bring an end to this situation of fact, found, as have numerous French and foreign businesses before her, it had to make an unwilling choice. For an enterprise exclusively industrial and commercial, this choice is obviously not motivated by political considerations. The sole criterion is the number of vehicles sold, on which depends, in the final analysis, the number of jobs assured to French workers.²⁴

In November, the company supplied the CBO with authenticated documentation that it had pulled out of Israel, whereupon its blacklisted status was ended.

Apparently convinced that it could consequently crack more lucrative markets in Tunisia and Morocco, which had declared their adherence to the Arab League boycott of Israel,²⁵ Renault committed \$22 million for the construction of an assembly plant in Egypt designed to export 17,000 autos annually to Arab markets.²⁶ When these sales did not materialize, Renault returned to the Israeli market in 1963 and was again blacklisted until 1973.

In late 1981, Renault was again blacklisted by the Arab boycott office following its acquisition of 46 percent of the shares of American Motors Corporation (AMC), a blacklisted auto producer. (For a breakdown of Arab blacklist threats against automobile manufacturers, worldwide, see Table 2.1).

Boycott Enforcement by U.S. Government Agencies

Early evidence of foreign government bodies acting as boycott enforcement agents was provided by revelations in January 1960 of the business practices of two American government agencies. In the first instance, the Military Sea Transportation Service of the U.S. Navy had been inserting a special provision in its contracts with private shipowners known as the Haifa Clause. This stipulation authorized it to cancel its chartering of any vessel denied loading or discharging rights in Arab ports because of previous trade with Israel. The Navy reasoned that it was simply protecting itself against a business risk particularly in light of its experience in 1957, when Saudi Arabia refused to allow the oil tanker *National Peace* to pick up cargo at Ras Tanura. However, under pressure from Congress and U.S. shipowners excluded from bidding on naval contracts under the Haifa Clause, the U.S. Navy terminated the controversial cancellation provision, which had effectively compelled shipowners not to service Israel.²⁷

The other case involved the Commodity Credit Corporation, which insisted that food aid shipments could not be transported on U.S. vessels that had called at Israeli ports. In the face of adverse publicity, this practice too was terminated.

Arab Boycott of Iran

The Arab League proclaimed an economic boycott against Iran in July 1960 following public confirmation by Shah Mohammed Reza Pahlavi that Iran

Table 2.1 Arab Blacklist Threats Against Automobile Companies

<i>Year</i>	<i>Company</i>	<i>Boycott Action</i>	<i>Company Response</i>
1955	Renault (France)	Blacklisted for shipping Dauphine autos to Israel for assembly	Terminated sales to Israel in 1959 and was de-blacklisted. Resumed sales in 1963 and again blacklisted until 1973. Re-blacklisted in 1981 for investment in American Motors Corp. but refused to comply
1960	Studebaker (U.S.A.)	Blacklisted for having assembly plants in Israel	Continued business with Israel; removed from blacklist in 1968 following end of its automotive production
1966	Ford Motor Company (U.S.A.)	Firm and all subsidiaries blacklisted for licensing Israeli firm to assemble Ford trucks and tractors	Continued business relations with Israel and re-entered Egyptian market in 1979
1966	General Motors (U.S.A.)	Warned not to open assembly plant in Israel	Continued trading with Israel but no consideration given to assembly plant involvement
1968	Toyota, Honda and Nissan (Japan)	Warned against sales to Israel	Complied by not engaging in direct sales or granting distributorships to Israel
1970	Saab-Scania (Sweden)	Blacklisted because of truck sales to Israel	Removed from blacklist in 1976 after further sales to Israel declined
1970	British Leyland (Britain)	Blacklisted for supplying Israel with cars, trucks, and spare parts and having minority holding in Israeli assembly plant for Triumph cars	Removed from blacklist in 1976 after its holding in Israel went bankrupt, and when it ceased selling Land Rovers to Israel, and withdrew from Anglo-Israel Chamber of Commerce; continued to sell Israel cars, trucks, and spare parts
1970	Mitsubishi Motor Corp. (Japan)	Partially blacklisted for distributing jeep products of U.S. firm Willys Overland	Refused to comply; continues to sell trucks and buses to Arab states
1971	American Motors Corp. (U.S.A.)	Blacklisted for operations in Israel following acquisition of Kaiser Jeep Corp.	Refused to comply
1973	Volkswagen (FRG)	Warned to end licensing agreement with Israel for Wankel rotary engine	Refused to comply; not blacklisted

(Continued)

Table 2.1 (Continued)

<i>Year</i>	<i>Company</i>	<i>Boycott Action</i>	<i>Company Response</i>
1973	Fiat (Italy)	Threatened with blacklisting unless it dismissed journalists on Fiat-owned newspaper <i>La Stampa</i> for criticizing Libya's President Gaddafi	Refused to comply; Libya subsequently acquired equity in company
1976	Hyundai Motor Co. (South Korea)	Blacklisted because of a licensing agreement with Ford Motor Company	Refused to comply
1981	Toyota (Japan)	Warned against joint venture with Ford Motor Company	Complied

Source: Blacklists of Saudi Arabia, Lebanon, Bahrain, and Kuwait. See Part II for further details.

had accorded Israel de facto recognition. This announcement was the last straw for the Arab nations, which had seen Iran sell Israel oil, permit air flights from Tel Aviv to Tehran and receive Israeli technical assistance. Egypt went so far as to break off diplomatic relations with Iran. At the same time, international oil companies were threatened with expropriation of their assets in Arab countries if they continued to ship Iranian oil to Israel via the port of Eilat.²⁸

Resistance by Hilton Hotels

A singular display of determination and moral courage by a large business firm—Hilton Hotels International—successfully thwarted Arab blackmail in 1961. At that time, Hilton had already been established in the Middle East with its Nile Hilton Hotel in Cairo and was preparing to construct another in Tel Aviv. News of this venture prompted the following letter from the Secretary and Counsel of the American-Arab Association for Commerce and Industry in New York:

Perhaps you are not aware of the full details regarding the activities of the Boycott Committee and hence, as a member company of this Association, it is our duty to bring the facts as they were told to me to your attention.

Should Hilton Hotels persist in going ahead with its contract in Israel, it will mean the loss of your holdings in Cairo and the end of any plans you might have for Tunis, Baghdad, Jerusalem or anywhere else in all Arab countries.

It is important for me to put you on notice that the Arab visitors, including the Saudi Royal Family, Egyptian businessmen and the general flow of persons from the Arab world that have frequented your major hotels in New York City and elsewhere throughout the country, will unfortunately come to an end. And it may

well adversely affect the ability of American companies from continuing to bring important business to your well-known establishments.

I did what could be done to delay any action that the Boycott Committee will take. They have promised that no action to invoke the Boycott will be taken prior to the end of January 1962, and I am writing to Col. Aidi to remind him of them. This will give you and the members of your Board of Directors an opportunity to review the decisions which have been made and to redress this serious situation.

As a friend to the Hilton Hotels and long time political observer as well as the Counsel to this Association, I should personally add my own voice by asking you to consider whether your plan to enter into an economic relationship in Israel could possibly be worth the grave loss that you will be committing yourself to throughout the Arab World and in the United States . . .

Conrad Hilton replied:

Many thanks for your letter. It is thoughtful of you to have postponed the action of the Boycott Committee relative to Hilton Hotels Corporation.

What that Committee proposes is absolutely counter to the principles we live by and which we hold most dear. I speak of the principles of Americanism as set out by our founding fathers and of the principles for which America has stood since its founding. I also speak of the principles under which the Hilton Hotels Corporation goes about the world, establishing hotels so that people of all nations can gather in peace. We believe that through world travel we may be helping in the goal that all Americans seek — world peace.

As Americans, we consider Arabs and Jews our friends and hope that ultimately we can all live in peace with one another. There was no threat from Israel when we opened our hotel in Cairo. Our Corporation finds it shocking that the Committee should invoke the threat of boycott condemnation in the case of our contract with the people of Israel. Does the Committee also propose to boycott the United States Government because it maintains diplomatic relations with Israel?²⁹

The Tel Aviv Hilton was built a few years later and subsequently a second Israeli hotel was added known as the Jerusalem Hilton. The CBO desisted from any action against Hilton Hotels due to opposition from Egypt, which prided itself on the contribution the hotel chain had made in developing tourism to the country. Several Arab summit meetings have been held in the Nile Hilton. Other international hotel chains — including Sheraton, Ramada, and Hyatt — followed suit, opening operations in both Arab states and Israel.

Tertiary Boycott Blackmail

During the 1960s, the CBO and the national boycott offices intensified pressures on business firms dealing with Israel by threatening to blacklist their suppliers and customers. This technique was usually successful in forcing recalcitrant firms to surrender to boycott demands.

A case in point was the episode involving Tecumseh Products of Michigan, a manufacturer of commercial and domestic compressors and refrigerators. It was blacklisted by the Arab states in 1958 for signing a licensing agreement with the Israeli firm Amcor providing the latter with the technology to build refrigeration compressors according to Tecumseh design. While Tecumseh found its blacklisted status inconsequential, it was forced to cancel its contract with Amcor in late 1962 following Arab boycott pressure against American firms using Tecumseh products. Fearful of losing their export business with Arab countries, these firms prevailed upon Tecumseh to put its sales to them above its relationship with the Israeli firm.³⁰

The Mancroft Affair

One of the most notable incidents in the global assault of the Arab boycott occurred in December 1963 with the coerced resignation of Lord Mancroft, a Jewish peer who was a director of the Norwich Union Insurance Society of England and chairman of its London board. The affair, which had strong anti-Semitism overtones, involved appeasement of Arab demands by the company and inaction on the part of the British government.

Lord Mancroft had enjoyed a distinguished career as a high-echelon civil servant and parliamentary secretary, rising to the post of Minister without Portfolio in the Conservative government in the 1950s. His business interests included a directorship on the board of Great Universal Stores, which made philanthropic contributions to Israeli causes, and chairmanship of Global Tours Limited, a travel agency dealing with Israel. These associations aroused the ire of the Central Boycott Office.

On December 3, Norwich Union confirmed that Mancroft's resignation had been due to Arab pressure:

Arab interests recently informed the Norwich Union that, in view of the association of a member of their London advisory board with certain other business interests, Norwich Union policies would no longer be accepted.

The fact that Norwich Union would be seriously prejudiced and would be prevented from giving world-wide transit cover to people of all races was made known to Lord Mancroft, who recognized that there was a conflict of interests and offered his resignation. This was reluctantly accepted by the Norwich Union directors with whom, both individually and as a board, he remains on the most friendly terms.³¹

Arab spokesmen lauded the Norwich decision. They asserted that the boycott rules provided that foreign companies having board members with Zionist sympathies or who materially or morally served Israeli interests were to be warned to sever all relations with such members within a period of six months. If companies ignored such warnings, the Arab states would cease dealings with them. "The same applied to companies which had Jewish money as part of their capital," boycott spokesmen in Damascus declared.³² The Arab Informa-

tion Center in London added that the Arab world, with its 100 million inhabitants, constituted one of Britain's largest potential markets, in contrast to Israel's population of just over 2 million, and cautioned against any government intervention in the affair.

There was widespread indignation in Britain over the Mancroft resignation. Opposition Labour MPs demanded legislative action to counter the Arab boycott's application in Britain. Typical were the following remarks in the House of Commons:

Mr. Paton, Labour M.P. (Norwich North): As the Arabs are not likely to cease these activities, will the Minister [Peter Thomas, Minister of State for Foreign Affairs] consider going a little further and taking legal action to prevent discrimination in international trade by industrial and commercial organizations in this country? We want all trade discrimination to be made illegal.³³

Mr. Callaghan, Labour M.P. (Cardiff-South East): Will the Hon. Member [Mr. du Cann, Secretary of State for Industry, Trade and Regional Development] say why he thinks that legislation would not help? Is it not fairly obvious that boards which are as pusillanimous as the Norwich Union would be very much strengthened in their reaction to foreign interference if they were able to say that they would be acting illegally if they acted in such a manner as this? Therefore, is there not a case for reconsidering proposals for legislation to deal with racial or religious discrimination in this country, so making it possible for such resistance to be effective?³⁴

The *Times* editorialized: "It is bad that such pressure should have been exerted and incredible that it should not have been resisted."³⁵

In addition, large numbers of individual and corporate policyholders with the Norwich Union cancelled their business with the company causing it a loss of several million pounds sterling. Further, two directors of the company's London board—Sir Charles Mott-Radclyffe and Sir Hughe Knatchbull-Hugessen—resigned in protest over Mancroft's departure.

In response to the adverse reaction to its capitulation to Arab blackmail, the Norwich Union management invited Lord Mancroft to resume his functions on its board but he politely declined its offer. For its part, the British government remonstrated with Arab ambassadors in London over Arab interference in British domestic affairs but refused to adopt any antiboycott measures. This had the effect of encouraging British firms to continue to comply with the boycott provisions. Thus, in July of the following year, Lord Mancroft was requested to withdraw as president of the London Chamber of Commerce for 1965 in deference to member firms that traded with Arab countries.³⁶

Chase Manhattan Under Fire

The New York-based Chase Manhattan Bank headed by David Rockefeller came under zealous attack by the CBO in July 1964 because of its role as the prime agent for the sale of Israel bonds. These bonds were one of the chief in-

struments of the Israeli government in obtaining sorely needed development capital for its industrialization program. The CBO gave Chase six months to terminate its links with Israel. However, because of the large role played by Chase in handling Arab deposits and extending lines of credit to many Arab governments, opposition developed in the Arab world to implementing the CBO's call for withdrawal of funds and cessation of business dealings with the bank. Following high-level talks between John J. McCloy, a Chase board member, and Egyptian President Nasser, the CBO was forced to back down from its blacklisting threat. It issued a face-saving statement in January 1965 announcing that it had been determined that the bank's relations with Israel were purely of a banking nature and did not merit blacklisting.³⁷

The Case of General Koenig

Another instance in which boycott threats were rebuffed involved Arab pressures at the end of 1964 on two French oil companies — La Société Financière et Industrielle des Pétroles and its subsidiary La Compagnie de Raffinage en Afrique du Nord — to dismiss their president, General Pierre Koenig.³⁸ The latter's credentials were impressive — leader of the Free French Forces during World War Two; hero of the Battle of Bir Hakeim; and former French Minister of Defense. He ran afoul of the boycott not because of his religion (Christian) but because he had assumed the presidency of the Alliance France-Israel, an association of prominent French supporters of Israel that included 200 parliamentarians. Both companies rejected the boycott pressure, terming it a gross interference in their internal affairs.

Israeli Countermeasures

One of the effects of the Arab boycott was the development of "dummy" trade with Israel by foreign firms that had withdrawn from direct business dealings with Israel as a result of Arab pressure but had established intermediaries to transact their affairs. This practice forced Israel, in Abba Eban's words, "to deal in the alleys of the world, not in its main streets."

As a consequence, the Israeli Ministry of Commerce and Industry issued regulations, in January 1965, requiring importers to obtain special approval to purchase goods from a number of leading foreign firms that had engaged in these practices. These included Siemens-Halske and Telefunken of West Germany, Pye Limited of the United Kingdom, and Hitachi and Matsushita of Japan. Goodyear Tire of the United States and Philips of the Netherlands were also covered by the regulations for respectively withdrawing an agency and refusing to enter into technical arrangements with Israel.³⁹ These import measures were designed as short-term devices to focus international attention on the boycott. They were largely successful and the regulations were soon rescinded.

In addition, Israeli Prime Minister Levi Eshkol appealed to foreign governments to advise their national chambers of commerce to ignore Arab boycott demands and to prohibit them from endorsing anti-Israel clauses in business contracts with Arab firms. Little international response was forthcoming to this appeal.

The Blacklisting of Coca-Cola

Widespread publicity was given in April 1966 to the refusal of Coca-Cola Limited, the world's largest soft drink producer, to permit a franchise operation to be established in Israel. The company had licensed twenty-nine bottling plants employing 5,000 workers in most of the Arab world but claimed that the Israeli market was not large enough to justify a Coca-Cola presence. Besides, stated James A. Farley, chairman of Coca-Cola Export Corporation, no other U.S. soft drink company had developed the Israeli market.⁴⁰ Further reasons given were that the Israeli bottler that had applied for the franchise, Tempo Soft Drink Company, was being sued by Coca-Cola for having infringed on its soft drink's distinctive bottle shape and red and white trademark.

These arguments were refuted by spokesmen for the American Jewish community and by Tempo. First, it was noted that Coca-Cola had franchised operations in a number of small markets such as Cyprus, with a population of only 250,000. The two million Israelis were soft drink addicts, consuming 65 million bottles yearly of Tempo's own brands; these sales could increase to 100 million bottles with the addition of Coca-Cola. Second, Coca-Cola's suit had already been settled out of court.

As the issue received increased media exposure, American Jews launched a consumer boycott of Coca-Cola soft drinks. Jewish-owned restaurants and grocery stores stopped serving Coke. In the New York area, Mount Sinai Hospital's coffee shop and vending machines were cleared of Coke products. Music Fair Enterprises, Inc., operator of six summer tent theaters, instructed its concessionaires not to sell Coke. New York City's Committee on Human Rights announced it would quiz Coca-Cola officials on their policies. Within eight days, Coca-Cola reversed its decision and granted a franchise to a group of American and Israeli investors.

Arab reaction was swift. On May 8, the CBO gave Coca-Cola three months to "clarify" its arrangement with Israel. It warned that the Arab world would boycott Coke products and close Coke plants unless the franchise deal with Israel was rescinded. Other Islamic countries such as Indonesia and Pakistan would be invited to act in a similar fashion. By November, Coca-Cola was officially blacklisted by the CBO but the implementation of this decision was to be determined by individual Arab governments according to their economic needs. Due to popular opposition by Arab consumers, the company was granted a nine-month reprieve. By 1968, all Coca-Cola bottlers in Arab countries were placed under government control and converted to other types of

beverage production. It was not until 1979 that Coca-Cola was again distributed in the Arab Middle East after Egypt, which had concluded the Camp David peace accords with Israel, agreed to permit Coca-Cola to market its products in return for developing Egypt's citrus potential. Other Arab countries, however, continued to ban Coca-Cola products although the company was hopeful it would also be de-blacklisted in Algeria, Morocco, Mauritania, Somalia and Tunisia.⁴¹ (Coke's dogged rival—Pepsi-Cola—has conducted several extensive studies of the Israeli soft drink market over the past two decades, each of which has concluded that a bottling operation would not be profitable enough).⁴²

The Ford and RCA Bans

In 1966, the Ford Motor Company and RCA Limited were also blacklisted. The former had two assembly plants in Egypt and Morocco and had entered into a licensing arrangement with an Israeli firm, Palestine Automobile Corporation, to assemble knocked-down trucks and tractors built at Ford's American and British plants. Included in the ban on Ford were the products of all its subsidiary companies, notably Philco Corporation, which exported radio and television sets and military communications equipment to Arab countries. An important exception was the absence from the blacklists of Ford Aerospace and Communications Corporation, a defense production subsidiary of Ford that is providing air-to-air missiles to Saudi Arabia as part of its purchase of the \$8 billion-dollar Airborne Warning and Control System aircraft from the United States.

RCA ran afoul of the Arab boycott because of its phonograph record pressing operations in Israel.

The CBO's decision to blacklist these firms was not met with general enthusiasm in the Arab world. Lebanon in particular complained that it would lose 6,000 jobs if its Ford dealers were forced to shut down their operations.⁴³ In the end, however, it went along with the boycott decisions.

To their credit, Ford and RCA maintained their business relations with Israel despite a sizable loss of trade in Arab markets—estimated at \$200 million for Ford and \$10 million per annum for RCA.⁴⁴ By 1979, Ford had been taken off the blacklist by Egypt, which approved a \$130-million investment by the company in a truck and diesel engine facility near Alexandria.

The Surrender of Japanese Business

The Arab boycott offices registered significant success in browbeating a substantial proportion of Japanese industry into submission. Direct trade links between Israel and Japan have never flourished owing to the refusal of the conglomerate Japanese trading companies and other large independent firms to antagonize their more important customers and suppliers in the Arab states.

During 1968 it was revealed that the following Japanese firms had rejected direct trade dealings with Israel: Mitsubishi and Mitsui (trading companies); Toyota, Honda, and Nissan (autos); Sumitomo (metals); Suzuki and Yamaha (motorcycles); and Shiba, Hayakawa, and Nippon Electric (radio and television sets). The huge trading company Marubeni-Ida had gone so far as to cancel shipments of American coal to Japan aboard freighters owned by Zim Steamship Lines, a prominent international shipping firm developed by Israel.⁴⁵ In 1972, the C. Itoh Company decided to postpone plans indefinitely for joint apparel ventures with Genesco Incorporated of Nashville, Tennessee, because the latter had been blacklisted by the CBO.⁴⁶ Japan Air Lines declined to fly to Israel and air landing rights in Tokyo were denied to Israel's airline El Al, which served Manila, Singapore, and Bangkok. Despite representations by the Israeli government to Tokyo, national demonstrations against Japanese firms and diplomatic offices in the United States by American Jews and protests by Jewish importers of Japanese consumer products, there was little change in the widespread pattern of Japanese compliance with Arab boycott demands.⁴⁷

A by-product of the Japanese reaction to the Arab boycott of Israel was the development of "dummy" trade with Israel. Reluctant to forego lucrative sales to the large Israeli market for consumer goods, numerous Japanese enterprises went underground in dealing with Israel. Goods were sold through corporate fronts set up by Japanese firms to avoid blacklist identification. Other methods included transshipments to western Europe or the United States, where merchandise was repackaged and often relabeled. As a consequence, Israeli retail stores have stocked ample supplies for a number of years of Sony tape recorders, transistor radios and television sets; Seiko wristwatches; Canon and Olympus cameras; and Yamaha musical instruments. Japanese motor vehicles have also found their way to Israel, where Subaru automobiles have made large inroads.⁴⁸ Potential Israeli dealers and importers of Toyotas and Datsuns, however, continue to be rebuffed in their attempts to receive shipments of these cars as their manufacturers claim there exists "a shortage of production."⁴⁹

The Banking Scandal of 1975

The 1975 international scandal involving Arab discrimination against Jewish-controlled banks must be credited, more than any other episode in the history of the Arab boycott, with the subsequent enactment of firm counter-measures in a number of countries to prevent compliance and enforcement of Arab boycott stipulations. The popular revulsion experienced in the Western world over this incident triggered a protracted campaign in national capitals to outlaw the application of the boycott beyond the Middle East. Of perhaps even greater importance, this event provided the basis for the first direct challenge

by significant members of the international community to the implementation of Arab foreign policy.

News of Arab discrimination against banks with Jewish capital surfaced in February 1975 following a complaint by Lazard Frères & Cie of Paris to the French Ministry of Finance that it and two other merchant banks—S. G. Warburg of London and N. M. Rothschild of London and Paris—had been excluded as underwriters in two loan syndications designed to raise \$25 million each for Air France and La Compagnie Nationale du Rhône, both government-owned corporations. Organizers of the Air France loan were Crédit Lyonnais and Banque Nationale de Paris, both nationalized institutions. They had submitted to an ultimatum delivered by the Intra Investment Bank of Lebanon, which pointed out that the banks to be excluded had been blacklisted by the CBO for their “hostility to the Arab world,” making its participation in the underwriting impossible. In the Compagnie Nationale du Rhône loan issue, the Kuwait International Investment Fund had brought similar pressure to bear on the Banque de Paris et des Pays-Bas as syndicate leader.⁵⁰

In London, Kleinwort, Benson Limited also capitulated to pressure from the Kuwait Foreign Trading, Contracting and Investment Company and the Libyan Arab Foreign Bank to exclude the same three banks from participating in a \$20-million loan issue for Marubeni of Japan.

On the other hand, the U.S. securities firm Merrill, Lynch, Pierce, Fenner and Smith successfully resisted Arab pressures, with the result that both Jewish and Arab banks participated in the underwriting of a \$25-million loan issue for the Swedish auto-maker Volvo and a \$50-million bond issue for the Government of Mexico.⁵¹

The Commissioner-General of the CBO, Mohammed Mahgoub, attempted to defend the boycott of Jewish banks as follows:

A number of banks are boycotted because their owners have a confirmed position toward Israel and Zionism. Many of these banks helped to establish the State of Israel and were supporting it economically and militarily.

Do you really imagine that the Arabs could possibly invest their money in cooperation with these banks? This would mean the Arab money would end up in Israel one way or another so that Israel would buy more rockets and planes to kill the Arabs.

The boycott is not based on racism or religion. We only boycott whoever supports Israel militarily or economically regardless of religion or not.⁵²

Coercion of Metal Box Company

For a number of years, Britain's largest packaging company, Metal Box, had been blacklisted by the CBO and its regional offices because of its 27 percent

stake in the Israel Can Company. Nonetheless, Metal Box maintained its investment in Israel.

However, the company confirmed in February 1977 that it would be disposing of its assets in Israel due to insurmountable pressures placed upon it by several of its major customers engaged in multinational food operations. The CBO, along with boycott offices in Saudi Arabia and Kuwait, had warned customers of Metal Box that they would not be able to sell their products in the Arab world as long as they continued to use Metal Box packaging and cans. Accordingly, Metal Box decided to withdraw from Israel and become unblacklisted.⁵³

The Defiance of Barclays Bank

At about the same time as the Metal Box affair the CBO blacklisted the well-known Barclays Bank of London because of its 50 percent equity share in Barclays Discount Bank of Israel, a joint venture formed with the Discount Bank of Israel in 1972. Barclays had been operating in Israel as long ago as 1927. Since 1974 it had opened branches in Abu Dhabi, Dubai and Sharjah; taken a 50 percent share holding in Cairo Barclays International along with the Banque du Caire; opened a representative's office in Bahrain; and underwritten loans to Arab countries.

Anthony Tuke, Chairman of the Bank, refused to be intimidated. In his March 1977 annual report, he stated that "an international bank cannot submit to pressure of this sort and must work to support tolerance against intolerance."⁵⁴ Even the order of the Currency Board of the United Arab Emirates for Barclays to dispose of its assets failed to move the bank. By June, the CBO removed Barclays from the blacklist over Kuwait's opposition in recognition of the bank's important syndicated loan operations with several Arab countries, valued at \$600 million.⁵⁵

The Arab Oil Weapon

The ultimate weapon in the Arab boycott arsenal is oil. This is the weapon and, to a lesser extent, the use of trade leverage, that has caused the international community as a whole to desist from combatting the pernicious effects of the Arab boycott of Israel. The oil weapon has been used in two ways — by embargoing oil supplies to nations maintaining friendly relations with Israel and by raising the price of oil to unconscionable levels for the world at large. The ransom demanded for the removal of this bludgeoning has been the cessation of international support for the Jewish state and the espousal of Arab claims against Israel.

The first attempt at using oil as a boycott weapon was made a few days after the Arab defeat in the Six-Day War with Israel in June 1967. Major Arab oil producers shut down production for a few weeks, then resumed shipments to all countries with the exception of the United States, Britain, and in some instances West Germany. Fearing a loss of revenues, Saudi Arabia and Kuwait broke ranks and quickly ended their participation in the embargo against these countries. Algeria, Iraq, Qatar, and Libya continued for a few months longer to ban shipments to the United States and Britain.

More effective use of the oil weapon was made during the 1973 Yom Kippur War between the Arabs and Israelis. On October 17, the Organization of Arab Petroleum Exporting Countries meeting in Kuwait agreed to cut oil production by a minimum of 5 percent with additional 5 percent cuts to be announced each month. A total embargo was imposed on shipments to the United States, and some Arab countries announced a similar embargo against the Netherlands. Any state extending "fruitful" assistance to the Arab nations or taking "significant measures against Israel to persuade it to end its occupation of usurped Arab territories" would have its previous level of crude petroleum shipments restored.⁵⁶ Libya, Saudi Arabia, Algeria, Iraq, Abu Dhabi, Kuwait, Bahrain, Dubai, and Qatar participated in the embargo, which lasted until June 1974 against the United States and somewhat longer in the case of the Netherlands and other states.

The United States had incurred Arab anger for its military sales to Israel, while the Netherlands was perceived as generally pro-Israel, a view that was reinforced by reports that the Dutch had offered to assist in the transit of Soviet Jewish emigrants to Israel. In late November, Portugal, South Africa, and Rhodesia were placed on the embargo list to garner Third World support. Shipments to Canada were suspended to prevent supplies from being re-exported to the United States.

Pro-Arab countries such as France, Spain, Moslem states and, on a conditional basis, Britain, were exempted from the production cuts but Japan was not, as punishment for having professed neutrality in the Arab-Israeli conflict. Japan subsequently adopted a pro-Arab foreign policy.

The effects of the oil embargo and production cutbacks were dramatic. The lifestyles of every major industrial power were disrupted. Hardest hit were Japan and western Europe, which were heavily dependent on oil imports. Most of northern Europe suffered from the embargo against the Netherlands because the Dutch port of Rotterdam was Europe's largest oil-refining and transshipment center. At the political level, strains were evident in the Western alliance, as the United States became isolated by the policies of expediency pursued by the European Economic Community and Japan.

In addition to quantitative restrictions, the Arab oil-producing countries succeeded in influencing the Organization of Petroleum Exporting Countries (OPEC), an international cartel, to more than quadruple the price of crude petroleum in December 1973 to a level of \$11.65 per barrel from \$2.59 in Janu-

ary. Oil prices continued to be arbitrarily hiked in succeeding years, causing an international recession, high rates of inflation and unemployment and monetary instability.

By 1980, the price of oil had reached the astronomic level of \$32 a barrel, an increase of more than 1,200 percent since 1973, poisoning the world on the brink of a major depression. Each 10 percent increase in imported oil prices added at least one-half a percentage point to the inflation rates of the industrialized countries and reduced their gross national product by a similar amount. These price increases had a devastating effect on developing countries, whose oil import bill had soared to \$60 billion from \$4 billion in 1972, causing a severe retardation of their industrialization efforts and ensuring their continuing impoverishment. On the other hand, the Arab oil producers had accumulated almost \$100 billion in surplus oil revenues.

The Arab League Boycott of Egypt

The signing of the Israeli-Egyptian Peace Treaty in March 1979 resulted in a limited economic boycott by several members of the Arab League against Egypt. Syria, Libya, and Iraq cancelled their airline service to Cairo and banned trade with Egypt. The Persian Gulf sheikdoms and Saudi Arabia withdrew their deposits from Egyptian banks and terminated their subsidies of \$800 million in support of Egypt's economy. However, more stringent reprisals were not forthcoming, to avoid undermining Egypt's capacity to wage war in the event the peace treaty with Israel was later renounced.⁵⁷

Reprisals Over Jerusalem

In October 1979, the Canadian government surrendered to Arab League threats of economic reprisals by abandoning its declared electoral promise to transfer the Canadian embassy from Tel Aviv to Jerusalem, Israel's capital. The threats included the suspension of trade and the concomitant loss of "thousands" of jobs; an oil embargo; withdrawal of bank deposits and investments from Canada by the Arab Monetary Fund; and a boycott of Canadian aircraft, ships and cargo by the International Confederation of Arab Trade Unions. Canada's leading newspaper columnist was reflecting widespread public opinion when he termed the Canadian decision an act of appeasement.⁵⁸

In a similar development the following year, Arab nations ordered the thirteen countries maintaining embassies in Jerusalem to remove them or face economic sanctions. Venezuela, Ecuador, Uruguay, Chile, the Netherlands, Colombia, El Salvador, the Dominican Republic, Costa Rica, Panama, Bolivia, Guatemala, and Haiti quickly complied. Costa Rica and El Salvador have since reversed their decision and returned to Jerusalem.

The Islamic Office for the Boycott of Israel

During the meeting of Islamic foreign ministers held in Fez, Morocco, from September 18 to 20, 1980, a resolution was passed calling for the establishment of an Islamic Office for the Boycott of Israel, which would work together with the Arab League's boycott office.⁵⁹ This resolution was endorsed at the thirty nine-nation Islamic Summit Conference held in Taif, Saudi Arabia, in January 1981. According to Habib Chatti, Secretary-General of the Islamic Conference Organization, the aim of an expanded boycott would be to force the international community to pressure Israel to withdraw from Jerusalem and the territories it captured during the Six-Day War of 1967 and cede them to Arab control.⁶⁰

Egypt's Continued Boycott of Israel

Under the terms of the Treaty of Peace between Egypt and Israel concluded in March 1979, both parties agreed to establish normal relationships with each other, including full recognition, diplomatic, economic, and cultural relations, and termination of economic boycotts and discriminatory barriers to the free movement of people and goods upon completion of Israel's interim withdrawal from the Sinai desert.⁶¹ However, despite Israel's adherence to this withdrawal, which was accomplished by December 1979, Egypt continued to maintain its boycott of foreign firms dealing with Israel and made little effort to cement mutual trade ties.

Egypt did, in fact, carry out the necessary formalities to live up to its treaty obligations. In February 1980, the Egyptian Parliament approved legislation cancelling the boycott law of 1955 against Israel. Israeli ships were permitted use of the Suez Canal, and air, road, telephone and cable, commercial, and tourist links were established.

In practice, the situation was far from normalized. Egypt continued to apply the boycott against third-country commerce with Israel. For the United States alone, the number of anti-Israel boycott stipulations it demanded of American exporters from October 1979 to September 1984 totaled almost nine hundred.⁶² Prominent among these were:

- Solicitations of bids for piping by the Alexandria Water General Authority containing clauses stipulating that suppliers must not ship the goods on "blacklisted vessels, on Israeli ships or on those vessels which go to Israeli ports or waters."⁶³
- Tender documents circulated to American firms by the Mechanical and Electrical Department of the Ministry of Irrigation, containing the following stipulation:⁶⁴ The tenderer must not be residing in Israel or having its nationality or be one of its agents or working for its benefit. He must not possess any branch or assembly factory in Israel. Neither he nor his agents must be engaged in collecting Israel's products. The tenderer must not have granted Israeli firms the privilege to use his name and must not be a partner in Israel companies, factories or establishments. The

tenderer must declare that he will abstain from taking any action contrary to the terms laid down in the preceding paragraph. He must also declare that he will abstain from dealing with foreign companies which prove to have been marketing Israel's products outside Israel, that he will not distribute same and will not contribute in any work intended to consolidate Israel's economy, such as partnership with petroleum and Metal Research Companies [sic], and that he will not supply Israel with provisions that may serve its military efforts.

An economic cooperation agreement signed between Egypt and Israel in 1980 resulted in Israeli sales of \$2.7 million, in eggs, chicks, butter, and chocolate. Indirect sales through Cyprus are estimated to have resulted in a total of \$11 million in exports. By 1984, Israeli exports amounted to \$14.1 million, down from the high of \$26 million reached in 1982. Egyptian exports to Israel have been negligible to date apart from the \$400 to \$500 million in annual crude oil sales made in conformity with the peace treaty provisions. Similarly, the flow of tourists has largely been in one direction, with 40,000 Israelis having visited Egypt compared to only 1,500 Egyptians who have toured Israel.⁶⁵

Overview

A study of the major activities carried out by the Arab League, individual Arab states, and Arab boycott offices in their campaign to destroy the economic foundations of Israel by intimidating and punishing the Jewish state's supporters provides a fascinating panorama of violations of international law and order. These affronts by the Arab states to the sovereignty of members of the international community have met with a variety of responses—passivity and surrender, displays of moral courage and resistance, and covert commercial operations.

During the twenty-third conference of liaison officers for the Arab boycott of Israel, which met in Damascus on May 1, 1966, Commissioner-General Mohammed Mahgoub of the Central Office for the Boycott of Israel characterized the boycott as "a powerful effective weapon representing the positive nature of the action to destroy the enemy and build the national Arab economy."⁶⁶ According to Mahgoub, the Arab boycott offices had managed to enforce compliance with their dictates in 90 percent of the cases dealt with.⁶⁷

By 1976, the Arab boycott of Israel apparatus had developed blacklists containing over 6,300 entries of firms and organizations from ninety-six countries in violation of boycott regulations (see Table 2.2). Although the entries were marred by double or multiple counting (parent firms and subsidiaries), the listing of firms that had long ago ceased operations, and numerous unintelligible designations, there was no question but that the blacklists had identified the broad spectrum of small to large-sized enterprises that conducted commercial relations with Israel. In addition, the blacklists contained entries for more than 600 ships that had docked at Israeli ports or carried cargo

Table 2.2 Blacklisted Entities by Area—1976

<i>Areas^a</i>	<i>Firms and Organizations</i>	<i>Ships</i>	<i>Areas</i>	<i>Firms and Organizations</i>	<i>Ships</i>
All areas (96)	6,376	634	South Asia		
North America			India	128	—
Canada	250	—	Nepal	1	—
United States	1,897	32	Pakistan	7	—
Western Europe			Sri Lanka	3	—
Austria	15	—	Middle East		
Belgium	198	—	Iran	57	—
Britain	1,158	75	Lebanon ^b	1	—
Cyprus	134	22	Turkey	226	18
Denmark	18	12	Latin America		
Finland	20	6	Argentina	81	—
France	357	—	Bolivia	1	—
Greece	56	128	Brazil	57	4
Iceland	1	—	Chile	10	—
Ireland	11	—	Colombia	12	—
Italy	174	23	Costa Rica	3	—
Lichtenstein	18	—	Cuba	1	—
Luxembourg	21	—	Dominican Republic	1	—
Malta	21	1	Ecuador	3	—
Monaco	1	—	El Salvador	1	—
Netherlands	69	31	Guatemala	5	—
Norway	18	13	Honduras	—	1
Portugal	8	—	Mexico	47	—
Spain	61	2	Panama	16	33
Sweden	100	30	Peru	10	—
Switzerland	152	1	Uruguay	14	—
West Germany	220	45	Venezuela	43	—
Eastern Europe			Caribbean		
Poland	8	1	Bahamas	7	—
Romania	13	5	Bermuda	1	—
Yugoslavia	16	3	Grand Cayman	1	—
Australasia			Jamaica	11	—
Australia	96	—	Puerto Rico	26	—
New Caledonia	1	—	Africa		
New Zealand	10	—	Benin	1	—
East Asia			Burundi	4	—
Burma	2	9	Cameroon	2	—
Hong Kong	64	—	Central African Republic	5	—
Indonesia	10	—	Chad	1	—
Japan	150	3	Ethiopia	18	4
Malaysia	4	—	Gabon	1	—
Philippines	5	8	Ghana	4	7
Singapore	24	6	Guinea	3	—
South Korea	6	—	Ivory Coast	6	2
Taiwan	4	3	Kenya	24	—
Thailand	7	—	Liberia	10	105
Vietnam	1	—	Morocco ^c	2	—

Table 2.2 (Continued)

Areas ^a	Firms and Organizations	Ships	Areas	Firms and Organizations	Ships
Nigeria	40	—	Togo	1	—
Senegal	4	—	Tunisia ^f	1	—
Sierra Leone	4	—	Uganda	4	—
Somalia ^d	1	—	Zaire	4	—
South Africa	43	1	Zambia	1	—
Sudan ^e	1	—	Zimbabwe	10	—
Tanzania	12	—			

^aDoes not include international organizations, films, artistic performers or Israeli firms included on Bahrain blacklists. A limited statistical breakdown for 1974 was provided by Von Thankmar von Münchhausen, "Auf der Schwarzen Liste der Araber," in *Frankfurter Allgemeine Zeitung*, April 19, 1975, which showed the total number of boycotted firms and ships as 5,726 and 529 respectively.

^bThe Lebanese blacklist has only one entry for Lebanon — The Watchtower Bible Society. Three entries are on Saudi Arabia's blacklist — Baska Beirut, J. V. Delbourgo and Son, and Pharmacie Gozif Farhi.

^cThe entries relate to the blacklisted French firm Société Penarroya and Société d'Importation et Distribution Automobile affiliated with American Motor Corp.

^dOverseas African Construction Company.

^eThe British firm Blackwood Hodge.

^fSociété Penarroya.

Source: Chamber of Commerce and Industries, *Directory of Boycotted Foreign Companies and Establishments*, Jeddah, 1970; and Edward Hotaling, *The Arab Blacklists Unveiled*, 1977.

to or from Israel.⁶⁸ The magnitude of the coverage of these blacklists can be contrasted with the situation in 1968, when only 2,462 entries were listed from 60 countries.⁶⁹

As Arab petrodollar wealth grew to vast proportions in the 1970s, many blacklisted firms could no longer afford to stay out of Arab markets. The result was that such firms went to great lengths to "cleanse" themselves from any business dealings with Israel by submitting notarized documentation attesting to their withdrawal from the Israeli market. Convinced of their sincerity, the Arab boycott offices removed these firms from the blacklists, enabling their products to reach Arab consumers and government agencies. The setback to Israel's trade and investment program was considerable until antiboycott legislation and policies were adopted in a number of countries, particularly in the United States. In political terms, Israel found itself almost totally isolated from its erstwhile friends in the international community as a result of the Arab use of the oil weapon and their petrodollar wealth to extort compliance with their foreign policy goals.

The breach in Arab boycott solidarity caused by Egypt's decision to conclude a peace agreement with Israel appeared at first glance to represent a ma-

jor setback in the Arab campaign to destroy Israel. Nevertheless, Egypt's commitment to forge a political and economic rapprochement with Israel remains highly tentative. On the economic front, Egypt has been reluctant to enter into substantive trade and tourism exchanges as requested by Israel and continues to apply the Arab boycott system.

MODUS OPERANDI

The global Arab economic war against Israel serves as both a unifying force in the Arab world and as a face-saving device providing an opportunity for a continuing campaign in the absence of Arab military victories.¹ It is formally waged through the institutional apparatus of the Central Office for the Boycott of Israel, which was set up by the League of Arab States in 1951, and through national boycott offices located in most of the Arab countries. However, other institutions play a part in this war:

- Arab government ministries and agencies
- Arab firms and chambers of commerce
- Islamic states
- Other pro-Arab states
- Joint Arab and foreign chambers of commerce abroad such as the U.S.-Arab Chamber of Commerce, the Arab-British Chamber of Commerce, and so on.
- United Nations agencies
- Foreign firms, investors, banks, boards of trade, institutions, and government agencies courting Arab business that act as international boycott enforcers

Accompanying these institutional forces are a series of general principles or regulations adopted by the Arab League and a number of legislative enactments in Arab countries that give operational effect to the economic war against Israel. These are purely formal regulations that do not fully reflect: (a) the anti-Semitic overtones of this warfare; (b) its objective of stifling all international commerce with Israel; and (c) its suspension in instances in which important Arab political and commercial interests are placed at risk.

The Arab world has employed such traditional methods as maritime blockade, prohibitive customs legislation, and sanctions against nationals. In the international arena it uses secondary and tertiary instruments such as black-lists and trade embargoes, boycott questionnaires, contracts, letters of credit, shipping documents, and tenders. A vast array of certificates is demanded, relating to commercial origin, religion, and relationships and dealings with Israel and its supporters, including foreign firms, shippers, and insurers active in the Israeli market. Against foreign governments, the Arabs have utilized oil supply controls and suspension of diplomatic, trade, and financial relations. A vital aspect of the Arab campaign of economic warfare has been the judicious

use of threats to achieve international compliance. This tactic has been highly successful, given the solidarity of the twenty-one Arab states with an aggregate population of 150 million backed up by potentially lucrative markets and substantial petroleum resources. Not only has it ensured widespread international compliance with the anti-Israel boycott but it has also encouraged policing and enforcement of boycott stipulations by third parties against their own compatriots.

A detailed review of the *modus operandi* of the Arab economic war against Israel is provided below.

The Arab Boycott Offices

The nominal coordinating institution for the economic war against Israel is the Central Office for the Boycott of Israel, a specialized unit of the Arab League's Economic Council headquartered in Damascus. It normally meets twice yearly in different Arab nations to map strategy and to add or subtract entries on the Arab blacklists. Boycott liaison officers from all Arab League states attend the CBO conferences.

The CBO is headed by a commissioner-general, who directs the campaign against Israel. From 1951 to 1963, the CBO was headed by a Syrian, Abd al-Karim al-Aidi. He was removed from his position after incurring Egypt's displeasure for accepting certain documents from its military attaché in Beirut, who had defected and obtained asylum in Syria.² Mohammed Mahmoud Mahgoub, an Egyptian general, succeeded al-Aidi and occupied his position until 1979. Sayid Barki and Nourallah Nourallah have been the most recent incumbents in this post.

Resolutions and recommendations emanating from the CBO and indeed the Arab League Council are not binding and thus unenforceable without the agreement of individual Arab states. This provides considerable latitude for Arab governments to protect their differing national interests in the face of any potentially injurious measures contemplated.

National boycott offices function as part of key government ministries. For example, in Lebanon and Oman, the Ministry of Economic Affairs harbors a boycott bureau, while in Syria and Saudi Arabia the Ministry of Defense and the Ministry of Commerce respectively are responsible for boycott administration. In addition, Arab embassies and consulates abroad act as boycott agents by enforcing national boycott legislation and gathering intelligence on foreign firms and institutions dealing with Israel.

Other Boycott Enforcers

Arab Government Ministries and Agencies

Governments play a leading role in the economic development of Arab countries in which the private sector is small and mostly relegated to designated

areas of the economy. As a consequence, the procurement practices of government ministries and state-run enterprises and agencies are governed by boycott regulations.

Arab Firms and Chambers of Commerce

In a similar vein, privately controlled Arab firms and chambers of commerce demand boycott compliance in any business transactions with foreign corporations.

Islamic States

Islamic states that currently prohibit trade with Israel include Bangladesh, Iran, Malaysia, Mali, and Pakistan. Bangladesh, Malaysia, and Pakistan have gone so far as actually enforcing the Arab boycott against non-Israeli firms. An example of the latter practice is the following stipulation in a request for tenders issued in 1979 by Pakistan's Karachi Electric Supply Corporation for electrical measuring and control equipment:

Selection of imported equipment and material for Lot No. 5 will be on basis international competition from organizations eligible for Saudi Fund for Development financing. Therefore tenders only from contractors who are not subject to boycott regulations of League of Arab States or of Kingdom of Saudi Arabia shall be considered.³

A potentially far-reaching development occurred during the Islamic Summit Conference in Taif, Saudi Arabia, at the end of January 1981, when it was announced that an Islamic Office for the Boycott of Israel would be established. Its objective would be to adopt the blacklists of the Arab countries and apply secondary and tertiary boycott practices.⁴

Other Pro-Arab States

Prominent among other pro-Arab nations supporting the boycott of Israel is Uganda, whose customs regulations prohibit all imports from this source. In addition, foreign suppliers have been requested by Uganda to comply with the boycott against non-Israeli blacklisted firms. India has also become involved in boycott enforcement by requesting that vessels used to carry U.S. exports must not be blacklisted by the Arab League.⁵

Joint Arab and Foreign Chambers of Commerce

Bi-national chambers of commerce are a common feature in international trade. They are designed to foster mutual and reciprocal commercial relations by facilitating business contacts among member firms and providing marketing information. Joint Arab and foreign chambers of commerce fulfill this role

in many countries in America and Europe. Moreover, they carry out an important function in enforcing compliance with Arab boycott regulations by demanding submission by foreign firms of a variety of boycott documentation and, in many cases, authenticating them on behalf of Arab countries. This practice has been outlawed by the antiboycott legislation of the United States.

United Nations Agencies

Since 1974, the United Nations and its agencies have been enlisted in the Arab campaign to destroy Israel. Utilizing their numbers, their oil wealth and alliances with the Communist bloc and the developing nations, the Arab nations have to some degree succeeded in making the UN captive to the dictates of their hostility to Israel. Arab economic warfare has directly affected the poli-

The World Health Organization, for example, has ordered goods from U.S. firms for shipment to Arab states and has insisted that suppliers provide invoices stating that the goods are not manufactured in Israel and are not of Israeli origin. The Food and Agriculture Organization has requested certification from American suppliers guaranteeing that air carriers transporting goods on order have not carried Israeli goods or stopped at Israeli airports.⁶ The UN Environment Program has refused to follow its normal tendering procedures by turning down the lowest bid received from an Israeli firm to construct its headquarters complex in Nairobi.⁷

Foreign Firms, Investors, Banks, Boards of Trade, Institutions, and Government Agencies

Placing profits above business ethics, private and governmental entities abroad have acted as enforcers of the Arab boycott within their own countries by demanding that their compatriot suppliers, subcontractors, insurers, shippers, consultants and related personnel submit documentation attesting to their nonblacklisted status, noninvolvement in business relations with Israel, non-Zionist affiliations, and non-Jewish status. Failure to meet these discriminatory stipulations has resulted in exclusion or cancellation of contracts (see examples cited in Chapter 2).

Arab Boycott Regulations and Legislation

The Central Office for the Boycott of Israel operates within the terms of Arab League Council Resolution 849 of December 11, 1954, which proclaimed a unified law on the boycott of Israel and was subsequently incorporated into the national legislation of Arab states.⁸ The provisions of Resolution 849 made it illegal for Arab individuals or entities to deal with Israel or with agencies or persons "working on behalf of Israel," or with foreign companies and organiza-

tions having interests, branches, or agencies in Israel. Israeli goods or foreign goods containing Israeli components were prohibited entry into the Arab world. Exports of Arab goods to countries re-exporting them to Israel were prohibited. Arab individuals and company owners or directors violating these provisions were liable to imprisonment at hard labor for a period not exceeding ten years as well as heavy fines. An abstract of the conviction for violating the boycott law was to be published in large type in a daily newspaper at the convicted person's expense and posted for three months in front of his business establishment or place of work. A cash reward equal to 20 percent of the value of the confiscated articles was to be paid to any person or official seizing goods covered by this law.

General boycott principles or regulations detailing how the boycott was to be applied were subsequently promulgated. These regulations, which emanated from sessions of the Arab League Council and conferences of national boycott officials, have been frequently expanded and revised. Individual Arab governments remain free, however, to deviate from them in light of their particular national interests. Their central objective is to ban Arab commerce with Israel and to cause foreign firms and institutions to refrain from dealing with Israel and its supporters — that is, blacklisted companies and Zionist sympathizers.⁹ The achievement of this goal entails the imposition of Arab law on the territories of other sovereign nations and the fostering of discriminatory business and employment practices in other countries.

The 1972 version of the boycott regulations contains 40 articles, a summary of which follows:

Articles 1-8: These require Arab traders to provide certified proof that their exports have not been diverted to Israel and that their imports from foreign countries do not comprise products of Israeli origin.

Articles 9-11: Provision is made here for the surveillance of banks and merchants suspected of dealing with Israel and of persons having contact with "occupied Palestine." Further, Jews who have been deprived of the citizenship of any Arab state or whose residence on the soil of such state has been terminated because of their contacts or dealings with "occupied Palestine" are prohibited from entering or residing in the territory of any other Arab state.

Article 12: Prohibits entry into Arab countries of foreigners carrying passports bearing Israeli visas or having two passports — one valid for the Arab countries and the other valid for Israel. Exempted are diplomats, officials of international agencies, foreign government officials, and journalists approved by Arab authorities and foreign tourists and pilgrims on group tours to the Arab countries and Israel.

Article 13: Arab governments are enjoined to suppress smuggling of goods from or into Israel and to prevent oil companies operating in their territories from shipping or transshipping Arab petroleum to Israel.

Article 14: Arab diplomatic missions abroad are to monitor trade with Israel and to enforce boycott provisions by authenticating boycott certificates submitted by foreign firms exporting to Arab countries.

Articles 15-16: Dealings with foreign individuals, companies and institutions “operating in support of the Israeli economy” are to be banned unless they comply with the Arab boycott. These include all their subsidiaries and affiliates whether or not involved with Israel. “Support” is broadly defined to encompass a host of normal modes of commercial and trade relationships. This term includes:

- (a) Establishing a plant or branch office in Israel;
- (b) Having products assembled in Israel;
- (c) Setting up head offices or general agencies for Middle East operations in Israel;
- (d) Granting Israeli companies the right to use their names;
- (e) Entering into joint ventures or becoming partners in Israeli firms;
- (f) Supplying technical expertise to Israeli manufacturing plants;
- (g) Refusing to reply to questions on business relations with Israel;
- (h) Acting on behalf of Israeli interests;
- (i) Importing Israeli products and refusing to import from Arab countries;
- (j) Acting as an import-export agent for foreign companies on the Arab blacklists;
- (k) Constructing ships and tankers for Israel;
- (l) Entering into business relations with blacklisted foreign companies by purchasing component parts from them that exceed 10 percent of the total cost of production of their finished products; acquiring from banned firms technology under license and establishing joint ventures and partnerships with them;
- (m) Establishing or administering international hotel chain facilities in Israel, although an exception is made for hotels also operating in Arab countries;
- (n) Exhibiting Zionist sympathies by making donations to Zionist or Israeli entities in or outside Israel; belonging to a Zionist broadcasting, television, or movie company; and joining associations or institutions with a Zionist character such as joint Israeli-foreign chambers of commerce. Zionist sympathizers occupying sensitive foreign government or international posts are, however, to be permitted entry into Arab countries.
- (o) Transporting Jewish immigrants to Israel;
- (p) Transporting industrial, commercial, or agricultural products of Israel. In this regard, ships that have previously possessed Israeli nationality are to be considered permanently blacklisted, even though they have been sold and possess a new nationality.

Article 17: International oil companies operating in Israel are to be banned from commerce with Arab countries.

Article 18: Foreign banks with branches in Israel or without branches but providing loans to Israeli institutions or companies or distributing Israeli Government bonds are to be boycotted. Exception is made for international banks that assist the Arab economies to a greater extent.

Article 19: Aircraft that in the course of their flight to countries of the Middle East land at an Israeli airport are to be barred from flying over the territory of Arab states and denied any landing facilities. Aircraft transporting tourists or pilgrims to Arab countries and Israel shall be permitted to overfly Arab countries and land at their airports, provided they are not carrying any goods and parcels destined for Israel or any Israeli nationals.

Article 20: Foreign films, television series, and actors arousing sympathy for Israel or Zionism are to be banned. All films with actors of Israeli nationality or sympathetic to Zionism or that have been shot on location in Israel are to be banned. Films in which such actors play minor roles may be appropriately edited.

Article 21: No general regulation is to be established with respect to foreign companies supplying Israel with military equipment. These companies are to be dealt with on a case-by-case basis in consultation with each Arab government.

Articles 22–23: Dealings are to be banned with foreign insurance companies participating in Israeli firms or institutions. Exporters to Arab countries with insurance against the hazards of the boycott must agree contractually to be bound by the laws and regulations observed in Arab countries with respect to dealing with Israel.

Article 24: Appropriate measures are to be taken against foreign societies and institutions of a philanthropic nature that make donations to Israel unless they extend similar charitable assistance to Arab countries.

Article 25: Overseas agents of Arab companies must not act on behalf of Israeli firms.

Article 26: No measures are to be taken against foreigners belonging to joint Israeli-foreign friendship associations unless they contravene boycott regulations.

Article 27: Foods shipped to Arab countries from abroad cannot be transported on blacklisted vessels, nor be of Israeli origin, nor originate from blacklisted firms. Postal shipments destined for Israel by way of Arab ports and airports are liable to confiscation.

Article 28: Arab newspapers must not publish any news relating to boycott matters without prior approval from national boycott offices.

Article 29: Foreign books, maps, and other printed matter containing propaganda for Israel (including references to the existence of Israel) or Israeli advertisements are to be confiscated.

Article 30: Foreign journalists are to be blacklisted if they are members of a Zionist information agency or partisan towards Israel and Zionism.

Article 31: Diplomatic efforts are to be made with friendly foreign governments to have them implement the boycott rulings with respect to companies active in industrializing Israel or aiding it economically. Trade agreements with any foreign country should be made to contain a clause prohibiting the latter from re-exporting Arab goods to Israel or exporting goods of Israel origin or with Israeli content to Arab countries.

Article 32: Arab governments should contact large foreign companies operating in Arab states to give them to understand that the survival of their interests in Arab countries is conditional on the result of their efforts with their governments to halt the investment of private and public foreign capital in Israel.

Article 33: Foreign diplomatic missions in Arab countries are not to import products from blacklisted companies.

Article 34: Imports from blacklisted companies are to be permitted in certain categories if indispensable to Arab economies or unavailable from other sources. These include spare parts for motor vehicles and production machinery and pharmaceuticals.

Article 35: Foreign companies selling Israel processed or raw materials are not to be blacklisted but rather encouraged to refrain from doing so in exchange for commensurate Arab purchases.

Article 36: Boycott resolutions against individuals and firms should be universally enforced by all Arab states.

Article 37: Imports of eggs, poultry, citrus fruits, and their manufactures, plastics and phonographic records from Iran are banned, and other imports from this source must be ascertained not to contain Israeli materials or to have benefited from Israeli capital.

Article 38: Imports of diamonds from Hong Kong are banned (diamonds are one of Israel's largest exports).

Article 39: Imports from Pakistan need not be covered by stringent boycott documentation.

Article 40: Infiltration of goods assumed to be of Israeli origin or containing Israeli content or produced by joint Israeli-Romanian companies are to be prohibited from Romania. These include hydraulic presses and other metal-manufacturing machinery and tools, electronic and telecommunications equipment, agricultural equipment, motor vehicles and tank trucks for transporting cement, mechanical hoists, electrical equipment, raw cotton, textile yarns, bedspreads, organic chemicals, phosphates, medical preparations, aluminum and steel pipe, citrus fruit and canned citrus products, citric acid, asbestos yarn and thread, and soybean oil.

The 1972 version of the Arab boycott regulations does not incorporate certain provisions contained in earlier and later compilations. For example, the 1955 regulations single out for blacklisting merchants of Cyprus acting as agents or representatives for Israeli firms. Cyprus has long been considered by the Arab League as a dangerous transshipment center for Arab goods to Israel and vice versa.¹⁰ A summary of the 1977 regulations includes a provision for banning transactions with foreign companies giving Israeli firms the right to use their trademarks and patents.¹¹

Examination of the 1972 regulations, particularly Article 10 dealing with entry and residence prohibitions against former Jewish citizens of Arab countries and Article 16 blacklisting ships transporting Jewish immigrants to Israel, provides evidence of explicit anti-Semitism in the Arab boycott's orientation. Article 15, which prohibits dealings with "Zionist sympathizers," has largely been used by the CBO and the national boycott offices against Jewish-owned firms, institutions, and individual Jews considered to be Zionists unless proven otherwise (see Chapter 2). Saudi Arabia's prohibition on the admission of Jews of any nation into its territory reflects an anti-Semitic bias. In the implementation of the Arab boycott regulations, individual Arab governments have made no effort to conceal an anti-Semitic bias in their demands on

foreign firms and institutions to ferret out any Jewish association on the latter's part.

Similarly, the boycott regulations do not make explicit the aim of the Arab world to render all international commerce with Israel inoperable. Unmistakable suggestions of this objective, however, are contained in Article 15 in its prohibition of dealings with foreign entities "operating in support of the Israeli economy," or of "acting on behalf of Israeli interests," or "transporting industrial, commercial, or agricultural products of Israel." As will be seen, Arab governments have taken the gloves off on this issue by insisting that foreign firms and organizations sign affidavits that they do not have nor will they have any dealings with Israel.

The formal regulations as well do not fully reflect the considerable latitude available to the Arab states to cast off the stringencies of the boycott when these threaten to injure their national interests. Provisions allowing flexibility include Article 15 on international hotels with operations in Israel, Article 18 on foreign banks handling Israeli government bonds, Article 21 on foreign companies supplying Israel with military equipment, Article 34 on blacklisted firms producing drugs and spare parts for motor vehicles and production machinery, and Article 35 on overseas companies selling raw materials to Israel. The rationale for waiving boycott provisions in these instances is clearly to avoid jeopardizing access to goods and services indispensable for Arab national development and security, as in the episodes involving Hilton Hotels, Chase Manhattan, and Barclays Bank.

What is not indicated in the boycott regulations is the widespread practice of Arab governments in ignoring the boycott in cases where its application would prevent the acquisition of high-technology goods and services, producer goods at internationally competitive prices, and consumer products in popular demand. Most importantly, the boycott regulations on blacklisting are frequently set aside in situations where foreign corporations and their governments make a determined effort to combat compliance with the Arab boycott stipulations. Arab importers frequently agree in such instances to remove offensive boycott clauses from commercial contracts. The usual consideration here on the part of particular Arab nations is fear of endangering the development of mutually beneficial trade and diplomatic relations with important foreign countries. The country case studies in the following chapters refer to these instances in greater detail.

Instruments of the Boycott

A review of the primary instruments of the Arab boycott of Israel — blacklist, maritime blockade, diplomatic, trade and financial threats, travel restrictions and the oil weapon — was provided in Chapter 2 and requires no further elabo-

ration. At the micro level, a complex system involving documents, regulations, instruments and endless red tape is deployed to enforce extraterritorial compliance with the boycott of Israel.

Customs Legislation

All members of the Arab League prohibit imports from Israel, whether shipped directly or transshipped through third countries. This prohibition includes imports containing Israeli materials or components. In addition, imports from firms placed on national blacklists are denied entry. In like manner, Arab goods are forbidden to be exported or transshipped to Israel. Kuwait also bans imports of goods manufactured by companies financed by Israeli capital, particularly in developing countries or by companies maintaining a relationship with Israeli firms that is deemed beneficial to Israel.¹²

Shipping Regulations

Shipments of goods to Arab states cannot be made on vessels owned by Israelis, or calling at Israeli ports or blacklisted by the Central Boycott Office.

Boycott Questionnaires

Foreign firms seeking business in the Arab world or dealing solely with Israel are sent questionnaires by the Arab boycott offices or Arab government agencies with a view to determining their eligibility for Arab contracts and to coerce them to terminate any commercial relations with Israel and its supporters. Replies to the questionnaire must be duly legalized by a notary public or a chamber of commerce and submitted to an Arab diplomatic mission for authentication. Failure to reply results in blacklisting and a ban on transactions with the firm concerned.¹³

The questions posed vary. Generally, the information solicited relates to whether a foreign firm maintains or has ever established a branch office, agency, or factory in Israel; grants the right of using its name, trademarks, patents, and copyrights to Israeli persons or firms; holds shares in Israeli companies; renders consultative services or technical assistance to Israeli firms; or represents Israeli concerns in Israel or abroad. The names and nationalities of non-Israeli companies in which the firm is a shareholder or whose capital is invested in the firm must frequently be declared. The names and religion of a firm's board of directors and managers is also demanded.¹⁴

Contracts

Exporters or consultants obtaining business with Arab states must agree to contract stipulations that they or their intermediaries cannot have any com-

mercial dealings with Israel and that they will not undertake any such activity with Israel.¹⁵ A few contracts specify that such conditions apply only while the contract is in force. Breach of these stipulations results in cancellation of the contract and the right of the Arab government to seize any bank guarantees and recover damages in addition to pursuing the blacklisting option.

Letters of Credit

A letter of credit is a common form of payment by an importer of foreign goods. It is issued by the importer's bank in favor of the exporter and sent to the exporter's bank, which makes the payment on behalf of the foreign bank. The importer's bank will only honor the letter of credit if the exporter fulfills its terms and conditions, particularly regarding the furnishing of appropriate shipping documents. The security of the exporter's bank lies in ensuring that the conditions of the letter of credit are met by the exporter. Since letters of credit issued by Arab banks or foreign banks acting on behalf of Arab importers contain a variety of boycott conditions, the participation of exporters' banks in these transactions has placed them in the position of being enforcement agents for the Arab boycott of Israel and its supporters, since they literally demand proof of boycott compliance on the part of exporters.

Common stipulations in boycott-tainted letters of credit include:¹⁶

- Provision of certificates asserting that the goods shipped are not of Israeli origin and do not contain Israeli materials;
- Certification that the goods were not produced by blacklisted firms and that the exporter and his affiliates are not blacklisted;
- Certification that the steamship company involved is not blacklisted;
- Declaration that the goods are not covered by insurance policies issued by blacklisted firms;
- Certification that the shipped goods do not form part of German reparations to Israel;
- Declarations that the exporter is fully aware of the rules and regulations in effect in Arab countries concerning dealings with Israel and that he has adhered to them and acted accordingly by having no direct or indirect connection whatsoever with Israel.

Shipping Documents

Arab countries require shipping firms carrying goods to their territories to provide *steamship or airline certificates* declaring that the vessel or aircraft concerned is not Israeli-owned, that it has not and will not call at any Israeli port (either prior to or subsequent to unloading at an Arab port), and that it is not on the Arab blacklists.¹⁷

All shipments must also be accompanied by *certificates of origin* appropriately notarized or authenticated by local chambers of commerce and then legalized

by Arab diplomatic missions. These certificates demand that the exporter declare that the merchandise is not of Israeli origin, that it does not contain any Israeli materials and that it does not originate from blacklisted firms. *Commercial invoices, bills of lading and airway bills* also contain requests for the same information.

Other shipping documents employed in boycott enforcement include the *insurance certificate*, which must be issued by the exporter's insurance company affirming that the insurer is not a blacklisted firm¹⁸ and the *German reparations certificate* attesting that the goods shipped did not constitute part of German reparations to Israel.¹⁹

Tenders and Purchase Orders

Invitations to bid on capital projects in Arab countries and related purchase orders contain conditions mandating compliance with the Arab boycott of Israel. These conditions include undertakings by the bidder that he does not presently and will not in future maintain any business relationship with Israel; he will not deal with blacklisted suppliers, carriers, and insurers; and he will comply with all the terms of the Arab boycott regulations.

Examples of these requirements can be found in the tender issued by the Rural Engineering Directorate of the Syrian Ministry of Agriculture and Agrarian Reform in 1975 for the supply and mounting of eight refrigerated potato stores of reinforced concrete construction. Item 11(c) of the tender requires that the bidder undertake to:

Present a written statement . . . that he owns not any factory or enterprise or any branch in Israel as well as not to participate in any enterprise or organization or any part in any contract for manufacturing, assembly or license or technical assistance with any institution or person in Israel and not to have any activity in Israel either personally or through an agent and not to participate [in] any form in supporting Israel or its military effort.²⁰

The general purchase terms for Jordan's Aqaba Project issued to bidders in 1978 stipulated: "Vendor attests that, to his knowledge he does not violate the Israel Boycott Act in force in the Hashemite Kingdom of Jordan, and that for this Order will not become associated with any company in violation therewith."²¹

The United Arab Emirates invited Canadian firms in 1979 to bid on a telephone contract containing a clause that required the contractor to declare "that he will not engage in import of or trading in goods produced in Israel."²²

Requirements That Foster Anti-Semitism Abroad

In his 1966 visit to the United States, King Feisal of Saudi Arabia made it clear that Arab nations are determined to prevent transactions with firms and institutions controlled by or employing Jews on the grounds that Jews are sup-

porters of the State of Israel and hence enemies of the Arabs.²³ A host of Jewish institutions are included on the Arab blacklists;²⁴ the Arab boycott regulations contain specific anti-Jewish provisions (see above); and special documentation is demanded of foreign entities with respect to their relations with Jews. Such documentation is most commonly requested by means of boycott questionnaires, visa applications, and contracts. Foreign corporations, consultants, and various institutions anxious to obtain Arab business have cooperated with Arab anti-Semitic demands affecting their fellow citizens. The episodes involving the hiring practices of the U.S. Army Corps of Engineers and international oil companies with operations in the Arab world, the Mancroft affair, and the boycott of Jewish banks are only a few examples of the injection of anti-Semitic practices into the international arena through the cooperation of foreign allies (see Chapter 2).

The standard certification required in business dealings with Arab states is similar to the following wording demanded in 1975 by Saudi Arabia: "We hereby solemnly declare that this company is not a Jewish company nor controlled by Jews or Zionists and it has no relations with Israel . . ." ²⁵

More detailed information on the Jewish connections of foreign firms is often solicited in boycott questionnaires. The Dutch firm Verkoopkantoor Van der Heem N.V. was requested to answer the following questions in 1955:²⁶

Do you have any Jewish employees in your company? If so, how many and what are the positions held by them?

Are there any Jews on your Board of Directors as members?

Are any of your managers or branch managers Jews? If so, please give name of the department headed by such a man.

Is any of the persons authorized to sign on behalf of your company a Jew?

What is the number of Jewish laborers in your factories and offices?

In another instance, the Central Organization for Foreign Economic Relations in the Hague advised the Dutch section of the International Chamber of Commerce in 1956 not to supply Arab importers with information about the number of Jews working in Dutch export houses.²⁷

As far as visa documentary requirements are concerned, businessmen wishing to travel to Saudi Arabia, for example, must provide a copy of either (a) a baptismal certificate; (b) a marriage certificate indicating a church wedding; or (c) a letter from a church verifying church membership.²⁸ This documentation is expressly aimed at Jews.

Syria has also required baptismal certificates in trade transactions. In the late 1950s, Italy forced the Syrian consulate in Milan to terminate its practice of insisting that Italian exporters attach baptismal certificates to their bills of lading on the grounds that this represented a violation of the guarantees in the Italian constitution against racial and religious discrimination.²⁹

Anti-Semitic boycott requests from Arab states reported to the U.S. Department of Commerce in 1977 and 1978 consisted of:³⁰

- Syrian invitations to bid stating that the contract would be cancelled if the contractor relied upon "suspected" or Jewish persons;
- Invitations to bid from Qatar instructing the recipient not to give evidence if the company was owned by Jews;
- Jordanian and Egyptian requests for the furnishing of the names and religions of company directors and employees;
- Requests from Saudi Arabia for information on the religion of staff members of firms interested in performing consulting, engineering, or architectural work in the kingdom;
- Questionnaires from Saudi Arabia requesting U.S. firms to provide the number of stockholders and/or employees who were members of the American Jewish Congress.

These types of requests continue to be reported to U.S. authorities at a rate of twenty-five per year.

Modifications in Boycott Enforcement

As a result of the passage of American antiboycott legislation in 1977 prohibiting U.S. individuals, firms, agencies, and institutions from furnishing any information or documentation in support of discriminatory foreign boycotts, many Arab states have been forced to modify the terms of their boycott instruments in order to maintain their valuable trade ties with the United States. This has meant that the onus of international enforcement of the Arab boycott of Israel has been transferred from the American business community to the Arabs themselves. Consequently, in transactions with the United States, the Arab boycott offices must expend considerable efforts of their own in determining whether imported goods are of Israeli origin or contain components manufactured by blacklisted firms or whether they are supplied by firms having commercial relations with Israel or any other association with Jews. However, the traditional *modus operandi* of the Arab boycott continues undisturbed in the rest of the world (apart from the Canadian Province of Ontario), where compliance with boycott demands is not outlawed.

Evidence of changes in boycott enforcement procedures vis-à-vis the United States is provided by the substantial decline in the number of boycott requests received by American business and the abolition of requirements for negative attestations in letters of credit, certificates of origin, tenders, and contracts relating to American transactions with several Arab countries. Instead, "positive" certifications are now requested. For example, American exporters are requested to declare that the goods to be shipped are of United States origin, or that the carrier of the goods is eligible to enter Arab ports, or that their contracts are subject to Arab laws and regulations.³¹ American compliance with these requests, however, is prohibited if their purpose is to assist boycott en-

forcement. Boycott questionnaires and other documents requesting information or certification as to an American firm's relations with Israel or Jews also cannot be complied with under U.S. law.

A minor change in boycott enforcement has occurred with Egypt's *de jure* agreement to end its participation in the Arab League boycott following the conclusion of a peace treaty with Israel. Direct trade with Israel has resumed under controlled circumstances, but foreigners seeking Egyptian business are still subjected to boycott coercion.

Consequences of Boycott Enforcement

There are a number of observations to be made in a functional analysis of the Arab boycott of Israel. First, the boycott's objective is clearly to coerce the international community into terminating and avoiding commercial relations with Israel and its supporters in order to hasten the destruction of the Jewish state. Submission to this coercion entails an active role on the part of foreign firms and institutions in enforcing the Arab boycott against Israel throughout the world. This has resulted in severe economic setbacks for Israel in terms of reduced export markets, foregone or withdrawn investment, limited access to foreign technology, restraints on supplies of producer and consumer imports, and significant constraints on international participation in Israel's infrastructure development projects. The extent of world-wide compliance with Arab boycott demands is enormous. The rate of compliance among American companies reporting export transactions with the Arab world prior to the passage of antiboycott legislation by the United States was 92 percent (see Table 3.1).

Second, the global application of the boycott and compliance with its demands involves, as has been noted, the intrusion of Arab laws and policies into other countries and the adoption of discriminatory business and employment practices in these countries by firms and organizations submitting to Arab regulation. This discrimination is practiced by refusing to deal with other firms which have some connection with Israel and by refusing to employ Jews or allow them prominence in company operations. Without countervailing mea-

Table 3.1 Boycott Compliance in the United States —
 1 October 1975–30 September 1976

Number of firms reporting	3,477
Number of transactions reported	97,491
Number of boycott requests reported	169,710
Compliance	92%

Source: U.S. Department of Commerce.

asures, the Arab world is permitted to carry its war against Israel into the territory of nations not party to this Middle East conflict and to inject anti-Semitism into the conduct of business abroad. The end result is that passive foreign governments become accomplices of the Arab campaign.

A third aspect of the Arab boycott is its seemingly endless ripple effect. The primary ban on Arab commerce with Israel extends to products containing Israeli components; products of Israeli origin or content that have been transshipped through third countries; products that have benefited from Israeli capital and technology; and products originating in foreign countries that are similar to Israeli goods—citrus and other farm produce from Iran, textile products from Romania, and so on. The secondary ban on goods and services from foreign firms dealing with Israel also applies to all their affiliates and subsidiaries and to companies in which they have an equity position regardless of their location and whether they have relations with Israel. The prohibition on transactions with firms doing business with blacklisted companies and entities involves a tertiary level of boycott that also includes their affiliated companies. Firms that are the subject of a tertiary boycott can be engaged in activities unconnected with sales to the Arab world and can be located in countries other than those in which blacklisted firms operate. Japanese firms using Ford and RCA products can be cited in this regard.

Pressure tactics constitute an important facet of boycott enforcement. These are particularly utilized against blacklisted firms that have ignored intimidation by boycott authorities and have continued to conduct business with Israel. In such cases, the boycott offices apply heavy-handed pressure against the suppliers, customers, and bankers of these firms to force blacklisted firms to capitulate. Illustrative of such cases were the experiences of Tecumseh Products and Metal Box, which were forced to withdraw from the Israeli market.

The Arab boycott offices in many cases have adopted a subjective and capricious approach to blacklisting firms based on suspicions and rumors of ties with Israel. Often, cutthroat competition for lucrative Arab markets induces foreign firms to act as informants and to relay rumors to the boycott offices about their competitors' business relations with Israel. This results in blacklisting and entails a lengthy process of "cleansing" before the boycott authorities for the unfortunate firms concerned. Because of the desire of the boycott offices to develop a climate in the international business community conducive to enlisting foreign cooperation in support of the boycott of Israel, the deliberations of the boycott offices are held in secrecy and blacklists and boycott regulations are rarely published.³²

Removal of a firm's blacklisted status requires a lengthy period of negotiation with the Arab boycott offices. Substantial amounts of documentation and undertakings must be provided by foreign firms to convince the boycott administrators that business relations with Israel and its supporters have been terminated, that their management is free of Jewish associations, and that their future intentions are to maintain this position. As a consequence, large outlays

of expenditures, frequently of a questionable nature, are made by firms seeking to hasten their "cleansing" by the Arabs. A case in point was the revelation by the U.S. Securities and Exchange Commission in 1976 that General Tire and Rubber Company had paid \$150,000 from 1971 to 1973 to an affiliated company owned by Adnan Khashoggi, a Saudi Arabian middleman involved in arms sales and other large trade transactions in the Arab world, to get off the Arab blacklists. The company was successful but the SEC considered the payment to be a questionable corporate practice.³³

From a corporate perspective, the formidable apparatus, regulations, instruments, and pressures deployed by the Arab nations in their global economic war against Israel represent a considerable cost in entering into any form of commercial relations with that country. For the majority of firms, this cost is the deciding factor in avoiding the Israeli market. This situation has given rise to what may be alternatively described as a voluntary, anticipatory, or shadow boycott of Israel that carries out the bidding of the Arab states in advance of receipt of formal Arab boycott demands.³⁴ On the other hand, those firms that trade, invest, or transfer technology to Israel place business ethics ahead of discriminatory commercial practices.

Despite Egypt's "defection" from the Arab League boycott of Israel, the prospects for a diminution of the economic war against Israel are not encouraging. Indeed, a widening of its scope may be anticipated in light of the decision of the Islamic Summit Conference to set up an Islamic boycott office. This is sure to influence the Third World bloc of countries, known as the Group of 77, to become more actively involved in supporting the Arab boycott of Israel. The ultimate aim of the Arab League is to win support in the United Nations for the application of mandatory universal economic sanctions against Israel similar to those implemented against Rhodesia under Chapter VII of the UN Charter.³⁵

The ruthless operation of the Arab boycott of Israel has close parallels with the pattern of Nazi Germany's anti-Jewish boycott. The latter boycott removed German Jews from the economic life of Germany, and outside Germany, Jews were dismissed from their positions in German-owned firms. During 1938 and 1939, foreign firms doing business with Germany were pressured into certifying their "Aryan" descent and removing their Jewish employees for the sake of maintaining good relations with Germany. In the case of Norway, information was demanded regarding staff and customers — their race, address, birthplace, financial status, and so on. German firms pointed out that they were acting at the bidding of the Nazi authorities, with such phrases being used as "reply demanded on grounds of public policy."

The Federation of Norwegian Industrialists urged its members to refuse any reply. Upon its request, the Norwegian Foreign Office promised its help in warding off any interference of this kind in Norwegian domestic affairs. The press called for stern resistance, since "in Nordic countries we have but one kind of citizen and we regard as an insult any pretension in foreign matters to differentiate among the rights of citizenship"; it was time to "denounce at once

and with the utmost vigor any business habits as stupid and impertinent as these.”³⁶

The Nazi boycott of Jews was a preliminary step in a broader plan to exterminate the Jewish people. Similarly, the Arab boycott of the Jewish state of Israel is a preparatory stage in the campaign to undermine this nation’s existence. Libya’s ambassador to the United Nations has stated this goal quite clearly: “Libya is fighting Zionism not because it wishes to fight the Jews but because Zionism is aggression and racism. The racist entity in the Middle East must be destroyed and it will be destroyed one day.”³⁷

INSTITUTIONAL AND CULTURAL BOYCOTTS

A central objective of the Arab League since Israel's emergence on the modern world scene has been to undermine its legitimacy and restrict its efforts to broaden economic and political ties with the rest of the world. Much success has been achieved by the Arabs in this connection within the framework of the United Nations General Assembly and its constituent bodies, where they have relied on automatic majorities from the Communist bloc and the Group of 77 to vilify and isolate Israel. Several UN agencies have also enforced the boycott against Israel in their administrative operations (See Chapter 3). The Arab League's attempts to delegitimize Israel in the eyes of nongovernmental international organizations are reviewed below.

Opposition to the Vatican Declaration on the Jews

The Arab League expressed its anxiety to the Vatican over the communiqué issued in 1963 by the Second Vatican Council on the relations of the Roman Catholic Church with the Jews. The Council had called for an end to the teaching of contempt against the Jewish people and greater Christian recognition of the importance of the State of Israel in the life of twentieth-century Jewry. In a note delivered to the Vatican, the Arab League condemned the existence of the State of Israel, charging that it had usurped the land of the Christian Messiah and had initiated a large-scale Arab refugee problem.¹

Despite several months of agitated reaction, the Arabs were unable to thwart the reorientation of the Vatican and Roman Catholics towards a more favorable view of the Jewish people and the centrality of Israel to its modern destiny. The Arab world took satisfaction, however, that as a result of its protests, the 1975 guidelines prepared by the Church's Commission on Relations with Judaism to carry out the declaration of the Second Vatican Council omitted any reference to Israel. Moreover, the Vatican made no effort to recognize the State of Israel or its capital of Jerusalem.

Blacklisting of Religious Groups

In 1970, the Central Boycott Office blacklisted the Watchtower Bible and Tract Society, an international Christian sect favorably disposed towards the Hebrew Bible and Israel. This action was followed up by the 1974 blacklisting of the Bahai faith, whose adherents finance the maintenance of an internationally renowned shrine in Haifa, which has proven to be an important tourist attraction. In 1977, the CBO blacklisted the Order of Masons because of its plans to hold its convention in Israel. The Order was accused by the head of the CBO of having "worked for Israel and sponsored the Zionist movement under the cover of an international social movement."²

Anti-Israel Position of the International Red Cross

The League of Red Cross Societies has repeatedly vetoed the admission of the Israeli humanitarian organization Magen David Adom (Red Shield of David) Society ostensibly because of its refusal to use the emblem of the Christian cross. However, similar organizations in Arab countries, Iran and Turkey have been granted membership despite their use of such Moslem emblems as the crescent, the sun, and the lion. The Arab League has on several occasions voiced its opposition to Israeli membership.³

The MDA Society has been active in dispatching relief shipments in the form of antibiotics, transfusion sets and plasma, medications, food, clothing, and blankets to some fifty countries stricken with such disasters as famine, earthquakes, floods, riots, and war. In recent years, assistance has been provided to Third World countries such as Bangladesh, Benin, Colombia, Cyprus, Ethiopia, Guatemala, Haiti, India, Indonesia, Nepal, Niger, Nigeria, the Philippines, Romania, Togo, and Turkey as well as to Italy.

The Cultural Boycott

Articles 20, 29, and 30 of the Arab boycott regulations provide for a ban on such cultural imports as films, television series, books, maps, magazines, and newspapers containing Israeli propaganda. Actors, entertainers, journalists, cinema, and television companies may also be blacklisted and denied entry into Arab countries if they spread such propaganda.⁴ The aim of these measures is to prevent giving official sanction to the existence of Israel within Arab countries and to deter the international entertainment and media world from presenting Israel in a favorable light. Laxity in enforcing these regulations is seen as weakening overall Arab hostility to the Jewish state.

The pattern of implementation of these regulations is illustrated by the following cases:

1959—The American film actress Elizabeth Taylor was declared persona non grata in the Arab world and her films blacklisted on account of her purchase of \$190,000 in State of Israel bonds. Danny Kaye and Carroll Baker were also blacklisted for their pro-Israel activities.⁵

1960—The Egyptian Ministry of National Guidance banned films starring the American actors Eartha Kitt and Edward G. Robinson because of their pro-Israel sympathies and their collection of donations for Israel.⁶ The Arab states blacklisted Eddie Cantor and Jeff Chandler for similar reasons.

Plans to perform in Cairo by the American Theatre Guild led by Helen Hayes were canceled because Egypt objected to the fact that Israel was on the troupe's itinerary.⁷

In Lebanon, Education Minister Kamal Jumblat ordered all schools and libraries to delete references in books to Israel. The pages containing the offensive information were to be torn out and stored in closed archives. The Lebanese security service searched libraries and bookstores for books and maps mentioning Israel. The French magazine *Jours de France* was confiscated when one of its issues featured Israeli fashions.⁸

Jordan banned sixty-five books distributed by "Zionists in West Germany" in order to influence public opinion in favor of Israel. Copies of *Time* magazine were impounded for spreading propaganda for Israel.⁹

1961—The records of Harry Belafonte were banned in the Arab world because of his popularization of such Hebrew folk-songs as "Hava Nagila."¹⁰

1963—The films of Paul Newman, Joanne Woodward, and Juliette Greco were banned for exhibiting sympathy towards Israel.¹¹

1965—Sophia Loren films were blacklisted in the Arab world because of the actress's role in the film *Judith* concerning the Arab-Israeli war of 1948. The film producer Otto Preminger and his production companies were placed on the Arab blacklists.¹²

1966—The movie *Our Man Flint* featuring Gila Golan, a former Miss Israel, was banned by Arab countries.

Xerox Corporation and its worldwide subsidiaries were blacklisted for sponsoring a television documentary program about the postwar Jewish exodus from Europe to Israel.¹³

The British company Rank Films was blacklisted for its production of the *Heroes of Telemark* because it starred Kirk Douglas, a supporter of Israel.¹⁴ Frank Sinatra films were also banned.

Lebanon forbade the showing of the Walt Disney production *Sleeping Beauty* because the horse in the film bore the Hebrew name Samson.

The actor Sal Mineo, who had been blacklisted by Lebanon for appearing in the film *Exodus*, was removed from the cinema ban when he played an Arab nationalist in the film *Escape from Zahrain*.¹⁵

1969—The Columbia Broadcasting System and the National Broadcasting Company of the United States as well as their affiliates appeared on a number of Arab blacklists. CBS had run afoul of the Arab boycott rules because of its recording op-

erations in Israel and technical assistance to Israel's national television network. NBC's affiliation with the boycotted RCA Corporation resulted in its being banned.¹⁶ The news operations of both companies were de-blacklisted in March 1975, when the U.S. State Department objected to the restrictions imposed on their news gathering in the Arab world.

1976-1977—The following films were banned in some Arab countries:¹⁷

Billy Two Hats, because of the participation of the Israeli producer Mati Raz.

Diamonds, because of the joint Israeli-American production of the film and its featuring of the blacklisted actress Shelley Winters.

The Hallelujah Gang, on the grounds that the Israeli actress Kati Christina played a part in the film.

Mahler, because of the role of the English actress Miriam Karlin.

Moses the Lawgiver, which was produced in Israel.

Entebbe, which dramatized the successful Israeli victory over terrorism in the famous airline hijacking incident.

Return of the Pink Panther, because it was distributed by the blacklisted Mirisch Production Company.

1979—Abu Dhabi blacklisted the film *Saturday Night Fever* as well as the television series *Love Boat* because of their American Jewish production teams, who were considered "active in the Zionist movement."¹⁸

1981—Bahrain banned the film *The Tamarind Seed*, because it starred the blacklisted Egyptian actor Omar Sharif.¹⁹

1983—Syria banned *Sophie's Choice* for arousing sympathy for Jews.

Other entertainers and artists who have been boycotted in the Arab world include Steve Allen, Theodore Bikel, Yul Brynner, Sammy Davis Jr., Eddie Fisher, Laurence Harvey, Jascha Heifetz, George Jessel, Allan King, Jerry Lewis, Yehudi Menuhin, Arthur Miller, Artur Rubinstein, Phil Silvers, Isaac Stern, and Esther Williams, most of whom are Jews.

In 1978, one of the world's leading newspapers—the *International Herald Tribune* of Paris—admitted that to prevent the loss of its 8,000 subscribers in the Arab world it had been deleting advertisements from Israeli firms in the newspaper copies delivered to the Arab Middle East. Israeli advertising was allowed to appear in the Tribune's 114,000 circulated copies in other parts of the world. The newspaper is jointly owned by *The New York Times* and *The Washington Post*, both clarion voices for the principle of freedom of the press.²¹

This form of submission to Arab hatred of Israel is unfortunately quite widespread. It may be found in the deletion of any reference to Israeli operations in the advertising of international airlines and hotel chains directed towards Arab markets. Many airline companies and book publishers go so far as to delete the name of Israel from flight maps and atlases circulated in Arab countries; in some cases the name "Palestine" is substituted for Israel.

The American Association of Publishers has urged Arab nations to halt their harassment of publishers by honoring the provisions of the Florence Agreement and other international conventions. This would mean exempting books and related educational, scientific, and cultural materials from boycott procedures and opening Arab book fairs to all publishers regardless of the nations they trade with or the political content of their books.²²

THE ARAB BOYCOTT AND INTERNATIONAL LAW

General Provisions

An assessment of the Arab boycott of Israel under international law clearly yields the conclusion that this particular form of economic warfare is illegal. Both the objective of this boycott — the destruction of a member state of the international community of nations and its people — and its instruments contravene the established codes of world order.

Julius Stone has defined a boycott as “a modern form of reprisals whereby a state may institute by itself and through its nationals an interruption of commercial and financial relationships with another state and that state’s nationals.”¹ The world has known many such types of boycott. Recent history provides examples in the form of the Allied Powers’ economic blockade of Nazi Germany; U.S. trade embargoes against the People’s Republic of China, North Korea, Cuba and Iran; UN sanctions against Rhodesia; the boycott of South Africa by Third World countries; intermittent boycotts by India and Pakistan of each other’s commerce; and the Arab League’s economic and financial boycott of Egypt. International law has allowed the conduct of these boycotts on the grounds of national security, other national interests, and UN decisions.²

None of the aforementioned boycotts aimed to eliminate a nation from the map of the world and decimate its people in the process. None has extended its reach to innocent third parties to coerce them into enforcing its objectives. None has consistently violated international law. Muir has commented on such situations as follows:

The purpose of affecting the policy of other states insofar as it affects the interests of another is the time-honoured and constructive essence of diplomacy. Only if the purpose is one of total annihilation of the target state, combined with the power seriously to compromise its security, could it possibly be deemed illegal as judged by existing practice. Intensity as well as purpose would have to be essential elements in such a judgement.³

The use of economic coercion to destroy or subjugate a state and its people, to commit genocide, or to restrict human rights is unlawful under various provisions of the UN Charter. Article 2(4) of the Charter provides that: "All members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state or in any other manner inconsistent with the purposes of the United Nations." The UN's Convention on Genocide outlaws the destruction of national, ethnic, racial, or religious groups. Other relevant UN decisions are the General Assembly's 1965 Declaration on the Inadmissibility of Intervention into Domestic Affairs of States; the 1970 Declaration of Principles of International Law Concerning Friendly Relations and Cooperation Among States; and the 1974 Charter of Economic Rights and Duties of States. All contain provisions similar to Article 32 of the latter instrument: "No state may use or encourage the use of economic, political or any other type of measures to coerce another state in order to obtain from it the subordination of the exercise of its sovereign rights."⁴

Though some authorities doubt whether the UN Charter's prohibition of the use of force extends to economic coercion as made explicit by the General Assembly, there can be no question that the provisions of Articles 2(3) and 33 of the Charter regarding the settlement of international disputes by peaceful means rule out the use of economic warfare.⁵

Case Studies of International Law

The Arab boycott system has operated in express violation of various international agreements and rulings, discussed below.

Palestine-Arab Commercial Agreements

The British government, on behalf of the Jewish national home, concluded commercial agreements with Syria and Lebanon in November 1939. These provided for the exchange of most-favored-nation treatment and the elimination of import or export restrictions. The Arab League boycott against Jewish goods produced in Palestine came into force while these agreements were in operation and was thus in violation of the obligations imposed by these accords.⁶

The Barcelona Statute

Under the provisions of the Barcelona Statute of April 20, 1921, traffic in transit was to be facilitated by the signatories, among whom were Iraq, Syria, Lebanon, and Palestine. Article 2 provided that no distinction be made based on the nationality of persons, the flag of vessels, place of origin or any circumstance pertaining to the ownership of goods or vessels or other means of transport. The Arab states disregarded these provisions.

Even prior to the imposition of the League boycott, Iraq had violated the Statute in May 1942, when it prevented the passage of Jewish orphans whose parents had been massacred by the Nazis and who had assembled at Tehran on their way to Palestine. Nor was the transit issue confined to Palestine. In November 1946, Lebanon refused to permit the American ship *Marine Carp* to discharge a number of American passengers at Beirut because they were Jews. This led to a formal U.S. protest.⁷

League of Nations Covenant

Iraq and Egypt were members of the League of Nations until it ceased to function in April 1946. Article 22 of the League Covenant gave effect to the British Mandate to create a Jewish national home in Palestine, while Article 23 provided for equitable treatment for the commerce of all members of the League. The Arab League boycott of Palestinian Jewish goods destined for other nations ran contrary to the League of Nations' rules.⁸

The International Trade Organization

During the early postwar deliberations on forming an International Trade Organization, the Arab League resolved to ignore any provisions condemning boycotts. In its resolution of June 12, 1946, the League's Council took note that the charter of the proposed ITO would call upon governments to refrain from fostering or organizing boycotts of member states and urged the Arab states to adopt a unified policy "so that the means of implementing the boycott of Zionism will be retained irrespective of the principle mentioned above."⁹

The British Colonial Secretary, Creech-Jones, condemned the League boycott in March 1947, declaring that "this form of discrimination is quite contrary to the accepted principles governing international trade and can only bring harm to those employing it." On April 24, 1947, the British government acted on its responsibilities for the population of Palestine by stating at the Preparatory Committee of the UN Conference on Trade and Employment in Geneva that the Arab boycott of Palestinian Jewish commerce was inconsistent with the draft charter of the ITO, with the provisions of the UN Charter, and with the general principles of trade. Finally, it was stated that "from the very inception of the boycott, strong representations have been made to and by His Majesty's government," but that "having regard to the political causes which gave rise to the boycott, it has not been considered appropriate to institute any retaliatory measures."¹⁰

The 1949 Armistice Agreements

Following Israel's repulsion in 1948 of invading Arab military forces seeking to destroy the newly created state, armistice agreements were negotiated under UN auspices in February 1949 with Israel's neighbors—Egypt, Syria,

Lebanon and Jordan.¹¹ A central provision of the agreements was that there was to be a restoration of peace in the Middle East through a cessation of resort to military or para-military force on land, sea, and in the air.

Egypt nonetheless maintained its maritime blockade against Israel by preventing the passage of goods through the Suez Canal. The Armistice Commission found this action contrary to the armistice agreements and called upon Egypt to terminate this vestige of a wartime blockade.¹² Egypt did not comply. Similar armistice violations were Egypt's restrictions on the passage of ships through the Gulf of Aqaba to the Israeli port of Eilat.

The Constantinople Convention

The Constantinople Convention Respecting the Free Navigation of the Suez Canal of 1888, to which Egypt was the legal successor to the Ottoman Empire, stipulated that the Canal "shall always be free and open, in time of war as in time of peace, to every vessel of commerce or of war, without distinction of flag. . . . The Canal shall never be subjected to the exercise of the right of blockade." It went on to state that "no right of war, no act of hostility, nor any act having for its object to obstruct the free navigation of the Canal shall be committed in the Canal and its ports of access. . . ." Egypt's interference with international shipping violated the provisions of the Convention.

In an effort to win international support for its subsequent nationalization of the Suez Canal Company in 1956, the Egyptian government reversed its official nonrecognition of the Convention by issuing a declaration stating its intention to honor its terms. This declaration, however, proved to be mere lip service to international law.

The Security Council Resolution of 1951

Acting on Israeli complaints, the UN Security Council adopted a resolution on September 1, 1951 calling upon Egypt to terminate the restrictions on the passage of international commercial shipping and goods through the Suez Canal wherever bound and to observe the international conventions in force. It found the maritime blockade contrary to the armistice agreements; it rejected Egypt's claims to belligerency and the rights of visit, search, and seizure for purposes of self-defense; and it noted that the restrictions of goods through the Canal to Israeli ports and the sanctions applied to ships visiting Israel represented unjustified interference with the rights of nations to navigate the seas and to trade freely with one another.¹³

Egypt refused to abide by the Security Council's order and no action was taken by the UN to enforce the Charter. In 1954, Israel turned to the Council again to force Egypt to comply but the Council failed to act. The famous Council Resolutions 242 of 1967 and 338 of 1973 also affirmed the necessity of freedom of navigation through international waterways in the Middle East region.

It was not until 1975 that Egypt relented in its policy. In the Sinai Agreement signed between Israel and Egypt, the latter agreed to permit nonmilitary

cargoes destined for or coming from Israel through the Suez Canal.¹⁴ And with the conclusion of the 1979 Israel-Egypt Peace Treaty, Israeli vessels, nationals, and cargoes were also to enjoy the right of free passage through the Suez Canal upon the completion of agreed Israeli military withdrawals in the Sinai.¹⁵

Resolutions of the International Chamber of Commerce

In 1964 and 1968, the International Chamber of Commerce condemned international trade discrimination against certain countries based essentially on political grounds. To this end, it recommended that national chambers of commerce should not agree, under any circumstances, to deliver negative attestations of origin or to certify negative declarations of origin made by exporters.¹⁶ The Arab boycott has relied heavily on such certification.

General Agreement on Tariffs and Trade

The GATT is the principal multilateral treaty regulating international commerce. Its objectives are to ensure the nondiscriminatory application of trading rules and the reduction of barriers to trade. The nontariff barriers contained in the Arab boycott arsenal—negative certificates of origin, import restrictions against goods of blacklisted firms, embargo on trade with Israel, denial of freedom of transit based on the flags of vessels, blacklisting of third country vessels, and restrictive conditions imposed on firms exporting to or importing from Israel—are expressly prohibited by the GATT.¹⁷ Permitting the enforcement of boycott rules against firms trading with Israel violates fundamental GATT obligations with respect to most-favored-nation treatment and national treatment and reduces Israel to “least-favored-treatment.”¹⁸ Egypt and Kuwait are signatories to the GATT, while most other Arab states apply the GATT on a *de facto* basis.

While Article XXI allows suspension of GATT rules for essential security interests, the state of war alleged to exist by the Arab states against Israel has not been used to invoke this article, nor would the Arab boycott qualify for such a waiver in the event of invocation. Firstly, the alleged state of war is contrary to the terms of the UN Charter, which takes precedence over GATT provisions.¹⁹ Secondly, the boycott is also aimed at third parties against which the Arab world does not claim belligerent rights. Finally, the Arab states have not undertaken, as required by GATT provisions, prior consultations with their trading partners on the impact of the boycott trade barriers that have impaired or nullified rights of market access of third countries.

During Egypt’s negotiations on accession to the GATT in 1969, several countries criticized Egypt for maintaining a secondary boycott—that is, measures against persons and firms having commercial relations with Israel—as incompatible with the agreement’s provisions. Nonetheless, the GATT Working Party examining the issue concluded that Egypt should be allowed to ac-

cede. Israel opposed this decision and formally filed a notification for inclusion in the GATT's Inventory of Non-Tariff Measures detailing the nontariff barrier effects of the boycott actions applied by Egypt as well as by Algeria and Kuwait.²⁰

UN Code on Restrictive Business Practices

The UN Conference on Restrictive Business Practices reached agreement in April 1980 on a set of multilateral principles and rules to control the use of restrictive business practices having adverse effects on international trade.²¹ The code calls on enterprises to refrain from concerted refusals to deal on customary commercial terms and from imposing restrictions concerning where, or to whom, or in what form or quantities, goods supplied or other goods may be re-sold or exported. The agreement reflects the standard principles of antitrust law that have recognized boycotts as a form of noncompetitive and predatory behavior. (The United States successfully prosecuted compliance with the Arab boycott of blacklisted suppliers in the Bechtel case under antitrust law [see Chapter 7].) While the UN code provides no enforcement sanctions, it constitutes a commendable step in the fostering of international disciplines on governments and their enterprises to desist from discriminatory trading practices.

The Universal Declaration of Human Rights

Under the provisions of the Universal Declaration of Human Rights adopted by the General Assembly of the United Nations in 1948, member states are obligated to protect the human rights of their citizens without distinctions of any kind according to race, color, sex, language, religion, political or other opinion, national or social origin, property, or birth. Furthermore, no distinction is permitted on the basis of the political, jurisdictional or international status of the country or territory to which a person belongs.²²

Such aspects of the Arab boycott as religious discrimination against Jews and questionnaires and declarations regarding a person's Zionist "tendencies" and national origin clearly violate the declaration and place the onus on governments to thwart the enforcement and circulation of such practices imposed by foreign boycotts.

International Convention on the Elimination of All Forms of Racial Discrimination

Article 2 of this Convention, which was adopted by the General Assembly on December 21, 1965 and which entered into force on January 4, 1969, requires the following:²³

- Each state undertakes not to engage in any act or practice of racial discrimination against persons, groups of persons or institutions;

- Each state shall take effective measures to review governmental, national and local policies and to amend, rescind or nullify any laws and regulations which have the effect of creating or perpetuating racial discrimination;
- Each state shall prohibit by means of legislation the practice of racial discrimination.

Racial discrimination is defined as any distinction, preference, exclusion or restriction based on race, color, descent or national or ethnic origin which has the purpose or effect of nullifying or impairing the recognition, enjoyment or exercise on an equal footing of human rights and fundamental freedoms in the political, economic, social, cultural or any other field of public life.

This convention is far more binding on member states than the principles enunciated in the Universal Declaration of Human Rights and directly attacks the discriminatory requirements of the Arab boycott.

International Air Law

Attempts by Arab states to close the skies and landing facilities to air traffic bound for or departing from Israel have flouted a number of international conventions. The provisions of Article 5 of the constitution of the International Civil Aviation Organization set out the rights of civil aircraft of all contracting parties to fly over each other's territory without landing or to land for nontraffic purposes. While ICAO recognizes that every state has exclusive sovereignty over the air space above its territory, it expressly establishes a treaty basis for freedom of passage for international air traffic.

In a related vein, the International Air Transport Agreement incorporates both these provisions and goes further by stipulating the right of scheduled international air traffic, irrespective of the nationality of the aircraft, to put down and take on passengers, mail, and cargo in the territory of any contracting state.

International Communications Law

The Universal Postal Union's Convention of 1947 states that any member state has full use of postal services throughout the world. Article 34 establishes freedom of transit and the principle of nondiscriminatory treatment for the movement of international mail. Similarly, the International Telecommunication Union stipulates the right of nations to international intercourse in light of the close linkage between world trade and radio communications. The Arab boycott has ignored these international statutes.

Maritime Law

The Convention for the Establishment of the Intergovernmental Maritime Consultative Organization of 1948 calls for the removal of restrictions by

governments on shipping in order to promote the availability of shipping services for world trade on a nondiscriminatory basis. The Arab shipping blockade of Israel and the blacklisting of ships docking at Israeli ports violate this convention.

Comparison with Other Boycotts

Rhodesia

Acting under Chapter VII of the Charter, the UN Security Council imposed sanctions against Rhodesia in December 1976. The international community cut off all military, trade, and financial ties in response to the unilateral declaration of independence from Britain by the Ian Smith regime. The objective was to force the breakaway administration to establish Black majority rule for the indigenous population. Of particular note is that the sanctions were: (a) internationally approved under the UN Charter; and (b) designed to effectuate political change in a nonrepresentative government. In contrast, the Arab boycott of Israel was aimed at the destruction of a democratic state supported by the international community through the UN.²⁴

Communist Countries

In 1948, the U.S. Congress passed the Economic Cooperation Act, which required countries receiving Marshall Plan aid to ensure that strategic goods not be exported to Communist bloc nations. The Export Control Act of 1949 provided for an embargo on strategic exports to China, North Korea, North Vietnam (now all of Vietnam), the USSR and other Eastern European states. The Mutual Defense Assistance Control Act of 1951 required a suspension of all military, economic, or financial assistance to any nation knowingly permitting the shipment of strategic commodities to any country threatening the security of the United States. From 1950 to 1972, a total embargo on imports from and exports to designated Communist countries was applied under the Trading with the Enemy Act (China trade was liberalized subsequently). To supplement these export controls, a Consultative Group Coordinating Committee (COCOM) was organized in 1950 comprising the United States and West European countries to implement a cooperative program of security controls. The membership eventually grew to include Japan and all NATO countries with the exception of Iceland. A similar organization—CHINCOM—was set up to regulate the flow of strategic materials to China.

National security interests of the United States were also involved in its boycott of Cuba, which has been effectuated chiefly by primary boycott measures. The U.S. countermeasures against Cuba were first enacted in 1960 following

the Cuban government's alignment with the Communist bloc and its uncompensated seizure of American assets. They were followed up by a boycott of Cuba announced in 1964 by the Organization of American States. The U.S. Maritime Administration also blacklisted both American and foreign-flag ships and denied them docking rights at U.S. ports if they called at Cuban ports while carrying U.S. government-financed cargoes.²⁵

A signal feature of the American boycott system against Communist states has been the extraterritorial reach of U.S. laws over the export of goods produced outside the United States by persons and companies subject to U.S. jurisdiction, including foreign subsidiaries of American corporations. Transshipment and re-export of goods or technology of U.S. origin have also been restricted even if American components are assembled or converted abroad. Firms contravening U.S. regulations are denied export privileges and placed on a blacklist precluding them from dealing with merchandise of U.S. origin whether as exporters, importers, or shippers. U.S. or foreign firms participating in transactions with blacklisted firms are themselves liable to be blacklisted. This situation has given rise over the years to acrimonious relations with friendly countries, notably Canada and France, where subsidiaries of U.S. firms have been adversely affected.

The U.S. boycott of Communist countries differs markedly from the Arab boycott of Israel given the following pertinent factors: (a) the U.S. government has acted in defense of its perceived national security interests in an effort to deter Communist aggression after World War II; (b) the U.S. measures have applied in large part to U.S.-origin goods and U.S. nationals and entities, thus constituting a primary boycott; and (c) the objective of the U.S. program of economic denial has not been to destroy countries recognized as members of the international community by the UN.

Prospects for an International Boycott Code

The idea of a new international instrument to deal with boycotts has received support in a number of quarters, particularly in the United States. The Moss Subcommittee on Oversight and Investigations of the House Committee on Interstate and Foreign Commerce recommended in 1976 that the President increase the level of diplomatic efforts to minimize the impact of foreign-imposed restrictive trade practices on American commerce. "These efforts could include forming alliances with other industrialized countries for the purpose of establishing basic international business ethics and standards," the Subcommittee wrote.²⁶

Similarly, both the Anti-Defamation League of B'nai B'rith and the Business Roundtable reached the conclusion during their historic agreement of March 3, 1977, on a joint statement of principles on foreign boycott legislation, that the President consider placing the issue of foreign boycott policies on the agenda of the summit meeting of OECD leaders.²⁷

The only official sentiment in this direction was provided by spokesmen for the Carter Administration in 1979, who revealed that they were exploring the possibility of raising the boycott issue in the OECD. However, such an initiative was doomed from the start by their concern that a United States-led effort to multilateralize its antiboycott approach would be ill-received both among the industrialized countries and the Arab world.²⁸

A study prepared for Congress later that year concluded that while the OECD could be characterized as the ideal framework to devise measures on multilateral cooperation against the Arab boycott, it was unlikely that member states would agree to discuss and study the issue.²⁹

The Reagan Administration has followed the position of its predecessor by supporting quiet diplomacy to discourage the use of and compliance with boycott practices. However, it would consider supporting an initiative for a multilateral code of conduct if advanced by its major trading partners.³⁰ The rationale for a specific international instrument to combat foreign boycotts modeled on the Arab boycott is compelling for two major reasons: (a) existing remedies under international law have not been enforced against such boycotts; and (b) a new instrument of law would harmonize national approaches to secondary and tertiary features of foreign boycotts and prevent signatories from taking advantage of each other in competing for boycott-tainted trade opportunities.

Indeed, should it become evident that U.S. antiboycott laws are conferring an undue competitive advantage in Arab markets to traders in the European Economic Community and Japan, who are generally unconstrained by national legislation in complying with foreign boycott stipulations, it can be expected that U.S. trade policymakers, spurred by Congress, will be roused from their lethargy and will actively promote a multilateral antiboycott code either in the OECD or the GATT. There is ample indication that the United States can vigorously pursue internationally unpopular initiatives in the economic field (as in the case of recent American efforts at securing multilateral agreements on illicit payments, investment incentives, and company performance requirements).

What is ultimately at stake for the United States is the question of moral leadership and national honor. As one former official has noted in another context: "Our country has pretensions of national honor which have been enacted into law and which no one is prepared to renounce."³¹

THE COSTS TO ISRAEL'S ECONOMY

The endurance of the unrelenting world-wide application of the Arab League boycott of Israel for over thirty-five years is directly attributable to the Arab world's desire to maintain a state of war against the Jewish nation until such time as it is eradicated as a sovereign entity. As the Egyptian War Minister Mohammed Fawzi put it in an address before the 28th Conference of Arab Boycott Officers in Alexandria in August 1969:

In its complete concept, the war against Israel has four shapes — armed struggle, the political struggle, the psychological war, and finally, the economic war.

The effect of the Arab economic boycott will lead indirectly to the weakening of our enemy's power to continue to fight. There is no doubt that the boycott is one of the strategic columns in use against the enemy.¹

A former commissioner-general of the Central Boycott Office wrote that the boycott's objective was "to protect the security of the Arab states from the danger of Zionist cancer."² The interpretation given by the Arab League is that "the boycott will bring about the eventual collapse of the State of Israel and will reveal that it is not economically viable in the midst of a hostile world."³ In support of this view, the CBO claimed in 1976 that more than 4,000 foreign firms out of a total of 6,000 threatened by boycott countermeasures had severed trade and economic relations with Israel since the boycott went into operation.⁴ About 600 foreign firms were also alleged to have left Israel in recent years for similar reasons.⁵

Yet, despite the formidable power of the Arab boycott (with due allowance for exaggerated claims), Israel's economy amazingly has not collapsed, nor has it failed to grow. In fact, its economy has grown remarkably. In this sense, the boycott has been a failure. Nevertheless, the boycott must be termed a success in imposing severe constraints on Israel's economic development that have distorted and retarded optimal rates of growth and allocative efficiency standards. Israel has, however, achieved notable success in converting many of these negative circumstances over time into positive benefits. It should also be

noted that the economies of the Arab states themselves have been adversely affected by the maintenance of the boycott.

Economic Strength Despite Adversity

How has tiny Israel, the size of the state of Massachusetts, managed to surmount prolonged economic siege and, for that matter, the military offensive of its Arab neighbors occupying a land mass approximately 50 percent larger than the United States — a feat that one would be sore pressed to see duplicated by any other country? The answer surely lies beyond the formal realm of political economy or military science. As one of Israel's leading diplomats wrote: "We have lived with loneliness throughout history, and we are masters of survival. We will not crawl before it, no matter how unpleasant it becomes."⁶

On the surface, Israel remains an underdeveloped country. Over one-half of its land mass is desert; its water and other natural resources, with the exception of potash, phosphates, and bromides, are limited. It has no exploitable petroleum supplies to speak of. Its agrarian base is still quite sizeable, its internal market is extremely small, and its rate of inflation is one of the world's highest — over 300 percent in the early 1980s. Finally, its defense expenditures and balance of payments deficits are inordinately large. However, these huge drawbacks have not prevented the transformation of the country from a semi-agrarian society to a modern industrialized state. Israel has become a veritable miracle in the desert — a modern equivalent of the biblical "land of milk and honey."

A few indicators of Israel's economic performance attest to this development. The average annual growth rate in real terms in gross national product of goods and services from 1950 to 1974 was 9.3 percent, one of the world's highest GNP performances. Growth rates tapered off thereafter as the world entered into a recessionary period but remained relatively high at an average of 5 percent to 1981. Exports, which in 1949 totalled only \$29 million, rose to \$5.6 billion by 1984 — a phenomenal 200-fold increase. Major markets were the United States, Britain, West Germany, France, and Belgium. The composition of Israel's exports testifies to the sophistication of its economy: fully manufactured goods such as chemicals, aircraft, precision instruments, fashion apparel, and electrical and electronic equipment account for close to 50 percent of total exports, displacing the traditional prominence held by citrus fruits and diamonds (see Tables 6.1 and 6.2). Foreign direct investment into the country has amounted to nearly \$2 billion since 1955, and tourism has developed into a major money-earner with over a million tourists visiting Israel annually.

Other significant hallmarks of Israel's economic advance include the successful integration of over one million Jewish refugees; international recognition for scientific achievements, particularly in industry; 90 percent agricul-

Table 6.1 Israel's Exports, 1949-1984 (millions of U.S. \$)

<i>Year</i>	<i>\$</i>	<i>Year</i>	<i>\$</i>
1949	29	1974	1826
1954	88	1979	4553
1959	176	1982	5287
1964	350	1984	5621
1969	724		

Source: Central Bureau of Statistics, *Foreign Trade Statistics*, Jerusalem, 1983; and International Monetary Fund, *Direction of Trade*, Washington, D.C., May 1975-1985.

tural self-sufficiency; a per-capita income that approximates that of Italy; widespread infrastructure development; relatively low unemployment rates (under 5 percent); and high rates of productivity growth.

Remittances from abroad by diaspora Jews and their participation in Israel's economic development must also be recognized as playing an important role in enhancing Israel's social and economic infrastructure. On the other hand, official development assistance has not played a role in Israel's economy. From time to time, balance of payments problems have necessitated borrowing from the International Monetary Fund, and continuing credits and grants from the United States in support of defense equipment acquisitions have been valuable. Since the early 1960s, Israel has, in fact, become an important donor of foreign aid, particularly in Africa and Latin America. While it is not possible to quantify the costs of the Arab boycott on the Israeli economy, there is no question that these have been enormous. Had normal economic relations prevailed between Israel and its Arab neighbors, it would not be far-fetched to assert that Israel might by now have rivaled Switzerland as an economic power.⁷

An admittedly unscientific calculation by the Israeli Ministry of Finance for the period 1972-1983, under which it was arbitrarily assumed that Israeli exports would have been 1 percent higher than the actual rate if not for the boycott, has estimated that Israel lost \$6 billion in exports and added \$3.5 billion to its current account deficit on a cumulative basis.⁸

The following discussion of the boycott's negative impact is by no means exhaustive but should provide a fairly concise review of its principal costs.

Absence of Trade with Arab Countries

During the British mandate period, Jewish Palestine's economy was largely complementary to those of its Arab neighbors. However, during the late 1930s, the Arab Middle East accounted for 12 percent of its total exports,

Table 6.2 Israel's Major Export Markets, 1984

Country	Millions of U.S. \$	Country	Millions of U.S. \$
United States	1606	Belgium	230
Britain	479	Italy	209
West Germany	354	Japan	190
Netherlands	265	Switzerland	158
France	243	Hong Kong	157

Source: International Monetary Fund, *Direction of Trade*, Washington, D.C., May 1985.

chiefly apparel and agricultural produce, and 20 percent of its imports, mainly cotton and foodstuffs. Of greater importance was the transit trade through Haifa, which served as the port of outlet for exports from Syria, Trans-Jordan, and Iraq. In particular, petroleum from Iraq was imported and refined at Haifa or shipped overseas.⁹ Israel's formation in 1948 caused the Arab states to blockade all overland and pipeline shipments to Israel and to build a new oil pipeline to the Lebanese port of Tripoli. Egypt also blockaded the Suez Canal and the Gulf of Aqaba to Israeli commerce and extended it to foreign vessels carrying goods to and from Israel, effectively throttling the bulk of Israel's trade. The major negative impact on Israel over the years was forfeited export potential to Arab markets of an estimated 20 percent of its total exports; large expenditures devoted to the development of an alternative export route through the building of the Red Sea port of Eilat; heavy investment in the creation of its own merchant marine (Zim Navigation) and airline (El Al); dependence on geographically remote markets for its exports; the building of oil pipelines from Haifa, Ashkelon, and Ashdod to Eilat; and a scrambling for alternative sources of oil, such as Iran, Mexico, Venezuela, and the Rotterdam spot market. Israel paid \$100 million more for its fuel supplies up to 1958 alone as a result of increased transport costs, not taking into account the damage to its petrochemical and refining industries.¹⁰

The 1979 Egyptian-Israeli Peace Treaty marked a reversal in the Arab boycott's stringency, with the formal opening of the Suez Canal and the Gulf of Aqaba to Israeli commerce and the commencement of trade with Egypt in agricultural produce and equipment, albeit on a minor scale (Israeli exports to Egypt reached \$14.1 million in 1984 while Egypt sold Israel a small amount of non-oil products). Of note was Egypt's agreement to supply Israel with oil taken from the Sinai oilfields at Abu Rudeis, which Israel had developed and retroceded to Egypt under the provisions of the peace agreement. Owing to Egypt's reluctance to move towards closer trading relationships with Israel, however, the latter's assured access to these oil supplies remains problematic.

Notwithstanding the Arab League ban on trade with Israel, Israeli products

have found their way into Arab markets and vice-versa. Re-exported Israeli citrus products, apparel, medical equipment, and diamonds from Hong Kong, Iran, Romania, Turkey, and Cyprus have been purchased by Arab importers. A major outcry occurred in 1970 when the CBO discovered that Israeli panty-hose had been imported into Jordan from Malta. Israel also regularly imported Egyptian cotton from European traders and Syrian backgammon sets during the 1960s.¹¹ By far the largest penetration by Israeli goods has occurred via Judea and Samaria, which came under Israeli control during the Six-Day War of 1967. An "open bridges" policy was instituted whereby Israel has allowed over half a million Arabs living in these areas and in eastern Jerusalem to cross the Jordan River via the Allenby Bridge to visit Jordan and other Arab states. Arabs from abroad have also been permitted to visit relatives in these locations. In addition, exports from Arab merchants in Judea and Samaria have been permitted entry into Jordan. Despite pressures from the CBO to halt the smuggling of Israeli products into Arab markets through these exchanges, the Jordanian government has opted to permit them to supplement its import requirements and to exert its influence in its formerly occupied territories.¹²

Another Arab market for illicit Israeli goods has been Lebanon. As early as 1958, reports were received of transshipments of Israeli electrical appliances to Lebanon via European ports, while sheep from Lebanon were being smuggled into Israel.¹³ During the civil war in Lebanon in 1977, Israel opened up its border to permit Lebanese traders to acquire commodities in short supply. Lebanese merchants from Tyre and Sidon came through the "good fence" border to purchase food, medical supplies, apparel, construction materials, electrical appliances, batteries, and so forth, at a cost of some \$4 million per month. The Israeli-PLO conflict in Lebanon in 1982 saw a continuation of these purchases totalling \$50 million. As a consequence, Jordan and Saudi Arabia implemented strict customs controls on shipments of goods from Lebanon to prevent the entry of Israeli-origin products.¹⁴ Saudi Arabia also threatened to withhold reconstruction assistance to Lebanon if it proceeded to normalize relations with Israel, including the signing of a trade pact.¹⁵

Stunted International Trade

Despite its remarkable foreign trade record, Israel throughout its modern history has had to contend with severe impediments imposed by the Arab boycott that have impaired its export access to markets abroad and its acquisition of essential imports. With over 6,300 foreign firms and 600 ships blacklisted by the CBO for dealing with Israel, there has been pronounced hesitation or reluctance on the part of both business and governments in developing trading relationships with Israel. Most nations in the Communist bloc and the Third World largely share the antagonism of the Arab states towards Israel and have

either banned or limited trade with the Jewish state. Among OECD countries, only the United States and Canada have actively discouraged boycott compliance on the part of their business communities since 1977. Britain and Japan must be particularly cited among free world nations for permitting widespread compliance with the discriminatory provisions of the Arab boycott. This abnormal situation has deprived Israel of its most-favored-nation trading rights under the GATT and forced it to:

- Concentrate its export efforts in selected and more remote markets where there are relatively fewer inhibitions towards distributing and utilizing Israeli products and components; and to bear the consequent higher transport and freight costs;
- Pay a premium for purchases of essential imports unavailable from the most economical sources (for example, high-cost ships have been bought from Sweden and West Germany due to refusals to sell by Japanese shipyards);¹⁶ an indirect premium is paid as well through the inflationary effects of such transactions on Israeli consumers;
- Engage in phantom trade operations by repackaging and relabelling goods for export and transshipping them through third countries to disguise their Israeli origin at the request of foreign customers, and acquiring imported goods from third party intermediaries or from dummy corporations expressly created to service the Israeli market; these practices result in unfavorable terms of trade reducing returns to Israeli exporters and raising the price of imports;
- Undertake expensive import substitution programs to promote self-sufficiency in capital equipment and high technology products otherwise unobtainable from abroad, a practice that often results in misallocating scarce financial resources to high cost, inefficient production operations.

Limited Foreign Investment

Under the best of circumstances, direct investment in Israel might be considered disadvantageous by foreign corporations. For one thing, Israel's internal market is extremely small. For another, the country is poorly endowed with natural resources. Also, labor costs are higher than those prevailing in Third World countries. Finally, inflation is endemic due to heavy import dependence, particularly for petroleum supplies and capital equipment.

On the other hand, Israel offers substantial benefits by way of a highly skilled and productive labor force, wage rates below European levels, a stable democratic political system opposed to economic nationalism, attractive financial incentives and tax relief, export promotion schemes, and liberalized export access to industrialized countries under its free trade agreements with the U.S. and the European Economic Community and its eligibility for generalized tariff preferences for developing nations offered by OECD countries.

The Arab boycott, however, has succeeded in deterring higher rates of foreign investment and, in several cases such as Metal Box, in causing foreign investors to withdraw from Israel. Mindful of the immense petrodollar wealth of

the Arab world, foreign banks, oil companies, contractors, architects, and engineering firms have been the least disposed to establish operations in Israel. The pace of Israel's infrastructure development and the exploitation of its mineral and oil deposits have also been retarded.¹⁷

Constraints on Technological Development

A keystone of Israel's economic development strategy in recent years has been the science-based industrialization of the country. To this end, the Israeli government has allocated large expenditures on research and development, which account for 2.3 percent of GNP, one of the highest rates in the world. The electronics, metals, chemicals, and pharmaceutical sectors have been especially targetted in this regard.

While reliance on its considerable indigenous technological efforts has earned Israel international renown, it is evident that this reputation has been acquired at huge expense, because of the refusal of many foreign firms to sell their technology to Israel or enter into joint research ventures. This is acutely felt in cases where sophisticated technology is often concentrated in the hands of two or three international firms.¹⁸ Some progress in combatting such impediments to technology licensing agreements has been made through government-to-government agreements on industrial cooperation to facilitate the exchange of technological expertise.

Counteracting the Boycott

Israel has expended a great deal of diplomatic capital both in numerous international fora and bilaterally in attempting to counteract the negative impacts of the Arab boycott. In addition, special measures have been taken. A Political and Economic Planning Division was set up in its Foreign Ministry in 1960 to coordinate antiboycott activities.¹⁹ In 1965, prominent foreign firms maintaining subterfuge trading arrangements with Israel were informed that import licenses for their goods would be denied unless above-board trading was instituted. A stepped-up campaign against the boycott began in 1975 as boycott compliance assumed massive proportions internationally with the unprecedented leverage exerted by Arab states swollen with increased oil revenues. An Economic Warfare Office within the Ministry of Finance²⁰ was established to:

- Publicize both the adverse effects of the boycott for Israel and the international community
- Mobilize foreign governments and world public opinion against the boycott
- Persuade friendly governments to adopt antiboycott legislation
- Stiffen the resolve of foreign firms to resist the boycott
- Explain the attractiveness of business opportunities in the Israeli market

After years of only desultory success and assurances that "quiet diplomacy" could be relied upon to mitigate the impact of the boycott, significant progress was registered with the adoption of comprehensive U.S. antiboycott legislation in 1977. Such legislation influenced countermeasures instituted by other countries, notably Canada, and continues to exert moral pressure on other governments to follow suit.

Boycott Costs for Arab Countries

The boycott of Israel has also cost Arab countries dearly in moral, political, and economic terms. Despite widespread compliance by governments and business with boycott stipulations, there is a general international revulsion against the far-reaching blackmail entailed in compliance, especially when anti-Semitic conditions are attached. This was most clearly voiced in 1975 during the Arab banking boycott, which scandalized the world. It is only a matter of time before the oil wealth edifice on which the Arab world is constructed diminishes in strength and the marriage of convenience with the Arab states consummated by free world governments and business is rent asunder.

As for the economic costs, the boycott has deprived the Arab world of trade and investment opportunities in the Israeli market and, more importantly, of joint ventures with Israel in such critical areas as water desalination, soil irrigation and conservation, tourism, education, health, pestilence control, and scientific research. While a few Arab countries such as Saudi Arabia and the Persian Gulf sheikdoms have managed to parlay their oil revenues in these directions in recent years, the majority of the Arab states that are not petroleum-endowed continue to lag behind in these fields.

Jordan and Lebanon have been the Arab states most seriously affected by the boycott. Prior to 1948, Jewish Palestine accounted for 80 percent of Trans-Jordan's exports and 20 percent of its imports. Haifa was its sole outlet to the Mediterranean. The Arab blockade of Israel forced Jordan to re-route its trade via Syria to Beirut and subsequently to devote large expenditures to constructing its own port at Aqaba on the Red Sea. Transit fees on the passage of Iraqi petroleum to Haifa via a pipeline on its territory were also lost when the pipeline was rebuilt across Syrian territory after 1948. In Lebanon there is a long-standing grievance against the boycott for having caused the country undue harm as a result of its willingness to apply the secondary aspects of the boycott more rigorously than other Arab states. Thus, in 1960, Lebanese Finance Minister Pierre Gemayel denounced the boycott as a farce because Egypt had permitted the blacklisted Norwegian vessel *S.S. Mars* to unload its cargo in Alexandria after Lebanon had refused to allow it to do so in Beirut harbor.²¹ The Lebanese press also accused the head of the regional boycott office in Beirut of being "too rough" with international firms operating in the country.²² In order to avoid an inter-Arab conflict, the Lebanese prime minister denied

any conspiracy against the boycott and stressed that his country would always follow the policy approved by the Arab League "to strangle Israel economically."²³ The CBO's boycott against Ford Motor Company and Coca-Cola in 1966 rekindled Lebanese resentment since the closure of Ford's operations in the country cost the Lebanese economy 6,000 jobs²⁴ while 3,000 jobs were terminated at Coca-Cola bottling plants.²⁵

PART TWO

NATIONAL
ANTIBOYCOTT POLICIES

THE LEGISLATIVE RESPONSE OF THE UNITED STATES

The United States has been the strongest ally of the State of Israel since the latter's modern rebirth in 1948. It quickly extended diplomatic recognition when Israel proclaimed its statehood and has provided vital economic and military assistance to secure this statehood. These policies stemmed from a broadly based national sympathy for the suffering of the Jews during World War II and from a strong identification with the spiritual heritage of Judaism.

Nevertheless, there has always been a bureaucratic opposition—particularly within the Departments of State, Commerce, and the Treasury—to the generally pro-Israel sentiments of the American Congress. This antipathy has been based on two principles: the need to protect American diplomatic and economic interests in the Arab world and the desire to prevent the spread of Soviet influence among the Arab states. There has also existed a strain of anti-Semitism in the outlook of these departments, demonstrated in a reluctance to participate in the rescue of Jews during the Nazi rape of Europe.

Insofar as the Arab boycott of Israel is concerned, the American bureaucracy was successful in gaining presidential support for nearly three decades in opposing measures that would halt the application of the boycott on American soil. Without the determined efforts of the U.S. Congress to counter the boycott, anti-boycott legislation would never have been made possible.

Official Boycott Policy During the 1950s

American policy towards the Arab boycott of Israel during the 1950s was generally passive and based on the use of "quiet diplomacy" in cases involving the application of discriminatory practices against American citizens and firms. The only exceptions to this pattern were the forceful U.S. condemnations in the United Nations of Egypt's blockade of the Suez Canal and the Gulf of Aqaba, which prevented international shipping from carrying goods to or from Israel. However, the United States did not launch any initiatives to en-

force UN Security Council resolutions, which called on Egypt to halt its violations of international law.

The major cases of boycott-related discrimination in the United States during this period involved anti-Jewish practices. The first to receive prominence was the policy of the Arabian American Oil Company (Aramco) of excluding Jews from employment in positions in the United States and on its projects in Arab countries. According to a report by the New York State Commission Against Discrimination published in 1950, Aramco justified these discriminatory employment practices on the grounds that Arab countries did not issue entry visas to persons of the Jewish faith or of Jewish ancestry. Any employment opportunity with Aramco was said to be contingent upon the ability to work in such countries. The political adviser for the Office of African and Near East Affairs in the Department of State urged the Commission to avoid any action that would seriously affect the international interests of the United States. As a result, these employment practices were found not to be in violation of New York State's fair employment practices. Following lengthy litigation in the courts, Aramco was ordered in 1961 to cease its anti-Jewish employment practices. Aramco subsequently moved its business headquarters out of the state of New York.¹

Similar anti-Semitic enforcement of Arab boycott stipulations was evidenced by the admission of the U.S. Army Corps of Engineers in 1952 that neither it nor its subcontractors recruited Jews for U.S.-funded defense construction projects in Saudi Arabia. In a related vein, American Jewish servicemen were not permitted to be stationed at the U.S. air base at Dhahran, Saudi Arabia. The U.S. military claimed that it was merely adhering to Saudi Arabia's laws, which were not its prerogative to change.²

Saudi Arabia's trade discrimination against Jewish firms in the United States also became an issue in 1952. Notices from importers in Saudi Arabia were received stating that they were forbidden to deal with foreign firms owned by Jews or employing Jewish workers. Certificates duly legalized by Saudi Arabian consulates had to be provided by American firms attesting that they were free of any Jewish association. In reply to representations made by Senator Herbert H. Lehman, the State Department acknowledged the gravity of these trade practices but hoped that these were "in the nature of sporadic, out-of-bounds actions based on excessive zeal or misunderstanding on the part of certain individuals rather than an indication of fundamental intensification of boycott practice by the Saudi Arabian government." This hope was said to be supported by the belief of the American Embassy in Saudi Arabia "that a local sheikh or other official may have issued an order effective only in his area."³ The U.S. Department of Commerce subsequently officially confirmed the anti-Semitic trade stipulations of Saudi Arabia, but the U.S. government did not apply any countermeasures.⁴

In response to these cases of blatant discrimination, the U.S. Senate adopted the following resolution in 1956:

Whereas it is a primary principle of our nation that there shall be no distinction among United States citizens based on their individual religious affiliations and since any attempt by foreign nations to create such distinction among our citizens in the granting of personal or commercial access or any other rights otherwise available to United States citizens generally is inconsistent with our principles; Now, therefore, be it

Resolved, that it is the sense of the Senate that it regards any such distinctions directed against United States citizens as incompatible with the relations that should exist among friendly nations and that in all negotiations between the United States and any foreign state every reasonable effort should be made to maintain this principle.⁵

This resolution was to prove the harbinger of a series of congressional measures over the next two decades to control the intrusion of the Arab boycott of Israel into American life.

1960 Amendment of the Mutual Security Act

Egypt's seizure and blacklisting of twenty-five American ships that had carried goods to and from Israel had aroused a great deal of public resentment in the United States by 1960. The Seafarers' International Union felt particularly aggrieved over the treatment accorded union members who had been held prisoner by Egypt on board a number of vessels entering the Suez Canal. In addition, many SIU members had lost their jobs because of the subsequent blacklisting of their ships. As a consequence, when the Egyptian passenger cargo ship *Cleopatra* docked in New York in April 1960, the SIU picketed the ship for three weeks while the International Longshoremen's Association refused to cross the picket lines to unload the ship. The incident led to a counter-boycott of American ships in Arab ports and was only resolved after Acting Secretary of State Douglas Dillon promised AFL-CIO President George Meany that the U.S. government would "renew its efforts to assure freedom of the seas and to protect the interests of our shipping and seamen now being discriminated against by the Arab boycott and blacklisting policy."⁶

Congress disapproved of Egypt's continued defiance of international law in curtailing freedom of navigation in the Suez Canal. When the World Bank agreed in 1960 to extend loans to Egypt to widen and deepen the canal in seeming disregard of Egypt's policies, a sense-of-Congress amendment to the Mutual Security Act was passed calling on the U.S. government to deny foreign aid to nations maintaining boycotts and blockades. The following was the text of the amendment:

It is the sense of the Congress that inasmuch as (1) the United States favors freedom of navigation in international waterways and economic co-operation between nations; and (2) the purposes of this Act are negated and the peace of the

world is endangered when nations which receive assistance under this Act wage economic warfare against other nations assisted under this Act, including such procedures as boycotts, blockades and the restriction of the use of international waterways;

assistance under this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, shall be administered to give effect to these principles, and, in all negotiations between the United States and any foreign state arising as a result of funds appropriated under this Act or arising under the Agricultural Trade Development and Assistance Act of 1954, as amended, these principles shall be applied, as the President may determine, and he shall report on measures taken by the administration to insure their application.⁷

The Foreign Assistance Act of 1962

In 1961, Congress added the following preamble to the Foreign Assistance Act of 1962, which superseded the Mutual Security Act:

In addition, the Congress declares that it is the policy of the United States to support the principles of increased economic cooperation and trade among countries, freedom of the press, information, and religion, freedom of navigation in international waterways, and recognition of the right of all private persons to travel and pursue their lawful activities without discrimination as to race or religion. In the administration of all parts of this Act these principles shall be supported in such a way in our relations with countries friendly to the United States which are in controversy with each other as to promote an adjudication of the issues involved by means of international law procedures available to the parties.⁸

Senator J. W. Fulbright (Democrat, Arkansas), Chairman of the Senate Committee on Foreign Relations, opposed the inclusion of this preamble on the grounds that it had "an historical significance that is offensive to the Arab world."⁹ Largely as a result of the efforts of Senators Paul H. Douglas (Democrat, Illinois), Jacob Javits (Republican, New York), and Kenneth Keating (Republican, New York), opposition to passage of this statement was overcome.

Action by State Legislatures

As the number of American firms and vessels blacklisted by the Arab states for their commerce with Israel grew and the pattern of anti-Jewish discrimination by the Arab boycott became more manifest, seven state legislatures by 1962 had adopted resolutions urging Washington to help Americans resist the boycott (California, Massachusetts, Missouri, New Jersey, New York, Pennsylvania, and Wisconsin were involved).¹⁰

The 1965 Amendments to the Export Control Act

In 1965, the Banking and Currency Committees of the U.S. House of Representatives and the Senate held hearings on twenty-seven proposed bills to amend the Export Control Act of 1949 in order to prohibit compliance with the discriminatory stipulations of the Arab boycott of Israel. Due to extensive opposition from the U.S. administration, the legislation that finally emerged failed to outlaw the application of the boycott on American shores but succeeded in formally recording U.S. opposition to the boycott and requiring the reporting of all boycott requests.

The discriminatory effects of the Arab boycott's provisions had become increasingly apparent by the mid-1960s. Some 165 American firms and twenty-five ships had been blacklisted. Firms exporting to Arab countries were applying discriminatory sourcing and employment practices to meet the terms of the Arab boycott. American companies with investments and commercial ties with Israel were succumbing to Arab pressures to terminate these relationships. Forceful representations were being made by companies seeking to enter Middle East markets over the unwarranted interference of Arab nations in the conduct of their business relations. The American Jewish community meanwhile demanded government action to halt the boycott's anti-Semitic features and activities aimed at enlisting the American business community in waging economic warfare against Israel.

The key provisions of the proposed amendments contained: (a) a declaration that it was the policy of the United States to oppose restrictive trade practices or boycotts fostered or imposed by foreign countries against other countries friendly to the United States; and (b) regulations to prohibit the taking of any action, including the furnishing of information or the signing of agreements, by domestic concerns engaged in exporting from the United States, which had the effect of furthering or supporting the restrictive trade practices or boycotts fostered or imposed by any foreign country against another country friendly to the United States.¹¹

Proponents of the amendments, notably Senators Harrison Williams and Jacob Javits, noted that the Arab boycott had projected itself into American commercial life by establishing special conditions for trading, by interrogation, and by threat. American businessmen, particularly in victimized smaller firms, needed to be protected by their government against this unwarranted intervention.

Acting Secretary of State George W. Ball led the Johnson Administration's opposition to the proposed antiboycott legislation, stating that it "would in our judgment be harmful to the best interests of the United States."¹² The principal concern in this regard was said to be possible adverse consequences for American programs of economic denial directed against Communist countries. These relied for enforcement on the cooperation of foreign firms and governments in furnishing information on their international trade. It was claimed

that the United States would be vulnerable to hostile propaganda if American firms were prohibited from actions which the United States itself practiced in enforcing trade controls against Communist countries. Friendly foreign governments might refuse to provide information required by the United States for the administration of its trade controls, which were unpopular among their business communities, citing similar prohibitions under U.S. antiboycott legislation.

This argument was rejected by members of Congress, who pointed out that, unlike U.S. trade sanctions, which were concerned only with U.S. citizens, U.S. companies and U.S.-origin goods and services, the Arab boycott was applied not only against Israel but also against third parties and their products. The administration thereupon offered other reasons for opposing the proposed amendments. These included:

- The possibility of angering Arab nations and endangering American relations with them;
- The endangering of American trade interests with the Arab world, which would stiffen the boycott's application;
- The termination of useful diplomatic efforts to moderate the effects of Arab boycott actions;
- The failure of the Arab boycott to hurt Israel's trade.¹³

These points were refuted in the House and Senate hearings. In particular, it was noted that the Arab states were increasingly aligning their relations with the Soviet bloc; that America could not afford to placate foreign countries when they violated basic principles of American morality; that the Arab world was dependent on American goods and technology; that fifteen years of State Department diplomatic efforts had failed to curb the boycott's intimidation of American firms, especially small companies; and that the atmosphere of fear engendered by the Arab League had been successful in preventing many American firms from entering the Israeli market or broadening their existing commercial relations with Israel.

However, when the proposed antiboycott amendments to the Export Control Act reached the floors of the full House and Senate, Congress bowed to administration pressures and voted against any prohibition of compliance with foreign boycotts. Instead, it amended the act by adding a declaration of policy opposing restrictive trade practices or boycotts and *encouraging and requesting* domestic concerns to refuse to comply. President Johnson approved the new bill, Public Law 89-63, on June 30, 1965. Section 2(4) of the amended Export Control Act read as follows:

The Congress further declares that it is the policy of the United States (A) to oppose restrictive trade practices or boycotts fostered or imposed by foreign countries against other countries friendly to the United States and (B) to encourage and request domestic concerns engaged in the export of articles, materials, supplies or information, to refuse to take any action, including the furnishing of information or the signing of agreements, which has the effect of furthering or sup-

porting the restrictive trade practices or boycotts fostered or imposed by any foreign country against another country friendly to the United States.

Section 3(a) of the act was amended to give the President discretionary authority to block the furnishing of information cited in section 2(4)¹⁴ and to require the reporting of boycott-related requests to the Secretary of Commerce for such action as he might deem appropriate to carry out the provisions of section 2(4).

Regulations to implement the new provisions were issued in September 1965. They obligated any U.S. exporter receiving a request, or informed of a request relating to a restrictive trade practice or boycott as described in the legislation, to report such request to the Office of Export Control of the U.S. Department of Commerce within fifteen business days from the date of its receipt, in the case of a single transaction, and within fifteen days following a calendar quarter in the case of multiple transactions in such quarter. If requests for information were received in the form of a questionnaire, a copy was required to be provided to the Commerce Department. Requests received in other forms (for example, affidavits and certifications) had to be reported with appropriate quotations.

While the new legislation marked the first national initiative to combat the effects of the extraterritorial application of the Arab boycott against secondary and tertiary targets, it was evident to proponents of stronger legislation that the amended Export Control Act left too much to exhortation and discretion in discouraging compliance. A prolonged and heated controversy was to ensue ten years later over the failure of the executive branch to enforce its delegated authority under the act and over the bureaucracy's undermining of congressional intent through the wording of the enforcing regulations, which gave exporters a "green light" to continue to adhere to the Arab boycott stipulations. Although repeating the legislation's declaration of policy that exporters were encouraged and requested to refuse to take any action in furtherance or support of boycotts, the regulations gratuitously incorporated the phrase "but are not legally prohibited from taking any action." The reporting obligation required firms to include information on whether or not they intended to comply with any boycott requests received, but the following qualifier was added: "Submission of the information required by this paragraph would be helpful to the U.S. Government but is not mandatory."¹⁵ The latter provision had the effect of preventing a full accounting of the extent of compliance in the United States with the demands of the Arab boycott.

The 1969 Extension of the Export Control Act

A renewed drive to obtain legislation outlawing compliance with the Arab boycott was mounted in the Senate in 1969 but failed to gain majority support. During the hearings on extension of the Export Control Act (which was renamed the Export Administration Act) before the Senate's Subcommittee on

International Finance, spokesmen for the Departments of State and Commerce opposed strengthening the antiboycott provisions of the act citing new arguments that such action would:

- Favor foreign competitors in Arab markets over American exporters;
- Hamper companies doing business both with Israel and the Arab states since "normal trade of American goods to both countries is not usually a cause for blacklisting";
- Deprive American businessmen of their freedom to make corporate decisions;
- Hinder U.S. efforts to promote a peace settlement in the Middle East by causing the Arabs to view the United States as partisan.¹⁶

That these arguments were based on considerations of expediency was clearly evident in the testimony of Roger Davies, Deputy Assistant Secretary in the State Department, who declared that the Arab states had been informed that the American people and government considered the secondary boycott distasteful and illegal.¹⁷

A further sign of the unwillingness of the bureaucracy to enforce the boycott provisions of the Export Control Act was the admission of the Commerce Department that, although 22,964 boycott request reports had been filed by American exporters from October 1965 to March 1969, no action had been taken to prevent compliance and no penalties had been enacted against firms that had failed to report receipt of boycott requests.¹⁸

One positive development flowing from passage of the 1965 amendments to the Export Control Act was the decision of the State Department to terminate its practice of authenticating notarized boycott-related documents submitted by U.S. exporters because this was considered contrary to public policy. Since 1965, over 200 such documents had been refused authentication.¹⁹

The Drive Toward Outlawing Boycott Compliance

Congress remained quiescent on the boycott issue for six years in part due to a desire to give the existing legislation on boycotts time to influence corporate decision-making and in part due to the realization that the executive branch would oppose further legislative moves that could alienate the Arab world.

A rude jolt to this passivity was administered by two important events that irreversibly altered American attitudes toward the Arab states and their boycott of Israel. The first was the decision of Arab oil producers to embargo oil shipments to the United States in October 1973 during the Yom Kippur War between Israel and its neighboring Arab states, and the related announcement in December of a quadrupling in the price of crude petroleum to \$11.65 per barrel. The second event proved to be the determining factor in providing the momentum for ridding the U.S. marketplace of the discriminatory Arab boycott. It concerned the open anti-Semitism practiced by Arab financial institutions against Jewish-owned banks participating as underwriters in international loan syndications. Organizers of such syndicates in France and Britain

had capitulated to Arab pressures in February 1975 to exclude such Jewish-connected banks as Lazard Frères & Cie of Paris, S. G. Warburg of London and N. M. Rothschild & Sons of London and Paris from taking part in newly floated loan issues. These banks were cited by the Arabs as Israel supporters. Both incidents brought into clear relief the awesome power the Arab world was capable of wielding abroad as a result of its massive oil wealth.

The national revulsion in the United States to the latter incident was to lead to a series of administrative measures by the Ford government to counter the pernicious influence of the Arab boycott on American soil; investigations by six congressional committees into the operations of the Arab boycott; legislative action by twenty-two states to prohibit various forms of boycott compliance in their jurisdictions; introduction of over twenty congressional bills to combat the boycott; insertion of the boycott issue as a key element in the 1976 presidential election campaign; and finally, legislative action at the federal level in 1977 to outlaw submission to the boycott.

During the dramatic period from February 1975 to June 1977, rival interest groups played a significant role in shaping the national debate that seized the United States. On the one hand, the American Jewish community led by the Anti-Defamation League of B'nai B'rith, the American Jewish Congress, and the American Jewish Committee mounted a strong campaign to bring the full facts surrounding the effects of the Arab boycott on American civil rights and commerce before the public. On the other hand, unprincipled business concerns and associations with extensive interests in the substantial petrodollar markets of the Arab world allied themselves with the Ford administration and its agencies as well as with the Arab League in strenuously opposing the enactment of legislation to halt compliance with Arab boycott conditions.

The American Jewish community received widespread support from the public at large and the media as well as from moderate members of the business community who recognized their untenable position in being coerced into acting as boycott enforcers for Arab governments. Among government agencies, the U.S. Department of Justice merits special mention for its willingness to use antitrust legislation to curb the restrictive trade practices fostered by the Arab boycott. Congress and state legislatures wielded tremendous authority in forcing an obstructive Ford administration to reconsider its opposition to strengthened antiboycott legislation. Most importantly, the personal commitment of President Carter to removing the discriminatory effects of the Arab boycott from American life was decisive in securing the enactment of a comprehensive antiboycott statute towards the end of June 1977.

Arab Boycott's Operations in the United States and the Extent of American Compliance

Media and congressional attention to the operations of the Arab boycott in the United States and the extent of American compliance following the news of

Arab banking discrimination abroad provided the necessary stimulus to the enactment of protective legislation in 1977 to shield Americans from victimization by Arab governments.

The major revelations during 1975 in this regard were as follows:

February: The names of over 1,500 U.S. corporations included on Saudi Arabia's blacklist were published by the Senate Committee on Foreign Relations along with the boycott regulations of the Arab League.

The U.S. Army Corps of Engineers admitted that in undertaking the design and construction of military and civilian projects in Saudi Arabia since the 1950s, it had complied with Saudi requests to exclude American firms on the Saudi blacklist and American personnel of the Jewish faith.²⁰

Agents of foreign investors had offered large deposits and loans to some national banks on condition that no Jews sit on their boards of directors or control any significant amount of outstanding stock.²¹

March: The widespread pattern of bowing to the Arab boycott on the part of exporters, shipping lines, banking institutions, and service agencies was publicized by the Anti-Defamation League of B'nai B'rith.

April: The U.S. Army and Air Force admitted that they had enforced assignment restrictions on Jewish personnel insofar as Saudi Arabia was concerned because of their religion.

June: The Anti-Defamation League filed legal charges under the U.S. Civil Rights Act against the Hospital Corporation of America and International Schools Services for complying with anti-Jewish employment recruitment practices stipulated by Saudi Arabia and Dubai respectively by screening out Jewish applicants for advertised positions in those countries.²² Five American universities withdrew from an evaluation project for Saudi Arabia's University of Riyadh because of that country's refusal to issue a visa to a Jewish professor.

July: Similar legal complaints were filed by the ADL against ABS Worldwide Technical Services Inc., a division of the American Bureau of Shipping, for rejecting job applications from two American Jews seeking engineering posts with ABS operations in Iraq and Bahrain.²³

The U.S. State Department protested certification demanded by Jordan's Ministry of National Economy that an American firm attest that none of its directors was Jewish.²⁴

The U.S. Commerce Department reported that from 1970 to 1974 exporters had filed reports on 44,709 transactions involving Arab boycott requests. In only 14 of these transactions did exporters indicate they would not comply.²⁵ Banks, insurance companies, and shipping firms were not obligated to report. No penalties had been levied since 1965 against firms that had failed to submit boycott reports.

August: The U.S. Commerce Department itself was revealed to be cooperating and assisting Arab boycott operations by disseminating foreign tenders that included boycott provisions.

September: A suit was filed by the ADL against Rogers Morton, the Secretary of Commerce, for circulating boycott-tainted bid invitations from Arab states and shielding

companies that had failed to report receipt of boycott requests by refusing to make public their names under the Freedom of Information Act. The department agreed to stamp these documents with a statement of U.S. antiboycott policy and to prevent dissemination of tenders and other trade opportunity documents that would have the effect of discriminating against certain U.S. citizens because of race, color, religion, sex, or national origin. Release of the names of firms involved in failing to report was deemed by Commerce to be a breach of confidentiality.²⁷

November: Twenty-five Democratic congressmen filed suit against Commerce Secretary Morton and Interior Secretary Thomas Kleppe for hindering implementation of U.S. antiboycott policies. The suit charged the Commerce Department with circulating boycott-tainted trade opportunity documents from Arab countries and the Interior Department with requiring boycott certificates from suppliers to its Geological Survey Bureau.

During 1976, U.S. congressional and government investigations disclosed the following major boycott developments:

January: The U.S. Justice Department filed a civil action against Bechtel Corporation, one of the world's largest construction firms, charging that it had violated the anti-trust provisions of the Sherman Act. Specifically, the company was alleged to have been enforcing since at least 1971 the provisions of the Arab boycott against foreign blacklisted firms in the course of performing its services as a prime contractor for major construction projects in Arab League countries. It was accused of refusing to deal with American subcontractors on Arab blacklists and requiring approved subcontractors to refuse to deal with blacklisted American firms. These practices were said to have resulted in a suppression of competition in the supply and export of equipment, parts, and services in connection with construction projects in Arab countries and the denial of free access and choice for subcontractors in dealing with Bechtel and other subcontractors.²⁸ (In a consent judgment signed by the Justice Department and Bechtel on January 10, 1977 and approved by the courts two years later, the company was enjoined and restrained for a period of twenty years from enforcing any contracts providing that it boycott or refuse to deal with any blacklisted American subcontractors or requiring other American firms to do the same. It also could not maintain in the United States a list of blacklisted firms or a list of acceptable firms from which blacklisted companies had been excluded. The judgment did not apply to such practices if conducted as a result of the specific and unilateral selection of firms by Bechtel's overseas clients.)²⁹

May: The Securities and Exchange Commission filed a complaint against General Tire and Rubber Company alleging violations of federal securities laws through failures to disclose the payments it had made to buy its way off the Arab League blacklist. The company had been blacklisted in 1953 after it had acquired an equity interest in an Israeli tire manufacturing company. In 1963, it sold its interest in the Israeli firm but maintained a technical assistance agreement with the company that was later terminated. Anxious to take advantage of marketing opportunities in the Arab world, General Tire paid \$150,000 during 1971-1972 to Perco Establishment, owned by wealthy Saudi Arabian businessman Adnan Khashoggi, for its assistance in having both itself and its subsidiaries removed from the blacklist. After nineteen months of negotiations, the removal took place in 1972. As part of its efforts, the company filed with the Arab League a sworn

certification that it and its subsidiaries would not render any technical service or know-how to any Israeli company; that its affiliate, Aerojet-General Corporation, did not and would not make any investments in Israel or furnish any technical assistance to Israeli industry; and that General Tire would use its best efforts to cause General Tire East Africa Limited of Tanzania to refrain from importing any Israeli tires or any other Israeli products for distribution.³⁰ The company consented to the entry of a permanent order of injunction against future violations of federal securities laws.³¹

June: Letters of caution, considered a sharp form of disciplinary action, were reported to have been sent by the National Association of Securities Dealers to two member firms—Blyth Eastman Dillon and Dillon, Read—for cooperating with Arab investment banks in excluding foreign blacklisted banks from certain offshore underwritings and substituting their nonblacklisted American affiliates instead. (Among the excluded banks were S. G. Warburg and N. M. Rothschild of London.)³²

September: The Moss Subcommittee on Oversight and Investigations released a comprehensive review of 21,000 boycott reports submitted by the Commerce Department covering the period 1970–1975. It found that the department had done the bare minimum to carry out the foreign boycott provisions of the Export Administration Act and that the impact of the boycott on U.S. business had been substantially greater than Congress had been led to believe by Commerce. During 1975, \$4.4 billion worth of U.S. sales to Arab countries were subject to boycott requests. These included requests by Arab importers that U.S. exporters certify that there were no persons employed in senior management who were of the Jewish faith, Zionists, or had purchased Israeli bonds, contributed to the United Jewish Appeal, or were members of organizations supporting Israel.³³ Exporters had complied with at least 90 percent of all boycott requests reported. The subcommittee's examination of the boycott reports indicated that a wide range of commodities had been affected by the Arab boycott, including products that had little to do with any country's military or economic strength, such as tobacco products, liquor, Christmas cards, children's bikini sets and bubble gum.³⁴

The Ford Administration's Response

President Gerald Ford had been convinced by Secretary of State Henry Kissinger that the goodwill of the Arab nations needed to be cultivated on behalf of U.S. efforts to facilitate a Middle East peace settlement. This meant that new legislative measures against the Arab trade boycott would be opposed by the administration since it was feared they could provoke Arab hostility toward the U.S. Accordingly, the President limited his interventions against the Arab boycott's operations in the United States to a series of administrative measures, policy statements, and support for one bill that aimed to outlaw compliance with the anti-Semitic aspects of the Arab boycott and make use of existing legislation. These measures included:

- The issuance of a notice to presidents of all national banks on February 24, 1975 by James E. Smith, Comptroller of the Currency, warning them to avoid any practices or policies that were based on considerations of the race or religious belief of

any customer, stockholder, officer or director of their banks in response to anti-Jewish stipulations of foreign investors.³⁵

- A statement by President Ford at a news conference on February 26, 1975 that discrimination on religious or ethnic grounds in the international banking community was "totally contrary to the American tradition and repugnant to American principles." Allegations of discrimination by foreign businessmen and investors in the United States would be fully investigated and appropriate action would be taken under U.S. law, he said.³⁶
- A memorandum to the heads of all government agencies signed by Secretary of Labor Peter J. Brennan on March 10, 1975 instructing them to ensure that federal contractors refrain from discriminating on the basis of religion, national origin, race, or sex when hiring in the United States for work to be performed at home or abroad.³⁷
- An affirmation by the secretary of defense on March 24, 1975 that military assignments for personnel overseas would be based solely on merit.
- Effective October 1, U.S. firms were required to state whether they had complied with boycott requests, and boycott reporting forms were corrected to remove the gratuitous comment that firms were not legally prohibited from taking action in support of restrictive trade practices or boycotts.
- A detailed package of antidiscriminatory measures, announced by President Ford on November 20, 1975. These measures prohibited government agencies from taking into account any exclusionary policies of a host country based upon race, color, religion, national origin, sex, or age in making selections of personnel for overseas assignments. Government agencies and federal contractors and subcontractors were required to inform the State Department of any visa rejections based on the exclusionary policies of host countries. The department would be authorized to take appropriate action through diplomatic channels to attempt to gain entry for affected individuals. Also prohibited through the President's discretionary authority under the Export Administration Act was compliance by U.S. exporters and related service organizations (banks, insurance companies, freight forwarders, and shippers) with boycott requests that would cause discrimination against American citizens or firms on the basis of race, color, religion, sex, or national origin. Receipt of such boycott requests would have to be reported. The President stated he would propose legislation to prohibit foreign business enterprises from using economic means to coerce any person or entity to discriminate against any American person or entity on the basis of race, color, religion, national origin, and sex and would support legislation to amend the Equal Credit Opportunity Act to prevent discrimination on a similar basis against credit applicants. (This legislation was passed on March 23, 1976.) In response to congressional criticism, the President extended the reporting requirements under the Export Administration Act to service organizations that received boycott requests related to U.S. export transactions, and he instructed the Justice Department to investigate possible antitrust violations related to boycott compliance.³⁸ (The first and only antitrust suit in this connection was filed on January 16, 1976 against the giant construction firm Bechtel Corporation.)
- An announcement by the Securities and Exchange Commission in November 1975 that it would monitor, along with the National Association of Securities Dealers, underwriting syndicates for any evidence of attempts to implement dis-

criminary practices in connection with the sale or purchase of securities as a result of foreign boycott pressures.³⁹

- A decision by the Commerce Department to halt dissemination of tender documents containing boycott conditions effective December 1.
- Policy statements issued to financial institutions in December 1975 by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board urging them to recognize that compliance with discriminatory conditions directed against any of their customers, stockholders, employees, officers, or directors was incompatible with their public service functions. The notification issued by the Board of Governors of the Federal Reserve System went further than President Ford's measures by covering the entire waterfront of compliance with Arab boycott conditions. In particular, the Board attacked the participation of American banks in the Arab boycott of Israel by their practice of honoring letters of credit requiring the provision of certificates by U.S. exporters that they had no dealings with Israel. Such participation was said to be "a misuse of the privileges and benefits conferred upon banking institutions."⁴⁰ Due to protests from private bankers, the board issued a clarifying letter stating that it had not intended to create new legal obligations for banks but merely desired to draw existing regulations to their attention.⁴¹
- An announcement by the Export-Import Bank in December 1976 that in the past decade it had been its policy not to grant export credits for transactions involving boycott compliance.
- More vigorous enforcement of the reporting provisions of the Export Administration Act by the Commerce Department through the levying of financial penalties on firms failing to report receipt of boycott requests and the publication of the names of firms charged by Commerce with violating existing antiboycott regulations.

It should be noted that the most significant of President Ford's measures were the changes announced in the regulations of the Export Administration Act. The decision to prohibit U.S. exporters and related service organizations from furnishing any information or signing agreements in response to boycott requests that contained discriminatory conditions vis-à-vis individuals on the basis of their race, color, religion, sex, or national origin marked the first international limitation on the extraterritorial application of certain aspects of the Arab boycott. Contrary to the views of the bureaucracy that any challenge to the boycott would engender adverse trade and political reaction from the Arab world and disrupt U. S. efforts at obtaining a Middle East peace settlement, the ban on American compliance with the anti-Semitic features of the Arab boycott did not provoke any countermeasures from the Arab League or individual Arab states.

Examples of the types of anti-Semitic boycott compliance outlawed were:

- Responding to questionnaires asking whether a U.S. firm was owned or controlled by persons of the Jewish faith, or whether it had Jews on its board of directors, or inquiring as to the national origin of a U.S. firm's stockholders or directors;
- Signing contracts with clauses that would prohibit using the goods or services of a Jewish subcontractor;

- Agreeing to requirements that a U.S. firm not send persons of a particular religion to a country where it performed services.⁴²

The President could also have used his discretionary power under the Export Administration Act to ban all forms of compliance with the Arab boycott but chose not to do so. In the administration's view, it had gone so far as was practical in responding to the Arab boycott's operations in the United States. In this connection, it underestimated the strength of public and congressional opposition to all forms of business cooperation with the boycott and popular demands for full disclosure of the extent and effects of American submission to the discriminatory trading conditions imposed by the Arab boycott.

The most dramatic and highly charged confrontations with the administration on this score arose as a result of hearings called by the Subcommittee on Oversight and Investigations of the House Committee on Interstate and Foreign Commerce.⁴³ In its efforts to gauge the scope of the Arab boycott and its impact on American commerce, the subcommittee, under the chairmanship of John E. Moss, requested the Department of Commerce on July 10, 1975 to furnish it with copies of all boycott reports filed since 1970. On July 24, Commerce Secretary Rogers Morton replied that under Section 7(c) of the Export Administration Act, he was precluded from disclosing confidential information obtained under the act unless its withholding was determined to be contrary to the national interest. Accordingly, Secretary Morton refused to provide the names of reporting firms that had filed boycott reports on the grounds that they might be exposed to economic retaliation by private consumer groups. However, he did consent to distribute to the subcommittee a summary of the number of boycott-related transactions since 1970, the types of restrictive trade practices reported, and the actions exporters indicated they would take in response. The subcommittee refused to be spoon-fed by the executive branch and issued a subpoena to the secretary on July 28 ordering him to produce the documents as requested.

During his appearance before the subcommittee, Secretary Morton agreed to partial disclosure by producing the boycott reports with the identity of reporting firms and details of the commercial transactions involved deleted. Subcommittee chairman Moss ruled this unacceptable since by shielding compliers with boycott stipulations with a cloak of secrecy, the administration was permitting them to flout the antiboycott declaration contained in the Export Administration Act and preventing Congress from exercising its oversight responsibilities to determine whether the firms concerned had violated existing statutes such as the Federal Trade Commission and Securities Exchange Act.⁴⁴ Following testimony from a number of constitutional lawyers who agreed that Section 7(c) of the Export Administration Act did not apply to Congress, the subcommittee on November 11 found Secretary Morton in contempt of Congress by a vote of 10 to 5.

Facing a maximum penalty of one year imprisonment and a \$1,000 fine,

Secretary Morton yielded on the issue on December 8 and undertook to deliver the boycott reports in unexpurgated form as originally requested.

Antiboycott Bills in the 94th Congress

A plethora of congressional legislative initiatives to combat the Arab boycott's effects on American commerce emerged during 1975 and 1976 as a result of the Ford administration's refusal to strengthen the antiboycott provisions of the Export Administration Act. A summary of these bills is provided in Appendix B.

With the exception of H.R. 11488 (sponsored by Edward Hutchinson of Michigan on behalf of the administration), which aimed to prevent economic coercion that resulted in racial, religious, sexual, and other forms of blatant discriminatory practices, the Ford administration consistently opposed all of the legislative initiatives brought forward in the 94th Congress. Testimony by Treasury Secretary William Simon, Commerce Secretaries Rogers Morton and Elliott Richardson, and high-ranking officials from their departments, as well as from the Department of State and the Justice Department deplored the existence of the Arab boycott but cited the crippling effects antiboycott legislation would have on American diplomatic efforts to secure a Middle East peace settlement and on American-Arab relations.⁴⁵ Administration initiatives and existing antitrust and civil rights legislation were deemed adequate to deal with the negative features of the Arab boycott's influence on American life.⁴⁶ It was even argued by Commerce spokesmen that the Commerce secretary had always had authority to ban boycott compliance under the discretionary provisions accorded him under section 4(b)(1) of the Export Administration Act, although this provision had never been invoked.⁴⁷ The domestic economic consequences of antiboycott legislation were portrayed as particularly harmful to America's employment and balance of payments position. It was claimed that each billion dollars of U.S. exports provided between 40,000 and 70,000 jobs for American workers. With U.S. exports to the Arab world at \$5.3 billion in 1975 and at a forecast level of \$10 billion before 1980, it was believed that the loss of this trade to foreign competition would cause serious adverse impacts on the economy.⁴⁸

Administration spokesmen also acted as apologists for the Arab boycott by attempting to minimize and deny the existence of many of its facets. Accepting the assurances of the Arab League's Central Boycott Office at face value, these spokesmen termed boycott discrimination against Jews as isolated occurrences⁴⁹ and denied that the boycott forced American firms to refrain from conducting "normal" trade with Israel and to refuse to do business with other American companies on Arab blacklists.⁵⁰

Of note too was initial testimony by Antonin Scalia, Assistant Attorney General in the Justice Department, who tried to discourage using the antitrust

provisions of the Sherman Act to combat domestic restraints of trade imposed by the Arab boycott. While admitting that such cases theoretically could fall under the purview of antitrust law, he stated that it would be very difficult to apply such law because the intent to restrain trade would need to be proved and major economic damage would need to be adduced, and because the political nature of the Arab boycott went beyond the normal commercial types of trade restraints investigated under U.S. antitrust law.⁵¹

Congress was not persuaded by the arguments advanced by the Ford administration. Congressman Jonathan Bingham found them somewhat offensive:

I get a little bit tired of hearing the executive departments say that they are opposed to the boycott and the opposition does not translate itself into much action. It is very easy to say that you are opposed to the boycott. All of you have indicated opposition to the idea of legislation which would effectively oppose the boycott.⁵²

On the matter of possible damage to American-Arab relations, Congressman Bingham termed it odd that the Arab world had not proposed to boycott the U.S. government for its extensive economic assistance to Israel yet persisted in seeking to impose a boycott against American business concerns having important economic relationships with Israel.⁵³ Congressman Stephen Solarz also questioned the assumption that dire effects would result for U.S. diplomatic efforts in the Middle East, pointing out that the Arabs had chosen to turn a blind eye to increased U.S. military and economic aid to Israel.⁵⁴

The possible economic consequences of antiboycott legislation were deemed marginal by Congress in view of the continued need by the Arab world for American technology, consumer goods, and foodstuffs. Iraq, an extremist Arab state that had severed diplomatic relations with the U.S., was shown to be heavily sourcing its import requirements from American suppliers.⁵⁵ Congress was also apprised that despite sharp Japanese and European competition in Middle East markets, there was a marked preference for American products, which were often the standard by which all other industrial machinery, transport equipment, and consumer durable goods were evaluated.⁵⁶ Eager for economic development, the Arab world appeared prepared to waive the boycott rules when challenged to do so, particularly since it had already built large American contracts into its development plans.⁵⁷

As the final 94th congressional session was drawing to a close in September 1976, three antiboycott bills were under active consideration — H.R. 15377 in the House and S. 3084 and S. 3138 in the Senate. The first two dealt with amendments to the Export Administration Act, which was scheduled to expire on September 30. They were passed by Congress on September 22 and August 27, respectively, with large majorities.

Because of the broader scope of the first bill, which proposed to ban compliance with both the secondary as well as tertiary aspects of foreign boycotts, attempts were made to constitute a House-Senate conference committee to find a compromise in time for extension of the act. However, Republican Senator

John Tower of Texas succeeded in blocking the House bill from being sent to the conference committee by threatening to filibuster any motion introduced to appoint Senate conferees. This action allowed the expiration of the act and the demise of the related antiboycott amendments. An interim executive order pursuant to the Trading with the Enemy Act of 1917 had to be issued by President Ford to maintain the export control authority of the act.

A last minute attempt by President Ford to gain acceptance of a watered-down version of bill S. 3084 to ensure extension of the EAA failed, although the administration was prepared to allow prospective disclosure of boycott reports as a new policy departure.⁵⁸

The Tax Reform Act of 1976

While most public attention was being focussed on the fate of the EAA amendments in Congress, Senator Ribicoff, with the support of Representative James Corman in the House, managed to secure passage of the main provisions of his bill S. 3138, following a House-Senate conference committee meeting on tax legislation on September 1. Although the Administration vigorously opposed attaching antiboycott penalties to new tax legislation, charging it would cause irreparable damage to the United States' overall position as a mediator in the Middle East and make investments by American firms in Arab countries economically untenable,⁵⁹ President Ford decided not to veto the omnibus tax bill on the eve of the presidential elections.

Ribicoff's antiboycott provisions were enacted into law on October 4 as part of the Tax Reform Act of 1976.⁶⁰ Sections 1061–1063 provided for a reduction in the tax credit for taxes paid to foreign governments if a person or corporation participated in or cooperated with an international boycott imposed by these governments; a denial of the tax deferral on unrepatriated foreign income earned in boycotting countries; and a denial of the tax deferral on export income earned in such countries by companies incorporated as Domestic International Sales Corporations. Participation in or cooperation with an international boycott was defined as:

- Refraining from doing business with or in a country that was the object of the boycott or with the government, companies, or nationals of that country;
- Refraining from doing business with any American company or citizen engaged in trade with a boycotted country;
- Refraining from doing business with any company whose ownership or management was made up, entirely or in part, of individuals of a particular nationality, race, or religion; or removing (or refraining from selecting) corporate directors who were individuals of a particular nationality, race, or religion;
- Refraining from employing individuals of a particular nationality, race, or religion;
- Refraining from shipping or insuring products on a carrier owned, leased, or operated by a person not participating in or cooperating with an international boycott.

Participation in boycotts approved by U.S. law or compliance with a boycotting country's regulations prohibiting the export of its products to a boycotted country and the import of goods from a boycotted country were excluded from any tax penalty.

Companies participating in or cooperating with international boycotts were required to report such activities in each taxable year. Failure to report carried a maximum fine of \$25,000 and/or one year imprisonment. Contracts entered into prior to September 2, 1976 requiring boycott compliance could be honored until the end of 1977.

The Ford-Carter Presidential Campaign Debate

The issue of the incursion of the Arab boycott of Israel into American life became a key factor in the defeat of President Ford in the 1976 presidential elections. In the October 6 nationally televised debate between President Ford and his Democratic opponent Jimmy Carter, ex-Governor of Georgia, the latter denounced the boycott and pledged that he would support strong legislation to combat it if elected. The following are the relevant extracts from that debate:⁶¹

Mr. Carter: The Arabs have put pressure on Mr. Ford, and he's yielded, and he has permitted a boycott by the Arab countries of American businesses who trade with Israel, who have American Jews owning or taking part in the management of American companies. His own Secretary of Commerce had to be subpoenaed by the Congress to reveal the names of businesses who were subject to this boycott. They didn't volunteer the information; he had to be subpoenaed.

Mr. Frankel: Governor Carter, if the price of gaining influence among the Arabs is closing our eyes a little bit to their boycott against Israel, how would you handle that?

Mr. Carter: I believe that the boycott of American businesses by the Arab countries, because those businesses trade with Israel or because they have American Jews who are owners or directors in the company, is an absolute disgrace. This is the first time that I remember in the history of our country when we've let a foreign country circumvent or change our Bill of Rights. I will do everything I can as President to stop the boycott of American businesses by the Arab countries.

It's not a matter of diplomacy or trade with me; it's a matter of morality. And I don't believe that the Arab countries will pursue it when we have a strong President who will protect the integrity of our country, the commitment of our Constitution and Bill of Rights, and protect people in this country who happen to be Jews — it may later be Catholics, it may later be Baptists — who are threatened by some foreign country. But we ought to stand staunch. And I think it is a disgrace that so far Mr. Ford's Administration has blocked the passage of legislation that would have revealed by law every instance of the boycott, and it would have prevented the boycott from continuing.

The Moderator: President Ford?

The President: Again, Governor Carter is inaccurate. The Arab boycott action was first taken in 1952. And in November of 1975, I was the first president to order the executive branch to take action — affirmative action through the Department of Commerce and other cabinet departments — to make certain that no American businessman or business organization should discriminate against Jews because of an Arab boycott.

And I might add that my Administration — and I am very proud of it — is the first Administration that has taken an antitrust action against companies in this country that have allegedly cooperated with the Arab boycott. Just on Monday of this week, I signed a tax bill that included an amendment that would prevent companies in the United States from taking a tax deduction if they have, in any way whatsoever, cooperated with the Arab boycott.

And last week, when we were trying to get the Export Administration Act through the Congress — necessary legislation — my Administration went to Capitol Hill and tried to convince the House and the Senate that we should have an amendment on that legislation which would take strong and effective action against those who participate or cooperate with the Arab boycott.

One other point: Because the Congress failed to act I am going to announce tomorrow that the Department of Commerce will disclose those companies that have participated in the Arab boycott. This is something that we can do. The Congress failed to do it, and we intend to do it.

President Ford's comments aroused controversy from congressional quarters, notably from two staunch antiboycott legislators, Representative Benjamin Rosenthal and Senator William Proxmire, who disputed his version of the administration's action on the Export Administration Act. The President's use of the past tense in promising to disclose those companies that "have participated" in the Arab boycott also provoked anger the following day, when it was learned that the disclosure of boycott reports would only apply to those filed on or after October 7. (Two suits filed by the American Jewish Congress and the Corporate Accountability Research Group under the U.S. Freedom of Information Act subsequently led to the release in 1979 and 1980 of 57,000 boycott reports received between 1965 and October 1976). As a result of adverse publicity, several banks and corporations announced that they would stop complying with Arab boycott requests and cease processing letters of credit containing boycott language.

The Carter Administration and Antiboycott Bills in the 95th Congress

The 95th Congress lost no time in resuming consideration of antiboycott legislation. In the space of one week from January 4 to 10, 1977, five such bills were introduced (summaries are provided in Appendix C).

True to its word, the Carter administration testified in favor of antiboycott

legislation on Capitol Hill and suggested a number of important amendments to minimize any adverse effects on American trade with the Arab states. These amendments were largely adopted by Congress since they represented a unique consensus worked out by two important American constituencies—the Anti-Defamation League (ADL) of B'nai B'rith and the Business Roundtable, an association grouping the chief executive officers of 170 major U.S. corporations.

Meeting at the end of January, negotiators from both sides headed by Irving S. Shapiro, Chairman of E.I. du Pont de Nemours and Burton Joseph, national chairman of the ADL, hammered out a set of joint principles on acceptable antiboycott legislation. These principles supported legislation to prohibit secondary and tertiary boycott compliance pursuant to an agreement with a boycotting country. Such agreement could be evidenced by written commitment or by a course of conduct indicating compliance. Exemptions were to be provided in the following instances:

- Compliance with local laws of a boycotting country prohibiting imports of goods from a boycotted country and transshipments of goods from the former to the latter;
- Compliance with shipping and visa stipulations of a boycotting country but not in negative or exclusionary terms;
- Compliance with the unilateral selection by a boycotting country of specific firms to be involved in business transactions;
- Compliance with requests for information regarding previous business dealings with a boycotted country but not future or expected business relationships.

The principles also favored a grace period to allow existing contracts to be fulfilled, preemption of antiboycott laws enacted by state legislators, business reporting only of prohibited boycott requests, and application of legislation to foreign subsidiaries of U.S. corporations with 50 percent or more U.S. parent ownership if such subsidiaries were engaged in the export of U.S.-origin products.⁶² A transmittal letter to President Carter added the suggestion that the boycott issue be placed on the agenda of the Organization for Economic Cooperation and Development for international consideration.⁶³

In supporting these joint principles, Commerce Secretary Juanita Kreps advocated that a grace period of up to five years be provided in any legislation and that up to \$50,000 in fines be levied against violators.⁶⁴

By the end of April, both the House of Representatives and the Senate had agreed on two revised bills—H.R. 5840 and S. 69—taking on board most of the suggestions offered by the Business Roundtable and the administration. These bills went somewhat further by prohibiting the furnishing of information to a boycotting country on past, present, and future business dealings with boycotted and blacklisted parties and by narrowing the exceptions relating to unilateral selection and compliance with the laws of a boycotting country by a resident U.S. firm in that country.

It was with respect to these exceptions that the House and Senate bills dif-

ferred most. In the case of unilateral selection, the House bill provided that a U.S. firm could comply only if the boycotting country designated specific products or subcontractors but compliance was not permitted if the U.S. firm had "actual knowledge that the sole purpose of the designation is to implement the boycott."⁶⁵ The Senate bill permitted compliance with unilateral selection of carriers, insurers, suppliers, and "specific goods which, in the normal course of business, are identifiable by source when imported into the boycotting country" but not if the designation was based on grounds of race, religion, sex, or national origin or stated in negative or blacklisting terms.⁶⁶ With respect to U.S. firms resident in a boycotting country, the House bill authorized the President to grant a waiver to such firms if local laws required it to undertake boycott measures prescribed by U.S. legislation. Waivers would be granted as narrowly as was feasible and only where both private and diplomatic efforts had failed to obtain the removal of objectionable requirements. The waiver authority was not to be used to grant blanket exemptions from the bill's prohibited actions.⁶⁷ The Senate version limited this exception only insofar as discrimination against U.S. persons on the basis of race, religion, sex, or national origin was concerned.⁶⁸

One other feature of these bills — the question of a grace period to permit current contracts to be brought into conformity with antiboycott legislation — demonstrated the less stringent bent of the Senate legislation. Whereas H.R. 5840 required the grace period to terminate by December 31, 1978, with a possible extension for one year if necessary, S. 69 allowed a two-year grace period for contracts in effect on or before March 1, 1977, with possible extensions for three additional years.⁶⁹

Senator William Proxmire, along with six other Senators, charged that the antiboycott provisions of the Senate bill had been seriously weakened as a result of the broadly based exemptions provided. The practical effect of these changes would be to permit many U.S. companies to continue to participate in the Arab boycott.⁷⁰ As a result, by the time both bills came before a joint House-Senate conference committee in May for reconciliation, only the original Senate language on unilateral selection was upheld. Compliance by resident firms with local boycott laws was carefully limited to reduce tertiary boycott practices and the shorter grace period favored by the House was adopted in the compromise bill that emerged.⁷¹

On June 22, 1977 President Carter approved the antiboycott legislation prepared by Congress in the form of amendments to the Export Administration Act. He stated that the legislation would keep foreign boycott practices from intruding directly into American commerce by prohibiting firms in the United States from acting as enforcers of a foreign boycott. He also noted that the new law did not question the sovereign right of any nation to regulate its commerce with other countries nor was it directed toward a particular country. Instead, the newly enacted bill sought "to end the divisive effects on American life of foreign boycotts aimed at Jewish members of our society."⁷²

Provisions of the U.S. Antiboycott Law

The antiboycott legislation was inserted under Title II of the Export Administration Amendments of 1977 Act signed by President Carter. Its principal provisions included:⁷³

- *A statement of policy*: “to encourage and, in specified cases, to require United States persons engaged in the export of articles, materials, supplies, or information to refuse to take actions, including furnishing information or entering into or implementing agreements, which have the effect of furthering or supporting the restrictive trade practices or boycotts fostered or imposed by any foreign country against a country friendly to the United States or against any United States person”;
- *Prohibitions against taking or knowingly agreeing to take actions with intent to comply with, further, or support any secondary or tertiary boycott imposed by a foreign country* affecting the interstate or foreign commerce of the United States. Such actions consisting of:
 - (a) Refusing, or requiring any other person to refuse, to do business with or in a boycotted country, its business concerns, nationals or any other person pursuant to an agreement with, requirement of, or a request from or on behalf of the boycotting country;
 - (b) Refusing, or requiring any other person to refuse, to employ or otherwise discriminate against any United States person on the basis of race, religion, sex, or national origin of that person or of any owner, officer, director, or employee of such person.
 - (c) Furnishing information with respect to the race, religion, sex, or national origin of such persons;
 - (d) Furnishing information about whether any person has, has had, or proposes to have any business relationship (including a relationship by way of sale, purchase, legal or commercial representation, shipping or other transport, insurance, investment, or supply) with or in the boycotted country, its business concerns, nationals, or any other person who is blacklisted;
 - (e) Furnishing information about whether any person is a member of, has made contributions to, or is otherwise associated with or involved in the activities of any charitable or fraternal organization that supports the boycotted country;
 - (f) Paying, borrowing, confirming, or otherwise implementing a letter of credit requiring compliance with a prohibited action;
- *Specified exceptions* relating to complying or agreeing to comply with:
 - (a) The import laws of the boycotting country prohibiting the entry of goods or services provided by the boycotted country or goods shipped to the boycotting country on a carrier of the boycotted country or by a route other than that prescribed by the boycotting country;
 - (b) Import and shipping documentation requirements with respect to the furnishing of information on the country of origin and names of the carrier and supplier of the shipment conveyed in negative, blacklisting or similar exclusionary terms, for a maximum period of one year;
 - (c) The unilateral and specific selection by a boycotting country or national thereof of carriers, insurers, suppliers of services to be performed within the boycotting

country, or specific goods that, in the normal course of business, are identifiable by source when imported into the boycotting country;

- (d) Export requirements of the boycotting country relating to shipments or transshipments of exports to the boycotted country;
 - (e) The immigration or passport requirements of any country by an individual or requests for information regarding requirements of employment of such an individual within the boycotting country;
 - (f) The laws of a foreign country affecting a United States person resident therein with respect to his activities exclusively within that country, including laws and regulations governing imports of trade-marked, trade-named, or similarly specifically identifiable products or components of products for his own use, including the performance of contractual services within that country;
- *Prohibitions against compliance with unilateral selection and the local laws of a boycotting country when this involved discrimination on the basis of the race, religion, sex, or national origin of a United States person;*
 - *A clause providing that U.S. antitrust or civil rights laws were not superseded or limited in operation by antiboycott legislation;*
 - *A requirement that implementing regulations be issued in final form by January 1978;*
 - *A grace period ending December 31, 1978 to provide for the application of such regulations to contracts or other agreements entered into on or before May 16, 1977, with a possible one-year extension to bring contract provisions into conformity with the new rules;*
 - *Provisions to prevent evasion of the legislation;*
 - *Mandatory reporting of boycott requests to the Secretary of Commerce as well as any decisions to comply or to intend to comply, such reports to be available for public inspection except for certain proprietary commercial information that might competitively disadvantage a reporting party;*
 - *Penalties for violations to include suspension or revocation of export privileges, fines ranging from \$10,000 to \$50,000, and prison terms;*
 - *A disclosure requirement to permit Congress to obtain any information requested pursuant to the legislation;*
 - *A preemption clause invalidating any laws or regulations at the state or local levels pertaining to restrictive trade practices or boycotts imposed by foreign countries;*
 - *Coverage of foreign subsidiaries and affiliates of any domestic concern that are controlled in fact by the latter.*

Passage of American antiboycott legislation marked a historic watershed in U.S. foreign policy towards the Arab states in which moral considerations prevailed over traditional emphasis of *realpolitik*. It capped a lengthy and arduous domestic struggle against discriminatory foreign practices undermining fundamental American principles of equity and fair play. It also struck a resonant blow for the liberation of international commerce from the tyranny of Arab economic warfare against Israel.

State Antiboycott Legislation

The unfavorable publicity surrounding the negative effects of the Arab boycott of Israel on American life in 1975 prompted the introduction of an unprec-

edented number of antiboycott bills in the state legislatures of the United States. By the end of 1977, twenty-five such bills had been considered, sixteen of which were enacted into law. While it was clear that constitutional authority to regulate foreign and interstate commerce resided at the federal level, most states took the view that in the absence of appropriate legislative action by the federal government, there was a need to protect their own citizens and firms from discriminatory measures resulting from foreign boycotts, particularly in the fields of commercial contracts and human rights. Thirteen states—Illinois, New York, California, Ohio, Massachusetts, Maryland, New Jersey, Washington, Connecticut, Oregon, Minnesota, North Carolina, and Florida—enacted legislation in this area. Nine other states—Louisiana, Texas, Pennsylvania, Michigan, Nevada, South Carolina, Georgia, Missouri, and Virginia—initiated legislation that was dropped after the enactment of the federal Export Administration Amendments of 1977. A summary of state antiboycott legislation is provided in Appendix B.

The enactment of state statutes against various forms of compliance with foreign boycotts had a salutary effect in hastening the passage of uniform national legislation. Indeed, many state legislators admitted that this was their underlying objective and therefore supported eventual preemption of state legislation.⁷⁴ A further important result of such legislation was the decision of some Arab nations in mid-1976 to remove requirements for negative certificates of origin in favor of positive ones.⁷⁵

Short-term economic costs were incurred by several states due to the confusion and fears of local businessmen over the scope of their states' legislation. In particular, New York found that an estimated one hundred jobs had been lost by the Port of New York City by 1976 as American exporters diverted cargoes destined for Arab countries to ports such as Baltimore, Norfolk, Newark, Houston, Boston, and Philadelphia. Marine insurance underwriters registered a drop in bookings, and freight packing and forwarding firms opened offices in other eastern seaboard ports.⁷⁶ By June 1977, it was estimated that New York City had lost 300,000 tons of cargo—5 percent of its annual volume.⁷⁷ The ban on discrimination based on "national origin" had apparently been construed by the private sector to forbid boycott compliance against citizens or companies located in Israel.⁷⁸

Maryland also experienced a diversion of cargo from Baltimore to ports in Virginia, North Carolina and South Carolina.⁷⁹ In California, major banks such as the Bank of America, United California Bank, and Crocker Bank ceased processing letters of credit containing boycott clauses⁸⁰ and many firms withdrew from boycott-conditioned projects in Arab countries.

Actions of Local Governments

A number of American cities such as New York, Boston, and Brookline passed resolutions during 1976 and 1978 barring the awarding of municipal con-

tracts to firms complying with the Arab boycott of Israel. A bill passed by the City Council of New York in August 1978 gave the city comptroller power to void contracts with companies that had violated federal antiboycott laws. In addition, city contracts in excess of \$5,000 contained a clause requiring companies to agree that neither they nor their affiliates were violating federal regulations. In July 1981, New York State adopted legislation along similar lines in the letting of state contracts.⁸¹

Reaction to State and Federal Legislation

Most of the public reaction to state initiatives on the boycott front was negative, not so much in terms of their provisions per se but in terms of their fragmenting impact on the conduct of U.S. foreign trade. Differing levels of boycott participation and penalties contained in the state regulations had placed American business in a chaotic environment necessitating a standardization of legal requirements on a national basis to avoid competitive advantages in Middle East trade being accorded to firms in more lax state jurisdictions. Accordingly, it was felt that if there was to be legislation combatting the Arab boycott's effects on U.S. commerce, it ought to be lodged at the federal level, where constitutional convention required the exercise of responsibility over international trade.

Some reaction was more extreme. New Jersey's legislation prompted the Ingersoll-Rand Company to run full-page advertisements in daily state newspapers warning that the law could force it to lay off hundreds of people.⁸² And the American-Arab Chamber of Commerce launched a scathing attack against proposed legislation in Texas, a major market for Arab trade and investment in the United States, threatening the end of Arab oil participation in a Texas offshore superport, the possible loss of \$10 billion worth of Arab business, and a virtual withdrawal of all cargoes through Houston and other Texas ports estimated at over \$4 billion.⁸³

With regard to federal legislation, business opposition was not as vociferous as might have been expected. Several reasons accounted for this. Firstly, American public opinion, including the trade union movement, overwhelmingly decried the refusal of Arab countries to buy products from or do business with U.S. companies dealing with Israel. A Lou Harris poll released on January 31, 1977 showed a 71 to 6 percent majority of Americans disapproving of the Arab boycott and a 42 to 29 percent majority favoring federal legislation penalizing cooperation with the boycott.⁸⁴ Secondly, the clear support voiced by the new Carter administration for antiboycott legislation dispirited the business community. Finally, serious differences of views within the American business community itself had arisen over the virtue of complying with Arab boycott demands. These differences led some business groups and firms to voice all-out opposition, others to support attenuated legislation, and a third faction to favor a practical solution that would meet the needs of Ameri-

can public policy while at the same time avoiding a complete loss of Arab business.

Leaders of the anti-legislation forces included the Mobil Oil Corporation, the Petroleum Suppliers Association, the Machinery and Allied Products Institute, the Associated General Contractors of America, the Morgan Guaranty Trust Company, the Agricultural Trade Council, the American Consulting Engineers Council, the Electronics Industries Association, and Dresser Industries Inc., a large equipment supplier to the oil and gas industry. The gist of their concern was that the United States would be adversely affected by passing antiboycott legislation since the Arab world would switch its purchases from American products to those of other nations, primarily Japan and European countries, and embargo sales of oil to the United States. The consequences that would flow from such retaliation were feared to be the following:

- America might be reduced to a second-rate economic power and its citizens to a second-rate standard of living, especially with the prospect of oil shortages (Mobil Oil);⁸⁵
- Grave consequences would result not only for the U.S. balance of payments position but also for its efforts to move the parties to the Arab-Israeli conflict towards a peaceful settlement (Morgan Guaranty Trust Company);⁸⁶
- America could lose 800,000 jobs and \$30 billion in construction contracts over the next five years in oil-rich Arab nations (Associated General Contractors of America);⁸⁷
- Massive unemployment and the loss of billions of dollars of national income could easily generate a tragic anti-Semitic backlash in the United States (Dresser Industries Inc.).⁸⁸

Reluctant support for a general antiboycott bill came from such groups as the Emergency Committee for American Trade, the U.S. Chamber of Commerce, and the National Association of Manufacturers. Their aims were to obtain a mild piece of legislation with a broad-based exceptions list that would have included allowing American firms to exclude the use of components manufactured by blacklisted companies from their exports to Arab countries, removal from coverage of U.S.-controlled foreign subsidiaries, and termination or reduction of reporting requirements.⁸⁹

Business endorsement of legislation with teeth in it crystallized over a period of months as the debate raged over American business participation in the secondary and tertiary aspects of the Arab boycott of Israel. Support came from American firms that had been included on the Arab blacklists and had suffered trade losses as a result,⁹⁰ from companies that resented the infringement by the Arabs of their freedom to choose with whom they could do business,⁹¹ from companies that had been pressured by their shareholders to include antiboycott resolutions in proxy material for their annual meetings,⁹² and from the Business Roundtable.

As comprehensive antiboycott legislation was being considered in Congress, the Arab world lobbied actively to halt its enactment. The Commissioner-General of the Central Office for the Boycott of Israel, Mo-

ammed Mahgoub, warned that the flow of Arab oil and other raw materials would be halted to any American firms refusing to comply with Arab boycott requests. Further, U.S. firms would be barred from joining in tenders for new projects in Arab countries.⁹³ A resolution of the U.S.-Arab Chamber of Commerce condemned proposed legislation as "damaging" and "ill-advised," contending that it "would enhance the position of Europe and the Far East in the Arab markets while at the same time eroding our own."⁹⁴ Saudi Arabia's Minister of Industry and Electricity, Ghazi al-Gosaibi, stated that the growing and mutually advantageous business relationships between the United States and his country were "threatened by the present attempts to break the Arab boycott of Israel in the U.S."⁹⁵ The Kuwait newspaper *Al Anba* said in an editorial that the proposed legislation was a "hostile act tantamount to an economic war against the Arab states." It said the United States was not the only country to which the Arabs could turn for their medical, technological, and food supplies:

In the name of the Kuwaiti people we call for a summit of Arab chambers of commerce to adopt a firm stand against trade with the United States. We are sure that we can live without American cars, air conditioners and Chiclets. We can liberate our countries from continuing to be stations for pumping money, oil and gas to America.⁹⁶

Finally, representatives of chambers of commerce from Arab countries met in Damascus in May 1977 and passed a resolution asking Arab labor unions not to handle ships loading or unloading commodities originating in or destined for the United States if antiboycott legislation was passed.⁹⁷

With the passage of legislation, however, the Arab world accommodated itself to the new realities and continued to trade with the United States. Far from registering losses in trade and employment, American business recorded large gains in Arab markets. (See Table 7.1 for trade figures from 1976 to 1984). The total level of U.S. exports in 1984 to the Arab world stood at \$13.4 billion, almost double the 1976 level. Saudi Arabia was America's largest export market among Arab League countries. Leading exports were power generation equipment, electrical machinery, cars and trucks, aircraft, and building structures and products. There was no cut-off of Arab oil shipments, and progress in Middle East peace negotiations continued to be made.

Declining oil prices since 1983 have forced most Arab oil-producing countries to reduce their overall import purchases and this is reflected in the above table.

Implementing Antiboycott Regulations

Implementation and interpretation of the June 22, 1977 federal antiboycott statute was a complex process. Important problems arose with regard to elaborating the exceptions to the law and in reconciling the sometimes dif-

Table 7.1 U.S. Exports to the Arab League States (Millions of Dollars)

	1976	1977	1978	1979	1980	1981	1982	1983	1984
Total	7,092	8,192	9,411	11,054	13,504	16,785	18,603	16,074	13,406
Algeria	487	513	374	404	542	717	909	594	520
Bahrain	279	203	157	160	199	297	220	135	145
Djibouti	5	3	4	8	12	7	7	6	8
Egypt	809	981	1,135	1,433	1,874	2,159	2,875	2,814	2,704
Iraq	381	210	316	442	724	914	846	512	664
Jordan	234	300	235	334	407	727	620	436	299
Kuwait	468	531	745	765	886	976	941	741	636
Lebanon	48	123	142	227	303	296	294	484	286
Libya	276	313	425	468	509	813	301	191	200
Mauritania	19	18	8	7	20	27	26	27	26
Morocco	296	371	406	271	344	429	397	440	526
Oman	57	56	65	88	95	180	173	174	168
Qatar	78	111	77	138	129	157	153	108	84
Saudi Arabia	2,734	3,542	4,370	4,875	5,769	7,327	9,026	7,903	5,564
Somalia	10	5	20	32	56	59	47	46	76
Sudan	106	87	156	103	142	208	270	156	136
Syria	272	129	143	229	239	143	138	112	104
Tunisia	82	110	83	175	174	222	213	217	434
United Arab Emirates	422	509	493	667	998	1,077	1,101	863	695
Yemen Arab Republic	25	46	31	214	77	44	38	108	69
Yemen (PDR)	4	31	26	14	7	6	8	7	62

Source: U.S. Bureau of the Census.

fering provisions of the regulations developed for the operation of the antiboycott sections of the Tax Reform Act, passed in October 1976.

Export Administration Regulations

On September 23, 1977 the Commerce Department issued proposed regulations giving effect to the antiboycott provisions contained in Title II of the Export Administration Amendments of 1977. These came under severe criticism from Congress for attempting to undermine the stringent and unequivocal content of the statute.⁹⁸ In particular, the proposed regulations contained the following loopholes to allow the continuation of a substantial degree of boycott compliance:

- U.S. exporters were permitted to insert "risk of loss" clauses in their purchases of goods from supplying companies requiring the supplier to reimburse the exporter if an Arab country denied entry to the shipment. The effect of such clauses would be to deter blacklisted American companies from supplying a U.S. exporter to the Middle East.

- U.S. general contractors could assist the unilateral selection process of a boycotting country by providing a list of approved subcontractors or consultants including both blacklisted and nonblacklisted firms. This would facilitate the identification of boycott targets by the boycotting country.
- A resident U.S. firm in a boycotting country could comply with that country's boycott rules when importing goods for its own use, with resale included within the definition of "own use." The antiboycott legislation made no such provision.
- A difficult burden of proof that could have rendered the antiboycott law inoperative was established by elaborating the statute's prohibition on taking actions *with intent* to comply with any boycott. Intent was to be presumed when compliance with a boycott was "a motivating factor" in a firm's decision in taking a particular course of action.

The final set of regulations, which came into force on January 18, 1978, went a long way towards eliminating these loopholes.⁹⁹ Risk of loss clauses were to be closely monitored as possible devices for evasion. Provision of pre-selection services such as lists of qualified firms could only be supplied if this constituted a customary business practice by a firm or related industry. Resale of goods imported by a resident U.S. firm in a boycotting country for its own use was not permitted; and the elaboration of intent was removed.

New reporting requirements to take effect on August 1, 1978 stipulated that all boycott requests relating to current or anticipated business relationships with boycotting countries had to be reported *whether or not the action requested was covered by an exception under the EAA*. Not reportable were requests to supply affirmative certificates of origin, requests to refrain from shipping goods on a carrier owned by a boycotted country or via a proscribed route and requests for personal information for visa or immigration purposes. It was also stated that the Department of Commerce would undertake periodic surveys of domestic concerns to determine the scope of boycott requests received by their foreign subsidiaries or affiliates.¹⁰⁰

Tax Reform Act Guidelines

Like the EAA regulations, the antiboycott provisions of the amended Tax Reform Act of 1976 required the filing of reports on boycott requests received in connection with business activities in or with a boycotting country. These reports were to form part of the tax returns of corporations or individual shareholders for purposes of determining appropriate tax penalties in cases of boycott participation. Failure to report would result in a \$25,000 fine, up to one year imprisonment, or both.

The TRA guidelines which were first issued in November 1976, however, contemplated a far more substantial set of loopholes in terms of boycott compliance than the EAA regulations. Among actions exempted from tax penalties were:¹⁰¹

- The signing of contracts stating that the boycott laws and regulations of an importing country *would apply to work performed in that country* (but not if contracts stated companies *would comply* with such laws and regulations);

- Provision of certificates stating that exported goods were not manufactured by companies trading with a boycotted country in cases where there was no contractual requirement to this effect;
- Furnishing of information on a company's business relations with a boycotted country or with a company trading with a boycotted country;
- Processing of boycott-tainted letters of credit by banks;
- Refusing to do business with a blacklisted firm if it was not engaged in trade with a boycotted country;
- Refusing to do business with a blacklisted foreign subsidiary of a U.S. firm;
- Recommendations by banks to a boycotting country not to invest in the shares of companies engaged in trade with a boycotted country;
- Removal of Jewish religious symbols from goods shipped to a boycotting country;
- Refusing to ship goods to a boycotting country on a carrier operated by a person who did not cooperate with an international boycott.

All of these permissible actions under the TRA guidelines were contrary to the Tax Reform Act and were prohibited under the EAA regulations. Under criticism, the Department of the Treasury revised its guidelines in August 1977, January 1978, and November 1979. The final guidelines deemed the following liable to tax penalties: the provision of certificates required by letter of credit stipulations that the exported goods were not manufactured by a blacklisted company; the honoring by banks of boycott-conditioned letters of credit; and the refusal to do business with blacklisted U.S. subsidiaries abroad and blacklisted firms not engaged in trade with Israel.¹⁰² Remaining actions under contention were not made subject to tax penalties because of Treasury's narrow interpretation of "boycott participation." This caused confusion in the business community over two sets of differing boycott regulations under the TRA and EAA. In light of the comprehensive character of the EAA legislation and accompanying regulations, American exporters requested, but did not obtain, the repeal of the TRA antiboycott provisions.

Enforcement of Antiboycott Laws

The Department of Commerce vigorously enforced the antiboycott provisions of the Export Administration Amendments and its regulations. These were subsequently incorporated unchanged by Congress into the Export Administration Act of 1979 (Public Law 96-72) signed by President Carter on September 29, 1979, legislation which would be in force for an initial four years and be subsequently extended. The department's Office of Anti-Boycott Compliance levied heavy fines against U.S. firms and their foreign subsidiaries that complied with boycott demands and continued to assess increasing penalties against firms that failed to report receipt of boycott requests. A listing of the civil penalties assessed to the end of 1984 is provided in Appendix C.

The heaviest fines have been levied against banks for either late reporting of boycott requests contained in letters of credit or implementing such trade doc-

uments. In this regard, Citibank of New York received the largest penalty—\$323,000 in 1983. The second largest category of violators has been U.S. multinationals for infractions of the EAA committed by their overseas affiliates.

In fiscal year 1983, only 3.8 percent of reporting U.S. firms complied with prohibited boycott requests. These firms were fined a total of \$1.4 million. Over 2,000 noncomplying firms refused to accept boycott conditions covering transactions worth \$8.1 billion.

The discipline of the Export Administration Act has clearly had a demonstrably effective restraining impact on corporations that might have contemplated violations. The 1979 revisions to the EAA were responsible for this success, providing more stringent penalties than in previous periods. In addition to maximum civil penalties of \$10,000 per infraction, criminal penalties were also inserted calling for fines of up to \$50,000 or five times the value of the exports involved, whichever was greater, or imprisonment for up to five years, or both. Further, revocation of the authority to export goods generally could be imposed as an administrative sanction. To date, criminal penalties have not been invoked in boycott compliance cases but denials of export privileges have been authorized, the most noteworthy of which involved Xerox Corporation.

In most cases, penalized firms have agreed to establish internal procedures to avoid further violations of the Export Administration Act. In a few others, the antiboycott legislation has been challenged in the courts as unconstitutional. The Trane Company of La Crosse, Wisconsin, claimed in its 1978 suit against the U.S. Government that its annual \$15 million sales of air conditioning, refrigeration, and heat transfer equipment to Arab countries would be lost if it was prevented from responding to a boycott questionnaire from Kuwait. The questionnaire inquired whether Trane had any business dealings with a number of American companies and whether it had engaged in business activity with Israel or with Israeli firms. The company alleged that the prohibition on furnishing boycott-related information to Arab countries violated its rights of free speech and association.¹⁰³ A similar suit was filed in 1980 by Briggs and Stratton Corporation of Wauwatosa, Wisconsin, a manufacturer of internal combustion engines.¹⁰⁴ The courts have since rejected these suits.

The response of the Arab countries has been quite pragmatic albeit hostile in principle. The number of boycott requests received by U.S. firms has declined—between October 1982 and September 1983, 37,500 requests were reported compared to a high of 170,000 in the 1976 fiscal year (see Table 7.2). The decline is attributable to the Arab states' modification of boycott procedures vis à vis U.S. commerce in order to continue to acquire high technology equipment and quality goods and services. Tables 7.3 and 7.4 provide a country breakdown for the different types of boycott conditions still being sought by the Arab states from American exporters. The largest boycotters are Kuwait, the United Arab Emirates, Qatar, Saudi Arabia and Iraq.

Table 7.2 Boycott Requests Reported by U.S. Firms

<i>Period</i>	<i>Number of Requests</i>
Oct. 1965–June 1969	24,500
1970–1975	21,000
Oct. 1975–Sept. 1976	169,710
Oct. 1976–Sept. 1977	153,815
Oct. 1977–Sept. 1978	67,942
Oct. 1978–Sept. 1979	39,293
Oct. 1979–Sept. 1980	37,737
Oct. 1980–Sept. 1981	50,204
Oct. 1981–Sept. 1982	57,456
Oct. 1982–Sept. 1983	37,500

Note: Reporting requirements in late 1975 were broadened to include freight forwarders, banks, shipping companies, and service organizations. Previously, only exporters of goods were obligated to file reports.

Source: U.S. Department of Commerce, *Export Administration Reports, 1977–1983*, Washington, D.C.

A further significant aspect of the antiboycott provisions of the EAA is that foreign subsidiaries of American corporations are also subject to penalties for boycott compliance in defined circumstances. In fiscal year 1983, 453 foreign subsidiaries reported receiving 3,132 boycott requests covering 2,332 transactions. They agreed to only 2 percent of prohibited requests, thus rejecting or renegotiating objectionable trade transactions worth \$661 million (see Table 7.5). In addition, 18 percent of permissible requests were turned down, bringing the total trade involved to \$754 million. The bulk of the boycott-related requests involved American-owned firms in Britain. Comparable data for fiscal year 1982 show the level of boycott-related trade transactions rejected at \$1.5 billion.

Foreign affiliates of U.S. firms are subject to the reach of the antiboycott provisions of the EAA if:

- Over 50 percent of the voting securities are owned or controlled by a U.S. firm;
- Over 25 percent are so owned or controlled and no other firm has an equal share;
- Most of their directors and executives are appointed by U.S. firms;
- They use U.S.-origin goods in boycott-tainted transactions.

Fears of being penalized prompted two Swiss subsidiaries of U.S. banks — Citicorp International Finance and Dow Banking Corporation — to withdraw from an international loan syndicate organizing a \$31-million note issue for Algeria in 1978 after the borrower, the Banque Nationale d'Algérie, de-

Table 7.3 Number^a of Restrictive Trade Practices by Originating Country and Type of Practice, 1983 (U.S.)

Restrictive Trade Practice	Bahrain	Egypt	Iraq	Jordan	Kuwait	Lebanon	Libya	Qatar	Saudi Arabia	Syria	UAE ^b	Other ^c	Total	
													No.	% ^d
A Carrier	166	98	310	94	702	119	64	112	312	31	273	122	2,403	6
B MFR/vendor/buyer	81	2	487	32	435	5	113	25	270	42	122	71	1,685	4
C Insurance	17	0	0	1	0	6	0	5	62	0	37	0	128	0
D Finance	9	0	48	4	16,982	4	0	1,851	26	0	3,814	19	22,757	61
E Origin of goods	113	7	612	160	6,045	32	155	100	695	63	558	230	8,770	23
F Marked goods/packaging	0	0	1	0	1	0	0	0	1	0	0	0	3	0
G War reparations	0	0	0	0	5	0	3	0	3	10	2	0	23	0
H Observe boycott laws	35	1	28	7	88	3	60	29	95	310	121	58	835	2
I Race/religion/sex/origin	1	0	0	0	10	0	3	1	6	1	0	0	22	0
J Relations with boycotted country	14	4	138	3	47	12	65	4	141	46	58	17	549	1
K Risk of loss	0	0	0	0	0	0	0	0	12	0	0	0	12	0
L Destination of exports	0	0	1	0	9	0	1	0	15	2	20	13	61	0
M Other restrictive	11	0	17	28	29	1	91	13	44	1	11	5	251	1
Total	447	112	1,642	329	24,353	182	555	2,140	1,682	506	5,016	535	37,499	100

^aAll figures are enhanced to the extent that an exporter and one or more service organizations report on the same transaction.

^bIncludes Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al-Qaiwan, Ra's al-Khaimah, and Fujairah.

^cIncludes Algeria, Djibouti, Morocco, Mauritania, Oman, Somalia, Sudan, Tunisia, Yemen Arab Republic, and the People's Democratic Republic of Yemen.

^dPercentages may not add due to rounding.

Source: U.S. Department of Commerce, *Export Administration Annual Report, 1983*, Washington, D.C.

Table 7.4 Number^a of Requesting Documents by Originating Country and Type of Document, 1983 (U.S.)

Restrictive Trade Practice	Bahrain	Egypt	Iraq	Jordan	Kuwait	Lebanon	Libya	Qatar	Saudi Arabia	Syria	UAE ^b	Other ^c	Total	%
													No.	
A Bid tender/proposal	46	25	167	45	441	7	41	71	338	319	287	55	1,842	5
B Carrier blacklist request	0	0	0	1	0	0	0	0	0	0	0	0	2	0
C Letter of credit	196	68	492	118	5,720	108	95	119	203	50	385	145	7,699	22
D Published import reg.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
E Questionnaire	9	0	39	0	27	3	0	0	35	14	11	10	148	0
F Requisition/Purchase order	84	15	258	43	602	21	190	50	529	54	213	139	2,198	6
G Unwritten request	4	0	7	3	4	4	4	9	43	6	7	5	96	0
H Other written	20	3	104	60	16,989	16	17	1,864	191	23	3,889	97	23,273	66
Total	359	111	1,067	270	23,784	159	347	2,113	1,339	466	4,792	451	35,258	100

^aAll figures are enhanced to the extent that an exporter and one or more service organizations report on the same transaction.

^bIncludes Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al-Qaiwan, Ra's al-Khaimah, and Fujairah.

^cIncludes Algeria, Djibouti, Morocco, Mauritania, Oman, Somalia, Sudan, Tunisia, Yemen Arab Republic, and the People's Democratic Republic of Yemen.

^dPercentages may not add due to rounding.

Source: U.S. Department of Commerce, *Export Administration Annual Report, 1983*, Washington, D.C.

Table 7.5 Number and Value of Prohibited Transactions by U.S. Controlled-in-Fact Foreign Subsidiaries, 1983

Decision on Request	United Kingdom		France		West Germany		Netherlands		Belgium		Switzerland	
	No.	\$(000)	No.	\$(000)	No.	\$(000)	No.	\$(000)	No.	\$(000)	No.	\$(000)
Take action	10	189	0	0	4	9	11	9,526	0	0	0	0
Refuse	127	533,969	12	247	50	9,339	41	15,602	82	6,133	12	434
Undecided	2	0	0	0	0	0	0	0	0	0	0	0
Total	139	534,159	12	247	54	9,348	52	25,128	82	6,133	12	434

Decision on Request	Canada		Italy		Other (Europe)		Other (Arab)		All Other		Total	
	No.	\$(000)	No.	\$(000)	No.	\$(000)	No.	\$(000)	No.	\$(000)	No.	\$(000)
Take action	0	0	71	439	0	0	0	0	0	0	96	10,164
Refuse	5	48	10	51,034	35	2,818	26	26,102	73	15,262	473	660,989
Undecided	0	0	0	0	0	0	0	0	1	0	3	0
Total	5	48	81	51,473	35	2,818	26	26,102	74	15,262	572	671,153

Source: U.S. Department of Commerce, *Export Administration Annual Report*, Washington, D.C.

mandated that the Banque Rothschild of Zurich be excluded on account of its Jewish connections.¹⁰⁵

It is unclear to what extent the American legislation can be applied to prevent cases of evasion through incorporation abroad. One such case that has come to light involves the Coastal Corporation, an oil and gas company located in Houston, Texas. In April 1980, the company incorporated a separate entity in Bermuda under the name Coastal International Limited for the express purpose of purchasing crude oil and petroleum products from suppliers with whom Coastal Corporation was precluded from dealing because of U.S. antiboycott laws. Shares in Coastal International were sold only to non-U.S. citizens, who were also to constitute the majority of its board of directors and own more than 50 percent of its voting securities. In this manner, Coastal hoped the new firm would not be deemed subject to the jurisdiction of the EAA. The U.S. Department of Commerce initiated an investigation to determine whether the EAA had been violated.¹⁰⁶

Canada and the European Economic Community have objected to the extra-territorial reach of the EAA, claiming that their trade with Arab nations may be impeded.¹⁰⁷ Recent enactment of legislation by Britain and Canada to prevent the submission of internal documents to an outside jurisdiction by resident companies affiliated with foreign parent corporations could give rise to future conflict with the U.S. law.¹⁰⁸

The Tax Reform Act has also discouraged American participation in the Arab boycott. Of 3,000 corporations reporting dealings with boycotting countries in 1982, 160 disclosed that they had agreed to participate in the Arab boycott of Israel. As a result, they incurred a loss of tax benefits totalling \$10 million.¹⁰⁹

Attitudes of the Reagan Administration

The economic program of the Reagan administration has been heavily predicated on the desirability of reducing regulatory and tax burdens on American business. In the trade field, changes were proposed to the antibribery provisions of the Foreign Corrupt Practices Act and to antitrust policy to reduce their constraining effects on U.S. exports. Simplification of the antiboycott provisions of the Export Administration Act was under consideration in this context as well as the repeal of the antiboycott provisions of the Tax Reform Act.¹¹⁰ However, the administration decided not to propose any legislative changes for the time being. The reasons for this were not hard to discern. For one thing, tampering with the antiboycott laws would have produced an unwelcome storm of controversy between the business community and Jewish organizations that would have boded ill for the Republican Party's prospects in the 1984 election campaign. For another, President Reagan's public credibility would have been severely undermined given the extensive association of

key members of his cabinet and advisorial team with the Bechtel Corporation, the giant contracting firm that was forced to desist from large-scale participation in the Arab boycott of Israel and of blacklisted American firms following an antitrust suit filed by the Department of Justice in 1976.

On the whole, the Reagan administration's record of enforcement of the antiboycott laws has been exemplary. It has vigorously tackled boycott compliance by the banking community and the multinationals as well as ensuring the denial of tax benefits to the corporate community accepting boycott conditions. In addition to civil penalties, the administration has withdrawn the right to export from several corporations for periods of up to a year. It has even charged a congressman with violating the EAA after he had written to the Kuwait embassy in Washington explaining that a corporation in his district with operations in Britain had been mistakenly associated with a blacklisted Greek firm having a similar name.¹¹¹

As a result of a successful suit in 1984 brought against the Baylor College of Medicine by two Jewish doctors on its staff accusing it of discriminating against them in the assignment of personnel on its rotation program with the King Feisal Hospital in Saudi Arabia,¹¹² the Office of Anti-Boycott Compliance has moved to deter such practices under the framework of the EAA. Likely to be the harbinger of many such actions, the OAC in early 1985 announced that Lockheed Engineering and Management Services of Houston and its consultant had agreed to pay separate civil penalties of \$10,000 each and incur the loss of their export privileges for one year with respect to Saudi Arabia on the grounds that they had refused to consider a Jewish applicant for employment in that country.¹¹³

CANADA'S STRUGGLE WITH ANTIBOYCOTT MEASURES

Canada was the first nation to follow the United States in adopting an explicit policy opposed to the Arab economic boycott, and its major province—Ontario—enacted legislation to counter the boycott's discriminatory effects. The measures that emerged at the national level were significant in that they reversed a long-standing "hands-off" policy on the Arab boycott of Canadian commerce. On the negative side, the antiboycott measures were grudgingly developed and reluctantly applied.

The difficulties for the federal government in vigorously pursuing an antiboycott policy were attributable to a traditional foreign policy stance of maintaining "objective neutrality" in the Arab-Israeli conflict. In practice, this entailed diplomatic rhetoric about special ties of friendship and respect for the people of Israel¹ but more tangible support for the Arab cause. Clear manifestations of the latter were nonrecognition of Jerusalem as Israel's capital, a ban on defense equipment sales to the Jewish state, disproportionate assistance to Arab refugees while Jewish refugees from Arab lands were not aided at all, repeated abstentions from voting against anti-Israel resolutions in the United Nations General Assembly and other UN bodies, approval of the creation of a new Arab homeland on lands held by Israel since 1967², agreements to sell nuclear reactors to Arab countries, and foot-dragging on the Arab boycott issue.

Experience with the Arab Boycott to 1975

During the 1950s, several Canadian subsidiaries of American and British firms were blacklisted by the Arab League because of their parent companies' business relations with Israel. In 1959, the International Nickel Company of Canada was added to the list because of a licensing arrangement it had concluded with an Israeli concern. Further additions included Tri-Continental Pipelines (1960) for building a pipeline in Israel; the Jewish-owned firms M. Loeb Limited, A. J. Freiman Limited, Seagrams Limited and its related

companies including Cemp Investments (1963) for their philanthropic support of Israel; and North Pacific Shipping (1964) for acting as agent for Israel's Zim Navigation Lines. Noncommercial organizations such as B'nai B'rith and Canadian Friends of Bar-Ilan University also found themselves blacklisted because of their Jewish and Zionist character. A number of Canadian companies desirous of tapping the burgeoning Israeli market participated in the Tel Aviv International Trade Fair in 1964. Following threats of boycott from Arab states, these firms were deterred from further market development programs in Israel.³ As a result, the government, which normally encouraged and partly funded trade fair participation by Canadian exporters, thereafter declined to mount such programs as far as Israel was concerned.

Responding to queries in the House of Commons on February 19, 1964, Mitchell Sharp, the Minister of Trade and Commerce, stated:

. . . only a few Canadian firms have had their interests affected or threatened by the Arab boycott of Israel. If a Canadian firm is affected or likely to be affected, the firm's actions should be governed by its own policies and interests. Should a Canadian firm seek the assistance of the Canadian government we would certainly be prepared to consider what assistance might usefully and appropriately be provided in the circumstances pertaining thereto.⁴

More than sixty Canadian companies and organizations had been blacklisted by 1964. When private firms did appeal for government intervention, Ottawa declined to invoke existing remedial legislation. A case in point was Ottawa's refusal to act upon representations made by the Canadian Manufacturers' Association, which pointed out that many Arab countries were demanding declarations be made by Canadian exporters on customs documents that they "do not have any direct or indirect relations with Israel. Canadian exporters must therefore make a choice of trading either with Israel or these Arab countries."⁵

Similar representations by the Israeli government were ignored in spite of Canada's obligation to ensure Israel most-favored-nation treatment under GATT rules.

Firm action on the boycott issue was rejected by several specious arguments:

- No country had countered the boycott;
- U.S. antiboycott legislation enacted in June 1977 was full of loopholes and was resulting in a loss of contracts;
- Canada was too weak a power to take action;
- Canada would lose valuable export sales and related employment;
- The Arab world might retaliate by embargoing petroleum shipments;
- Businessmen could be trusted to avoid discriminatory requests for boycott participation and it would be unthinkable to make such participation, if it occurred, a crime.

These arguments, which reflected both fears of economic and political backlash and hopes for short-term economic benefits, determined Canadian policy for two decades, despite the fact that existing domestic law and practice offered

means of combatting boycott provisions. Criminal penalties stipulated in the Combines Investigation Act, covering Canadian firms engaging in conspiracies to limit export trade and adopting restrictive business practices pursuant to foreign directives, could have been applied,⁶ but Canadian authorities refused to do so. The Canadian Bill of Rights, affirming the fundamental freedom of religion and other human rights,⁷ was not invoked.

Canada responded very differently in the case of the U.S. boycott of the People's Republic of China and Cuba. The position of the Canadian government with respect to the extraterritorial application of U.S. boycott legislation aimed at these two countries was, over the years, one of consistent opposition, with strong representations to the U.S. government. A large number of Canadian subsidiaries had been prevented by their American parent companies from engaging in export trade with these countries up to the early 1970s. The U.S. government threatened criminal action unless U.S.-controlled firms both at home and abroad complied with the Trading with the Enemy Act and the Cuban Assets Control Regulations. Canada repeatedly warned the United States that foreign-owned corporations in Canada would have to act in accordance with Canadian law and policy. As a result of Canadian protests, Washington was forced to relent and permit most export transactions by Canadian subsidiaries to proceed.

In addition, Canadian government guidelines were established in 1966 and reinforced in 1975 advising multinational firms operating in Canada to pursue and develop export opportunities throughout international markets while refusing pressure from foreign governments or associated companies to act in a contrary manner.⁸

A special report on foreign investment prepared in 1972 under Herb Gray, then Liberal Member of Parliament for Windsor West, increased Canadian consciousness further on the malevolent aspects of the impact of foreign laws and policies on the behavior of Canadian firms. Although it focussed exclusively on the American issue, its highlighting of the affront to Canadian sovereignty and policies resulting therefrom were equally germane to the Arab boycott.⁹

Canadian firms anxious to develop Arab markets had swallowed their principles and complied with boycott participation requests in the absence of government action. Such participation included provision of certificates that their products were not of Israeli origin,¹⁰ refusal to exhibit at trade fairs in Israel,¹¹ attestations that no Jews or Zionists served on their boards of directors, and notarized declarations that no direct or indirect relations were or would be maintained with Israel.¹² Trade officials of the Canadian Government went so far as publicly to counsel firms to provide blacklist certificates stating that their shippers' vessels were not on the Arab boycott list.¹³

During the Arab-Israeli war in October 1973, the Arab oil producing countries cut off shipments of crude petroleum to Canada for several months. Some Arab states claimed that this was necessary to prevent oil supplies from being

re-shipped to the United States, the principal target of the embargo. However, the deciding factor for selecting Canada along with the U.S. and the Netherlands as boycott targets was the Arab world's displeasure with Canada's public pronouncements of friendly ties with Israel.¹⁴ By mid-1974 the embargo was lifted but the lesson was not lost on the government. A noticeable shift occurred in the country's Middle East policy, which saw a cooling of relations and support for Israel and a plethora of statements about Canada's neutral and "even-handed" approach to the Arab-Israeli conflict.

The Turning Point

In 1975, public opinion in Canada was aroused against the Arab boycott when it was learned that Jewish banks in Europe had been prevented by Arab states from participating in an international loan syndication. An overflow of angry American reaction to the boycott's effects in general prompted closer attention to the Canadian situation. In March, it was revealed that more than 150 Canadian firms were included on the Saudi Arabian blacklist.¹⁵ The Secretary of State for External Affairs initially denied that there were concrete cases of Arab discrimination against Canadian firms and ruled out the necessity for legislative action.¹⁶ Publication of the blacklist for the first time in Canada,¹⁷ and news that the government's Export Development Corporation had provided insurance for sales to Arab countries requiring firms to boycott Israel,¹⁸ forced the government to issue its first positive policy statement on the boycott. The Minister of Industry, Trade and Commerce stated that the government did not condone these kinds of restrictive boycott arrangements,¹⁹ while Prime Minister Trudeau said "this type of practice is alien to everything the government stands for and, indeed, to what in general Canadian ethics stand for."²⁰ Over a year and a half elapsed, however, before the government was prepared to take action.

Canadian Response

Mounting public pressure for action came from a broad spectrum of sources. Much credit must be given to dedicated federal Members of Parliament such as Conservative Party spokesman William Kempling, New Democratic Party member David Orlikow, and Liberal Party supporters Herb Gray and John Roberts. Ontario's Conservative Premier William Davis and his Industry Minister Larry Grossman also deserve recognition for their role in introducing the first antiboycott legislation in Canada. The Jewish community, represented by the Canada-Israel Committee, carried out an extensive public education campaign on the boycott issue.²¹ The Canadian Council of Churches, the Canadian Chamber of Commerce, and the Canadian Labour

Congress also voiced their opposition to the blacklist and boycott compliance. A crucial role was played by Canadian newspapers, which were unanimous in condemning the boycott and the government's inaction.

Several incidents during 1976 spurred the government to formulate antiboycott measures. Firstly, a Montreal toy manufacturer, Logix Enterprises, had reported that it had been offered a sizable order by a Kuwaiti firm on condition it refuse trade dealings with Israel. The company refused to comply with these terms and the Kuwaiti firm withdrew the stipulation and placed the order.²² RCA Limited of Montreal, a blacklisted firm, had lost a \$35 million contract with Libya.²³ A confidential government memorandum obtained by the *Globe and Mail* claimed the Arab boycott's effect on Canadian companies had been exaggerated and that the boycott did not appear to discriminate against Jews. It recommended that Canada not act alone in opposing the boycott without similar stands by other Western countries. Any antiboycott policy, it said, should be consistent with "our policy of balance and objectivity toward the Arab-Israeli dispute." Too strong a stand could provoke an Arab League embargo against Canadian exports and crude oil imports, it warned.²⁴ The practice of the Canadian High Commission in London of issuing religious validation certificates to Canadians seeking work in Arab countries was exposed.²⁵ The government-owned airline, Air Canada, published a travelogue about Jordan in its magazine with a map referring to Israel as Palestine, and a travel information manual, a joint publication of major world airlines, including Canadian Pacific Airlines, listed four Arab countries—Jordan, Saudi Arabia, Iraq, and Syria—that specifically prohibited the entry of Jews and people who had travelled to Israel.²⁶

These developments prompted the formation of a national citizen's group called the Commission on Economic Coercion and Discrimination to investigate the scope of the boycott's operations in Canada. The *Toronto Star* called for legislation to outlaw the Arab boycott, condemning government thinking as an "odious mixture of fancy and facts that are often distorted or wrong."²⁷ The *Ottawa Journal* demanded that Canadian authorities desist from abetting the racist policies of Arab countries by validating the religious bona fides of Canadians. It editorialized further:

External Affairs claims its notarizing service has no connection with the international Arab boycott of firms having Jews as owners or directors.

But of course it has. Many, if not most, of the Canadians going to Saudi Arabia would be doing so for business purposes. Hence if the High Commission cannot attest that a Canadian is not a Jew, then it pins on him, in Saudi Arabian eyes, the Yellow Star.

If any Canadian wanting to travel in Saudi Arabia must prove that he is not Jewish, then let him seek out private credentials to that purpose. That is a matter between him and the Saudi Arabian authorities.²⁸

The Canadian Council of Churches adopted a resolution recommending that member churches follow the example of the Dutch Roman Catholic bish-

ops and the Dutch Council of Churches in not issuing baptismal certificates for travellers requesting them in order to obtain tourist and business visas for Arab countries. This decision was taken on the basis that requirement of a baptismal certificate would be discriminatory against Jews.²⁹ On August 13, the government responded by instructing all Canadian embassies and consulates not to witness any document attesting to religious affiliation or racial origin.³⁰

At the end of September, the new Secretary of State for External Affairs, Donald Jamieson, issued a strong policy statement on the boycott during bilateral talks with Israeli Foreign Minister Yigal Allon. In response to Israeli suggestions that Canada legislate against boycott compliance by Canadian businessmen, Jamieson said Canada found the boycott "repugnant and totally unacceptable." He promised that a new Canadian policy on the matter would emerge shortly.³¹ One of the government's preoccupations at the time was, ironically, proposed antiboycott legislation before the U.S. Congress that carried sanctions against boycott compliance by subsidiaries of U.S. firms abroad—a situation that would impact heavily on Canada, raising again the hoary issue of American extraterritorial jurisdiction.

When the government finally announced measures to combat the boycott's application in Canada on October 21, 1976,³² it became clear that the problem would be treated in a superficial manner. The central issue of outlawing boycott participation by unscrupulous Canadian firms was avoided. Instead, a series of half-measures conditioned by convenient loopholes was introduced.

Content of Antiboycott Measures

The government's measures, which were to take effect in 1977, contained the following program of action:

- Government support or facilities would be denied for various kinds of trade transactions to combat any discriminatory effects that international boycotts not accepted by Canada might have on Canadian firms and individuals.
- All Canadian firms would be required to report all instances of their complying with boycott provisions.
- Information obtained from such reports would be made available to the public.

The type of transactions against which the government would take action were those that, pursuant to the provisions of any boycott, would require a Canadian firm to: engage in discrimination based on the race, national or ethnic origin, or religion of any Canadian or other individual; refuse to purchase from or sell to any other Canadian firm; refuse to sell Canadian goods to any country; or refrain from purchasing from any country. It was the government's rationale that withdrawal of support for particular transactions in the form of export insurance and credits and market development programs would be an effective deterrent to cooperation with discriminatory provisions of an interna-

tional boycott.³³ Guidelines were issued on January 21, 1977 to implement the October announcement.³⁴

Failure to ban boycott compliance meant that the large corporations that dominated Canadian trade with the Arab Middle East could continue to accept discriminatory contract provisions. If export financing became necessary, their own capital funds and private bank credits were always available.³⁵ Under questioning, Jamieson stated: "Both I and the government concluded that at this time legislation was not necessary, and also that it would present enormous complexities and problems."³⁶

Second, the government did not implement the announced reporting requirement nor did it make public the names of companies that complied with the boycott, as had been promised.³⁷ Fears in some quarters of the business community over adverse publicity swayed Ottawa not to proceed with these provisos.³⁸ Semiannual public reports of a general nature were to be made instead.

Third, the measures excluded the boycott enforcement activities of Canadian banks that demanded company compliance with discriminatory letters of credit before making payment for export transactions. Further aspects of the government's position, which was "long on rhetoric and short on action,"³⁹ included:

- Haphazard and lengthy delays in publishing the semiannual reports;
- Failure to monitor all Arab League countries and other nations demanding boycott participation;
- Circulation by the Department of Industry, Trade and Commerce of tenders containing boycott clauses to the business community;
- Counselling boycott compliance in government publications.⁴⁰

A fascinating and thoroughly documented report issued in January 1977 by the privately sponsored Commission on Economic Coercion and Discrimination⁴¹ revealed that compliance with the Arab boycott had become an established pattern in Canada. It found a number of disturbing features — a record of government complicity, boycott participation in a majority of Canadian export transactions with Arab League countries covering as well the insurance, banking, engineering, and architectural consulting sectors, and a "shadow boycott" consisting of a psychological unwillingness of many firms to even contemplate trading with Israel because of fears of being blacklisted.⁴² Terming "the Arab boycott in Canada" a misnomer, the commission characterized it as "a boycott by Canadians of a country friendly to Canada and a boycott by Canadians of other Canadians."⁴³ It recommended legislation to prohibit boycott participation in Canada. A number of corporations were cited as welcoming such legislation since it would remove the competitive disadvantages faced by companies refusing to comply with boycott requests. All firms would thus be shielded by Canadian law in resisting boycott demands. Another conclusion was that antiboycott legislation would not knock Canadian exporters out of

Middle East markets as Arab states would continue to source on the basis of the superior quality of Canadian goods and services.⁴⁴

The commission recommendations were echoed by influential sectors of public opinion. The press called the boycott a "pervasive cancer,"⁴⁵ a "question of morality"⁴⁶ and "odious blackmail."⁴⁷ Particularly sharp criticism was levelled at the banking community, which "with their letters of credit [are] simply gun bearers, disclaiming responsibility for casualties because they neither manufacture nor fire the weapons."⁴⁸ The Conservative Party leader, Joe Clark, advocated penalizing companies accepting boycott clauses.⁴⁹ Ontario Premier William Davis promised to deny government business to companies complying with the boycott and to refuse to provide such firms with any financial support.⁵⁰ The premier stated that the federal government's policy to date had not had any noticeable effect in discouraging compliance and that his government was not afraid of any economic reprisals from Arab countries.⁵¹ Prime Minister Trudeau, however, ignored the commission's report and insisted he would go no further in interfering with the market system.⁵²

The boycott issue nevertheless refused to die down. On the one hand, business representatives condemned the government's antiboycott policy for making it more difficult to compete in Middle East markets.⁵³ On the other hand, impending passage of antiboycott legislation in the United States in mid-1977 triggered a new round of widespread public support for similar legislation in Canada. Spokesmen for the Canadian Brotherhood of Railway, Transport and General Workers demanded a counter-boycott by Canadians of boycott-complying firms.⁵⁴ The Canadian Bar Association and the Canadian Civil Liberties Association recommended that human rights legislation outlaw discrimination in the purchase or sale of goods.⁵⁵ The *Vancouver Sun* characterized government guidelines on the boycott as ineffective and open-ended.⁵⁶ Former Prime Minister John Diefenbaker termed the Arab boycott's influence in Canada "a damnable form of injustice,"⁵⁷ while the New Democratic Party expressed support for antiboycott legislation.⁵⁸ The Executive Council of the Canadian Labour Congress went so far as to urge both federal and provincial legislation against boycott compliance.⁵⁹

Canadian Human Rights Act

The Canadian Parliament acted on the recommendations of civil liberties groups by extending human rights legislation in Canada to cover discriminatory practices in the provision of goods, services, facilities, or accommodations. Section 5 of the Canadian Human Rights Act, assented to on July 14, 1977, proscribed discrimination on the basis of race, national or ethnic origin, color, religion, age, sex, or marital status. Various types of tertiary boycott compliance could run afoul of this provision, particularly refusals to sell to blacklisted Jewish firms.

Ontario's Antiboycott Law

The provincial Conservative government of Ontario, Canada's largest province, moved to translate its condemnation of the Arab boycott into action by introducing legislation in December 1977. All parties in the provincial legislature supported more effective measures than those which Ottawa had adopted.

Drawing most of its provisions from a private member's bill, originally introduced in April 1977 by Larry Grossman, then a Conservative backbencher for the Toronto riding of St. Andrews-St. Patrick, the Ontario government tabled a bill entitled "An Act to Prohibit Discrimination in Business Relationships,"⁶⁰ which provided for:

- Prohibition of discrimination in Ontario on the grounds of race, creed, color, nationality, ancestry, place of origin, or geographical location of persons employed in or engaging in business;
- Prohibition of furnishing discriminatory information to second parties as a condition of obtaining business;
- Mandatory reporting of oral or written requests to engage in a discriminatory business practice as well as a report on the response to the request;
- Prohibition of supplying negative statements of origin on goods or services sold;
- Right to compensation and to punitive damages for persons incurring losses as a result of actions by persons practicing discrimination;
- Ineligibility of convicted persons to enter into business contracts with the Ontario government for a period of five years from the date of their conviction;
- Maximum fines of \$5,000 for individuals and \$50,000 for corporations convicted under the act, with each corporation official responsible for the corporation's offense considered a party to the offense;
- Public inspection of records pertaining to assurances of voluntary compliance by parties investigated under the act and of orders issued under the act to cease engaging in discriminatory business practices.

Deemed discriminatory were refusals to buy from or sell to second parties because of the nationality, creed, race, color, ancestry, place of origin, or geographical location of such parties or of persons connected with such parties, or of third parties with whom they conducted business. The intent of these provisions was to prohibit both secondary and tertiary boycott compliance.

Reaction to the bill was intense. The Arab-Canada Chamber of Commerce charged the provincial government with seeking Jewish votes and warned of retaliation from Arab states.⁶¹ Jewish groups strongly supported legislation at the provincial level as a means of safeguarding human rights.⁶² The Canadian Export Association expressed fears of business losses in Arab markets. Interestingly, a number of business groups, including the Metropolitan Toronto Board of Trade and the Association of Financial Institutions of Canada, supported the principles and intent of the bill. The Royal Bank of Canada, the largest in the country, indicated it would welcome the cloak of legislation to equalize the competitive status among banks since it had refused to process let-

ters of credit containing discriminatory clauses over an eighteen-month period.⁶³

The Ontario bill was enacted into law on November 7, 1978. A new provision was included requiring the publication of the names of offenders under the act. To mollify business concerns, an amendment was approved that would permit the provincial government to make exemptions in special cases. Although no action has yet been taken under the act, corporations based in Ontario are adhering to its provisions and opting for renegotiation of offensive boycott provisions contained in Arab contracts and other business documents or are refusing to submit bids.⁶⁴

Evidence of Arab displeasure with the legislation came to light in 1979 when the Saudi Arabian embassy in Ottawa revealed it had been restricting the issuance of visas to Canadian businessmen and contemplating cessation of imports from Canada as a consequence of the province's legislation. And the federal Minister of Industry, Trade and Commerce, Jack Horner, blamed Ontario for the loss of valuable sales to Saudi Arabia.⁶⁵ This was denied by Ontario, which asserted that even if trade was adversely affected, it would not repeal its antiboycott legislation. "Our principles are not for sale," said the province's Industry Minister.⁶⁶ As it turned out, Canadian exports to Arab countries actually increased in 1979 by 26 percent and had been doubled by 1982. Rates of growth in exports to Saudi Arabia were 5 percent in 1979 and an average of 6 percent annually thereafter to 1984 (see Table 8.1).⁶⁷

Ontario's landmark legislation had a significant national impact given the province's major share of Canadian industrial production. More than 50 percent of Canada's exports to the Arab Middle East emanated from Ontario. While a certain degree of political opportunism and delight in embarrassing the federal Liberal government could be discerned in the province's action, it would be fair to attribute the major motivation for this legislation to the genuine concern of the Davis government for the protection of human and property rights, an area in which the province had accumulated an impressive record in the past. The legislation, however, did pose constitutional questions vis-à-vis the established supremacy of the federal power in the field of international commerce. The Trudeau government wisely chose not to challenge the legislation in the face of supportive public opinion. It is clear, though, that Ontario would be prepared to modify or rescind its law should Ottawa introduce comparable national legislation.⁶⁸

Dilemmas of the Federal Government

The Ontario initiative on boycott legislation plus a seemingly unending series of embarrassing public revelations relating to boycott participation during 1978 fueled a large-scale national debate. Trade versus morality and sovereignty was its theme. Caught between high-sounding rhetoric abhorring the

Table 8.1 Canadian Exports to the Arab World (millions of dollars)

	1976	1977	1978	1979	1980	1982	1984
Algeria	96	174	141	183	329	405	351
Bahrain	1	2	2	4	5	5	4
Egypt	35	48	50	32	104	296	229
Iraq	36	56	12	90	125	157	127
Jordan	6	7	10	10	11	24	9
Kuwait	23	35	36	57	61	79	52
Lebanon	3	25	26	32	35	37	9
Libya	11	18	18	32	61	96	60
Mauritania	1	4	4	7	—	2	3
Morocco	3	29	26	58	58	85	47
Oman	—	—	—	1	2	25	5
Qatar	4	3	2	5	8	19	8
Saudi Arabia	108	103	207	216	266	355	283
Somalia	1	—	2	1	1	4	4
Sudan	3	2	21	8	7	12	10
Syria	13	47	19	10	18	2	78
Tunisia	19	11	24	34	50	58	59
United Arab Emirates	12	19	34	28	39	45	20
Yemen Arab Republic	—	—	11	—	—	1	4
Yemen (PDR)	3	4	11	17	25	2	3
Total	378	587	656	825	1,255	1,706	1,365

Source: International Monetary Fund, *Direction of Trade*, Washington, March 1977-1985.

Arab boycott and fears of losing valued export markets, the Trudeau government refused to move beyond the administrative measures it had taken in 1977. The cost of this decision was high in terms of loss of political credibility as well as internal dissension among cabinet ministers and backbenchers.⁶⁹ As events unfolded, it was evident to any thoughtful observer that the federal authorities were being driven from pillar to post on this issue and that national legislation to deal with the effects of boycott compliance could not be avoided much longer. A cursory review of new developments in 1978 is illuminating in this regard.

Publication of Semiannual Reports

Three tardy reports on the application of the federal government's antiboycott guidelines were issued in 1978 by the Department of Industry, Trade and Commerce, covering the period October 21, 1976 to July 31, 1978.⁷⁰ (No further reports have been published.) The reports stated that only two out of eighty-eight boycott-related transactions by Canadian firms seeking government assistance were not granted official support. Most of the transactions were given assist-

ance after the firms either gave unilateral undertakings to the government that they would not discriminate or added provisos to their contracts to this effect, or renegotiated their contracts to remove offensive clauses. Negative certificates of origin were deemed acceptable until October 1, 1978, when the government reversed itself and required positive certificates as a condition of assistance. The names of firms agreeing to unacceptable boycott undertakings were not published nor was the magnitude of boycott participation by companies not requiring government assistance—by far the majority of cases—made known. The government's policy ineluctably came to be considered a "cheap charade."⁷¹

The Bell Canada Affair

A contract signed January 25, 1978 between Bell Canada, Canada's private telephone monopoly, and the Saudi Arabian Ministry of Posts, Telegraph and Telephone for a \$1.1 billion deal to modernize the latter's telephone system, necessitated a declaration by the company that it had no business relations with Israel. The company's president, James Thackray, said an element of risk would have been introduced if it started doing business with Israel during the five-year duration of the contract. Further, company spokesmen rationalized that they had not given any undertaking about future business with Israel.⁷² The government's Export Development Corporation provided \$430 million in insurance coverage for the deal, the largest amount ever issued in its history. The government claimed that the Bell Canada undertaking was merely a "statement of fact" rather than a statement of intent not to deal with Israel in the future, hence acceptable under government policy. Ed Broadbent, leader of the NDP, summed up the general criticism of the contract by stating: "That clause is in there for one purpose, and one purpose only . . . which is discrimination."⁷³

In a similar situation in 1970, the U.S. firm International Telephone and Telegraph Corporation had refused to respond to a multi-million dollar telephone maintenance contract offer from Saudi Arabia because it contained a boycott clause that would have allowed that country to cancel the contract any time it was proved that ITT was conducting business with Israel.⁷⁴

Proposed Amendment to the Manitoba Human Rights Act

In May 1978, a Liberal member of the Manitoba Legislature, Lloyd Axworthy, proposed an amendment to that province's human rights legislation that would prohibit the conclusion of contracts that discriminated against a person not party to the contract on the basis of race, nationality, religion, color, sex, age, marital status, ethnic or national origin, or the place of habitual residence or domicile of that person, or the place where he carried on business.⁷⁵ Although not passed, the proposal was a further signal to the federal au-

thorities that the provinces could act, in the absence of federal legislation, within their constitutional jurisdiction to protect property and civil rights in the area of contract law.

Visit of Sheik Yamani

At the end of June 1978, Saudi Arabian Oil Minister Sheik Ahmed Yamani visited Canada. Questioned on the boycott, he said Saudi Arabia did not boycott all companies doing business with Israel, only those whose business amounted to assisting the Israeli economy — a distinction he did not explain. He also told reporters some Jews were permitted entry into his kingdom but they first had to persuade the authorities they were not Zionists.⁷⁶ The impact on public opinion of the Sheik's visit was to renew pressure on the government to enact antiboycott legislation with enough teeth to give its enforcement some meaning.⁷⁷

Toronto City Council Resolution

In the same month, Toronto's city council passed a resolution urging the federal government to enact legislation to counter "the intrusion of discriminatory foreign law," particularly in the economic sphere. The motion noted that Ottawa, "by avoiding the central issue in the anti-Israel boycott by Arab states, is causing concern and unnecessary tension in the business community of Toronto." The motion censured Ottawa for its refusal to enact legislation "that clearly sets out that Canada will not tolerate the policy of any country refusing to conduct business or trade with Canadian companies or their affiliates that employ persons of the Jewish faith or hold certain political views."⁷⁸

Reporting of Additions to the Blacklists

Canadian newspapers published in mid-1978 detailed information on the number of domestic firms and organizations on the Saudi Arabian and Lebanese blacklists. These totalled 250, an increase of more than 60 percent over those previously reported. Many firms had never done any business in the Middle East but were on the blacklists because they were owned by, or had entered into joint ventures with, banned U.S. firms.⁷⁹

Introduction of Federal Legislation

In an effort to salvage its credibility, particularly as an election loomed on the horizon, the Trudeau government belatedly accepted the need for a legislative response at the federal level to the Arab boycott. Two cabinet ministers, Defense Minister Barney Danson and Secretary of State John Roberts, were en-

trusted with drumming up electoral support for the proposed legislation, given the negative stance of Industry, Trade and Commerce Minister Jack Horner on the issue.

The government's response finally came in a limited-purpose bill,⁸⁰ which was brought before Parliament on December 15, 1978. It provided for the mandatory reporting of prescribed boycott requests received or complied with by Canadian residents and corporations. Failure to report was deemed an offense punishable by a fine up to \$250 per day of such default. Semiannual reports would be made public summarizing the information received and listing the names of boycott participants.

Loopholes allowed the exclusion from the reporting requirement of:

- "Statements of fact" demanded by Arab boycotters relating to the existence of commercial relations with Israel;
- Compliance with enactments of boycotting states pertaining to the avoidance of Israeli vessels, and bans on the import of Israeli goods, the entry of Israeli nationals, and the sale of Arab goods to Israel;
- General undertakings to comply with the boycott laws of Arab states not otherwise specified.

The draft legislation represented the delayed fulfillment of part of the government's policy enunciated two years earlier, and even at that, a fair number of qualifications were inserted. Predictably, the business lobby, led by the Canadian Export Association, opposed the move towards legislation.⁸¹ Senior federal officials were also hostile to antiboycott legislation.⁸² The Canada-Israel Committee and parliamentarians welcomed the legislation as a first step but favored more positive action in the form of a ban on boycott compliance. As it turned out, the bill did not become law owing to the refusal of two Opposition members of Parliament in March 1979 to grant unanimous consent to the government to ram through its lingering draft legislation in one day with a minimum of debate in order to preclude amendments. Shortly thereafter, a federal election was called in which the boycott figured prominently.

The Conservative Party and the Boycott

Under the leadership of Joe Clark, the Conservative Party was elected to office on May 22, 1979. It had a record of support for strong legislation to prohibit boycott compliance. Indeed, Mr. Clark reiterated the commitment to outlaw boycott compliance during the election campaign. However, the storm of protest from the Arab world and the Canadian business community over the new government's plan to relocate the Canadian embassy in Israel from Tel Aviv to Jerusalem (see below) resulted in no legislation being introduced by the Conservatives during the balance of 1979. The government was anxious to receive beforehand the report of Robert Stanfield, a former Conservative Party leader, who was appointed to inquire into the Jerusalem move as well as the

range of Canada's relations with the Middle East. The Arab boycott was included in Mr. Stanfield's inquiry.

Nevertheless, three attempts were made by members of Parliament to introduce legislation dealing with the boycott towards the end of 1979. Nothing came of these efforts, as Parliament was dissolved for a new round of elections in 1980. The first private member's bill was that of Liberal M.P. Robert Kaplan. His bill was identical to the previous government's draft legislation on the reporting of boycott requests. More substantive bills were drawn up by Roland de Corneille, a Liberal M.P. from Toronto, and by New Democratic Party member David Orlikow of Winnipeg. Their bills were patterned after statutes in force in Ontario and the United States.⁸³

The Jerusalem Debacle

A survey of the controversy engendered by the Clark government's shift in foreign policy on the Jerusalem question is instructive in terms of progress made on the boycott front. Similar considerations were in play on the drawbacks for Canada in moving its embassy to Jerusalem as on taking a harder line on the boycott issue. The theme of trade versus morality and sovereignty prominent in the boycott debate was magnified during the controversy concerning the embassy.

In brief, the new Conservative government reaffirmed its election promise to transfer the Canadian embassy to Jerusalem, the capital of Israel. The origins of this new foreign policy development were: Israeli Prime Minister Begin's suggestion to this effect during Mr. Clark's visit to Israel in early 1979; the signing of the Egyptian-Israeli Peace Agreement in March of that year; and a desire to win Jewish community support during the May elections. The shrill objections to this move were based on fears of displeasing the Arab world, which regarded both Jerusalem and Israel as part of its territorial patrimony called "Palestine." The Opposition parties, led by Mr. Trudeau, went on to claim that such displeasure would impair Canada's traditional stance of neutrality and objectivity towards the Middle East conflict and harm its UN peace-keeping role.⁸⁴

Leading segments of the business community with commercial stakes in the Middle East (the Canadian Export Association, Bell Canada, Royal Bank of Canada, Atco International, the Canadian Manufacturers' Association, and so on) carried out extensive government lobbying and press campaigns warning of huge employment and trade losses if the embassy move went through. The federal trade bureaucracy abetted this campaign by spreading alarmist propaganda on the economic impact.⁸⁵ By far the most strenuous pressures were exerted by Arab embassies in Ottawa, particularly the Egyptian embassy, acting on instructions from their home governments. Threats of trade losses, oil embargoes, and rupture of diplomatic relations were made.⁸⁶

To their credit, some government ministers refused to accept these representations on the embassy move;⁸⁷ and thoughtful commentators pointed out that abandonment of the Conservative policy on Jerusalem would invite similar pressure by the Arab world and the business community against antiboycott legislation or, for that matter, trade with Israel.⁸⁸ In the end, however, the Clark government caved in to Arab and business pressure by accepting an interim face-saving report of Robert Stanfield that couched abandonment of the move in terms of the need to await a comprehensive peace settlement in the Middle East that dealt with Jerusalem's status. This surrender to externally imposed blackmail was ominous insofar as further moves towards strengthened antiboycott policy in Canada were concerned.

Armed Forces Discrimination Against Jews

The appeasement of the Arab world on both the boycott and embassy issues had a spill-over effect on the personnel practices of the Department of National Defense. In October 1979 it was learned that Jews serving in the Canadian armed forces were not permitted to be assigned to peace-keeping units in the Middle East because their impartiality might be questioned by the "ill-intentioned."⁸⁹

The Stanfield Report

In his final report on Canada's relations with the Middle East, Mr. Stanfield noted the substantial economic risks for Canada in adopting antiboycott legislation. It was his view that if the Arab boycott raised only a question of commercial policy and no higher moral considerations, the government would seem entitled to pursue policies considered to be in Canada's best interests—that is, no further antiboycott measures. On the other hand, if boycott compliance by Canadian firms violated fundamental Canadian principles such as racial or religious discrimination, the government should be prepared to prohibit such violations and suffer the consequences. In this connection, it was suggested that the government could request the Canadian Human Rights Commission to initiate an investigation of possible racial or religious discrimination by Canadian firms in complying with foreign boycotts.⁹⁰

The Clark government did not have an opportunity to act on this part of the report or indeed on the report as a whole, as it went down to defeat in elections held in February 1980.

Prospects for Legislation

The Liberal Party of Prime Minister Trudeau was voted into office with a clear majority. Two of its proponents for boycott legislation — Herb Gray and

Robert Kaplan—were elevated to the positions of Minister of Industry, Trade and Commerce and Solicitor-General respectively. Unfortunately, both men reneged on their commitment to press for antiboycott legislation.⁹¹ Trade Minister Gray claimed federal legislation to combat the Arab boycott had been postponed indefinitely in the face of more important government priorities such as constitutional reform, industrial development, and energy policies.⁹²

The Canadian government had thus been placed in the anomalous position whereby legislation implemented by the provincial government of Ontario to combat the Arab boycott and U.S. antiboycott laws applying to American-owned firms in Canada (accounting for almost 40 percent of Canadian manufacturing) were filling the vacuum in limiting compliance with foreign boycotts. During the period October 1980 to September 1983, for example, twenty-nine Canadian firms owned by U.S. interests reported to the U.S. Department of Commerce that they would not comply with boycott requests applicable to sixty-nine transactions valued at \$122 million.⁹³

The return to power of a Conservative government in 1984 with strong ties with Washington may lead to a greater receptivity to bolstering existing antiboycott measures especially insofar as reporting mechanisms are concerned and the readiness of state-owned agencies to ignore government guidelines.⁹⁴

THE EUROPEAN ECONOMIC COMMUNITY – APPEASEMENT AND RESISTANCE

A pronounced pro-Arab foreign policy was adopted by the European Economic Community during the 1973 Yom Kippur War between Israel and the Arab states. This was mostly attributable to the flustered reaction to the oil embargo that the Arabs had placed on the Netherlands, which was considered to be sympathetic to Israel, and to the cut-back in shipments to other EEC countries, with the exception of France and Britain. Most of northern Europe was forced to implement temporary oil rationing and strict conservation measures, especially since the Dutch port of Rotterdam was Europe's largest oil transshipment center. The EEC states went so far as to deny permission for American planes to refuel on their soil in the course of the U.S. airlift of vital military equipment to Israel during the second week of the 1973 war.

The essence of the EEC tilt towards the Arab world consisted of appeasement of Arab foreign policy goals – namely condemnation of Israel's acquisition of Judea and Samaria and its unification of Jerusalem; negative statements concerning the value of the Egyptian-Israeli Peace Treaty; reluctance to combat Arab terrorist activity in Western Europe; refusal to sell Israel defense equipment while showing no similar reserve towards the Arabs; support for the creation of a new Arab state in Gaza, Judea, and Samaria; and opposition to enforcing measures to halt the application of the Arab economic boycott against EEC-based firms and institutions dealing with Israel. In 1974, the EEC inaugurated a "Euro-Arab dialogue" with the Arab League to foster closer economic and social cooperation. This "dialogue" provided a forum for the Arab states to press their anti-Israel policies, to which the EEC was generally receptive.

This appeasement policy was considered necessary to safeguard EEC interests in the Arab world, from which it obtained the bulk of its petroleum requirements, substantial investments, and lucrative profits from its exports of civilian goods and armaments. The adherence of Greece to the Community in 1981 added a stridently anti-Israel voice.

Attitudes Toward the Arab Boycott

In only one instance has the EEC resisted Arab boycott pressures. Arab nations threatened to cut their economic relations with the EEC in 1964, when Israel and the EEC concluded a preferential trade agreement. Strong support for the agreement from the Netherlands and West Germany resulted in the EEC according Israel increased access to its market. The treaty was subsequently converted into a free trade arrangement in 1975 as part of a series of Mediterranean commercial accords that also included Arab nations.

Owing to the international publicity generated during 1976–1977 by the American debate over antiboycott legislation, the EEC Commission was put on the defensive for its failure to take any action to curb the application of the Arab boycott. In response, the EEC took refuge in the fact that the provisions of the Treaty of Rome (the constitution of the EEC) and antidiscrimination clauses in economic cooperation agreements with Arab states were adequate to deal with any boycott-related problems, which thus did not justify the drafting of specific legislation.¹

Articles 85 and 86 of the Treaty of Rome set out the types of restrictive business practices that are inimical to competition within the common market of the EEC. In particular, they cover secondary and tertiary forms of boycott compliance that limit markets or investment or “make the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts.”² Hundreds of export orders have been filled by firms in one EEC member state requiring component suppliers in other member states to certify to the former that they did not conduct business with any firms blacklisted by the Arabs and that their goods did not constitute “a part of German reparations to Israel.” An example of this sort of restrictive trade practice is contained in a 1978 order addressed to the Dutch company Overtoom Techniek by the German firm Philipp Holzmann of Frankfurt.

The antidiscrimination clauses of the economic cooperation agreements between the EEC and the Arab states state that, in terms of trade relations, neither party can discriminate against each other or against their respective subjects and enterprises.³ These clauses were inserted expressly to diminish the adverse effects of the Arab boycott within the EEC and were based on the wording contained in the preferential trade agreement concluded by the EEC with Egypt in 1972.⁴ Although Egypt and other Arab states have claimed that a clause in these agreements allows them to apply secondary and tertiary boycott practices on the grounds that these are “essential to [their] security in time of war or in case of serious international tension” (a phraseology closely approximating Article XXI of GATT), the EEC has stated that it expects such clauses to be applied in accordance with the nondiscriminatory principles of the agreements.⁵

In actual practice, the EEC Commission has not enforced its rights under the Rome treaty or the economic accords with the Arab states, despite exten-

sive parliamentary inquiries and debate in Britain, France, and the Netherlands during the late 1970s that brought to light a widespread pattern of Arab boycott compliance and discrimination. The commission has rationalized this lack of action on the grounds that it does not believe there is sufficient political will on the part of member states to adopt a strong antiboycott policy given the overriding desire of EEC member states not to offend the sensibilities of the Arab world.⁶

Nevertheless, the ease with which the Arab boycott has operated in EEC states has been checked to some extent by antidiscrimination legislation introduced by France and the Netherlands and by the refusal of European-based American multinationals to accept boycott stipulations. The latter rejected boycott stipulations in transactions worth at least \$600 million from October 1982 to September 1983 in the EEC area (see Table 7.5).

France — A Limited Antiboycott Law

Background

The French people's more than a millennium-long relationship with the Jewish people has been marked alternately by officially sanctioned religious oppression and democratic tolerance. From at least the sixth century until the French Revolution of 1789, the Jews of France were a boycotted people, subjected to an unbroken chain of violence — forced conversions, expulsions, public disputations, blood libels, burnings at the stake, and massacres. They were denied the rights of citizenship, restricted to narrow occupations, accused of spreading the Black Death (bubonic plague), forced to wear the Jewish badge, and assessed a special body tax similar to the tax collected on cattle.

The overthrow of monarchical rule in the late eighteenth century resulted in an infusion of egalitarian ideals both within France and throughout Europe. Jews were endowed with French citizenship and their emancipation led to their rapid integration and assimilation into French culture and society. This did not, however, eliminate a strongly entrenched antipathy towards Jews, vividly manifested, for example, by the Dreyfus trial of 1894, and the deportation of 90,000 Jews by the Vichy government to the Nazi death camps in 1942.

In the immediate postwar period, France saw a renewed amity towards Jewish citizens, particularly as a result of popular sympathy for the creation of the Jewish state of Israel. Prior to 1967, France maintained close relations with Israel, united by cooperation in the Suez crisis of 1956, by technical and scientific exchange agreements, by a common aversion to Arab nationalism, and by a common democratic tradition. France in fact became Israel's largest arms supplier, providing it with the famous *Mystère* and *Mirage* fighter planes, which played an important role in Israel's defense capability. French President Charles de Gaulle's dislike of Israel's victory during the Six-Day War in June 1967 and his characterization of Jews as an "elitist people" led to the abrupt ter-

mination of this erstwhile close relationship, and his policy was carried on by his successors Pompidou and Giscard d'Estaing. France adopted a foreign policy towards Israel consisting of an embargo on further arms sales, reduction in economic assistance, support for the Arab cause, and appeasement of Arab terrorism.

The major reasons for this *volte-face* can be found in de Gaulle's personal view that Israel's existence depended on the sufferance of the Western world. Any upset in the Middle East power configuration in Israel's favor could thwart the Gaullist aim of restoring France's role as a world power independent of the United States. Steps had already been taken in this direction that had entailed, *inter alia*, France's domination of the European Economic Community, the creation of an independent nuclear capability, freedom of maneuver within NATO and the Atlantic Alliance, and the cultivating of influence in the Arab world. The latter policy had served to repair France's political status as well as to enrich its economic base by ensuring secure access to Arab oil supplies and by increasing its commercial and military exports to the Arab states. France's exclusion from the 1973 Arab oil embargo abundantly testified to its pro-Arab orientation.

A more nuanced foreign policy was adopted with the advent of the socialist government of François Mitterrand in 1981. With respect to Israel, this appeared to be leading towards a more even-handed approach to the Middle East conflict and a somewhat positive bilateral relationship as indicated by the Mitterrand government's attitude towards the Arab boycott, which was studiously accommodated by the previous Gaullist regimes.

History of Boycott Activity

Over 350 French firms have been blacklisted by the Central Boycott Office, making France the third largest target of the Arab boycott after the United States and Britain. Much of this blacklisting occurred in the heyday of France's friendship with Israel. Following the marked shift in French policies towards Israel after 1967, most of the subsequent blacklist entries consisted of affiliates of foreign multinationals and French firms and organizations owned by Jews or tagged with a Zionist label. Corporate compliance with boycott demands had been widespread, with some notable exceptions. The French government's response was generally one of acquiescence, punctuated by diplomatic support given to Israel in the early 1950s in connection with the blockade of the Suez Canal and the Gulf of Aqaba and the reactivation of the 1977 antiboycott legislation by the Mitterrand government in 1981.

The Bans on Air France and Renault. In February 1957, nine Arab nations—Egypt, Iraq, Jordan, Lebanon, Libya, Saudi Arabia, Sudan, Syria, and Yemen—closed Air France's offices in their capitals and denied it landing rights and overflight privileges, ostensibly because of its investments in Israeli

development projects and the production of "propaganda" films for Israel. The ban was removed in 1959, when Air France agreed to liquidate its business interests in Israel.⁷

In the same year, the French auto manufacturer Régie Renault was blacklisted for exporting knocked-down Dauphine cars to Israel for assembly. The company was removed from the blacklist after withdrawing from the Israeli market. It was re-blacklisted in 1963 after it had resumed business with Israel, de-blacklisted a decade later, and again blacklisted in late 1981 for acquiring a 46 percent interest in the boycotted United States firm, American Motors Corporation.⁸

Because both Air France and Renault were state-owned, it was difficult to avoid the conclusion that their blacklisting was prompted by French support for Israel during the Suez crisis of 1956 and, in the case of Renault's most recent falling out with the CBO, by the friendlier relations established with Israel by the new socialist government.⁹

Boycott of Aircraft Producers. During the 1960s, the CBO blacklisted several French aircraft companies that were supplying Israel with much of its defense equipment. The most notable were the Société Générale Aéronautique Marcel Dassault, Société Nationale d'Etudes et de Construction de Moteurs d'Aviation, Engins Matra, Messier, Société Potez, and Turbomeca, which produced both aircraft and jet engines.¹⁰ With the 1967 French arms embargo imposed against Israel, most of these firms were de-blacklisted as the Arab world entered into arms contracts with France. However, in the case of Turbomeca, which agreed to build a jet engine plant in Israel in the late 1960s, the CBO continued to blacklist it as well as its Japanese licensee Ishikawajima Harima Heavy Industries Limited.

The Koenig Affair. One of the few publicized instances of French corporate rejection of boycott coercion occurred in 1964, when the Société Financière et Industrielle des Pétroles and its subsidiary La Compagnie de Raffinage en Afrique du Nord refused to dismiss their Christian Zionist president General Pierre Koenig (see Chapter 2). Both firms continue to figure on the Arab blacklists.¹¹

The 1975 Banking Scandal. The anti-Semitic manifestation of the Arab boycott in France in February 1975 in connection with the exclusion of two Jewish-owned banks—Lazard Frères & Cie and Banque Rothschild—from participating as underwriters in two loan syndications triggered a worldwide outcry against the boycott and led to antiboycott legislation and measures in a number of countries.

Two state-owned corporations—Air France and La Compagnie Nationale du Rhône—had sought \$25 million each for their capital requirements from international banking syndicates organized by the Crédit Lyonnais, the Banque

Nationale de Paris and the Banque de Paris et des Pays-Bas. These banks submitted to the demands of the Intra Investment Bank of Lebanon and the Kuwait International Investment Fund that the Jewish-owned banks be excluded on account of their pro-Zionist tendencies. Despite an official complaint to the French government by Lazard Frères, Prime Minister Jacques Chirac refused to intervene, declaring the exclusion to be “a matter of relations among banks and between banks and their clients.”¹²

Nuclear Reactor Sales to Iraq. France signed a controversial agreement with Iraq in November 1975 to supply it with nuclear reactors and assist in their operation. At Iraq’s insistence, the French government agreed that “no person of Jewish race or Mosaic religion” would be allowed to work on the project.¹³

The Battle for Antiboycott Legislation

The exigencies of French foreign policy over the past two decades have not permitted the development of an antiboycott policy. One minor exception may be noted: in 1965 the Foreign Ministry instructed the semiofficial Centre National du Commerce Extérieur in Paris to stop its practice of advising exporters on how to comply with foreign boycott stipulations.¹⁴

During the worldwide publicity generated by the efforts of the Congress of the United States to pass antiboycott legislation, two deputies in the National Assembly — Pierre-Charles Krieg and Jean Foyer — introduced an amendment on November 30, 1976 to France’s antiracist law, extending it to international commerce. Enacted on July 1, 1972 and incorporated under Article 416 of the French Penal Code, the antiracist legislation had been modelled on the provisions of the 1969 United Nations Convention on the Elimination of All Forms of Racial Discrimination, which required member states to prohibit racial discrimination in the political, economic, social, cultural, and other fields of public life. The Convention included national or ethnic origin in its definition of racial discrimination while the 1972 French law included the term “nation.”

After a lengthy debate, the French Parliament on June 7, 1977 passed a watered-down though still controversial piece of antiboycott legislation known as the “Loi Générale sur Diverses Dispositions Economiques et Financières,” which became Articles 187-2 and 416-1 of the Penal Code. Under government pressure, legislators had deleted the term “nation” in the bill, thus ruling out a ban on complete compliance with the Arab boycott of Israel. Instead, the term “national origin” was substituted, rendering the bill only mildly effective in particular cases of discrimination. Its main provisions were:¹⁵

- A prohibition on any action or omission making it more difficult for any individual or entity to conduct economic affairs for reasons of national origin or membership or nonmembership in a particular ethnic group, race, or religion; for violations, a penalty of up to two years imprisonment and/or a fine of up to 30,000 francs;

- An exemption from the above when such acts conformed to government directives issued within the framework of its economic and commercial policy or international commitments (for example, UN sanctions against Rhodesia).

Following passage of the legislation, the French export credit insurance and guarantee agency — La Compagnie Française d'Assurance pour le Commerce Extérieur (COFACE) — refused to provide its financial services to exporters who had signed certificates on the non-Israeli origin of their shipments as demanded by Arab purchasers.¹⁶ The CBO made threatening statements concerning commercial reprisals against France. Fearful of a loss of Arab markets, Prime Minister Raymond Barre issued a government decree on July 24 removing COFACE from the reach of the antiboycott law. He noted the importance of exports to the economy and the balance of payments and cited as justification for his action the provisions of the Seventh Annual Plan for Economic and Social Development passed on July 21, 1976, which called for increased export promotion in new markets such as the oil-producing countries and the Arab Middle East.¹⁷

The Barre decree rendered the June 7 legislation virtually inoperative insofar as combatting foreign boycott compliance was concerned. Israeli Foreign Minister Moshe Dayan accused France of committing a hostile act against Israel by permitting economic discrimination against the Jewish state. He also pointed out that the French decision violated the competition rules of the EEC and the provisions of GATT.¹⁸ Two French organizations — the International League Against Racism and Anti-Semitism and the Movement for the Freedom of Trade — announced that they would ask for annulment of the Barre decree before the Conseil d'Etat, France's highest administrative court.¹⁹

On April 18, 1980, the Conseil d'Etat ruled that the government had exceeded its powers and ordered it to rescind the July 24, 1977 decree. Particular reference was made to the failure of the decree to specify the kind of commercial operations excluded from the antiboycott law. The Giscard d'Estaing government again moved to sabotage the law by issuing another decree on May 9, 1980, specifying that all trade transactions related to energy, agriculture, minerals, transportation, machinery, and consumer manufactured goods were to be excluded from the law and contended that states and corporations were not covered by the "national origin" provisions in the law.²⁰

Policies of the Mitterrand Government

The election of François Mitterrand as President of France in May 1981 resulted in a reversal of government policy on the boycott. Remaining faithful to its campaign promises, Mitterrand's socialist government cancelled the May 9, 1980 directive, effective July 17, 1981, thus upholding the original provisions of the 1977 antiboycott law. COFACE thereupon announced its refusal to finance export sales based on discriminatory boycott clauses. Despite Arab warnings of negative repercussions for the French economy and the development of Franco-Arab relations,²¹ the new French government did not alter the

antiboycott law. However, it reserved the right to make exceptions to the law on a case-by-case basis should its international commitments so require.²²

A stepped-up campaign to test the French government's resolve on the boycott law was undertaken shortly after the reinstatement of the 1977 measures. In December 1981, the CBO blacklisted Renault as well as the Banque Louis Dreyfus. Pressure was also placed on the large French contractors active in Iraq and Saudi Arabia to lobby for a diluted antiboycott policy. In addition, antiboycott groups in France remained vigilant for instances of violations of the 1977 law. In this regard, they filed a suit against the large construction firm La Société Fougères for allegedly requiring compliance of the Bendix Corporation of the United States, a subcontractor on a potential Iraqi project, with a stipulation that "suspicious persons, especially Jews" would not be used for completion of any contract.²³ Bendix refused to comply.

It remains to be seen whether the Mitterrand government will continue to resist the application of discriminatory boycott conditions affecting France's trade with the Arab world. In any case, it does not appear likely, in the short term at least, that France will broaden its antiboycott legislation to parallel the coverage of American and Canadian measures.

Britain — The Embrace of Mercantilism

There are many conflicting strands in the historic relationship between Britain and the Jews. From the arrival of Jews to Britain with the Norman conquest until the end of the thirteenth century, anti-Semitism was the order of the day. Massacres, blood libels, the wearing of a Jewish badge, extortionist taxation, occupational discrimination, and finally, complete expulsion were inflicted on Jews. Tolerance replaced anti-Semitism as the leitmotif of the relationship when Jews were permitted to return to Britain in the seventeenth century. The subsequent foundation of a constitutional monarchy democratized British society, eventually leading to the removal of all civil disabilities imposed on Jews. From the mid-nineteenth century to World War I a strong Christian Zionist trend permeated influential British circles, culminating in the 1917 Balfour Declaration consenting to the restoration of the Jewish homeland in the Holy Land. A third phase in the relationship, which began in the 1920s and continues to this day, has been characterized by appeasement of Arab interests. Up to 1948, Britain virtually repudiated its obligations to the Jews as the mandatory power in the Holy Land. The bulk of the territory promised the Jews was used to create an artificial Arab kingdom called Trans-Jordan. Arab boycotts and massacres of Jews were largely ignored, while Jewish immigration to the mini-homeland was heavily restricted. In the three decades after the creation of the state of Israel, Britain helped to build up the military infrastructure of several Arab countries and supported the creation of a second Arab state within the territory of its original mandate.

With a sharp downturn in the British economy since the late 1960s, Britain has become dependent on Arab markets and petrodollar investments. Despite its North Sea oil wealth and its military withdrawal east of Suez, Britain continued its Arab appeasement policy in support of a mercantilist economic orientation.²⁴ The British outlook meshed easily with the international economic policies of the European Economic Community, which Britain joined in 1973. Trade and investment relations with Israel were permitted to languish, and Israel's vital political and security interests were ignored. As a consequence, the Arab boycott of Israel has operated with impunity in Britain despite public outcry over several flagrantly anti-Semitic incidents. Resistance has been manifested by a few parliamentarians, firms, and individuals in addition to the antiboycott efforts of English Jewry. Some 1,200 British firms and organizations and seventy-five ships can be found on the Arab blacklists — a level of boycotting that is second only to that of the United States.

Early Government Attitudes

During Britain's League of Nations mandate over Palestine, a passive attitude was adopted towards the Arab population's boycott of Jewish goods and shops. Similarly, when the Arab League proclaimed its boycott of the products of Jewish industry in Palestine in December 1945, the British administration refused to take any countermeasures. Through inaction, Britain neglected its obligations under the League of Nations mandate to safeguard the civil and religious rights of all the inhabitants of Palestine and to prevent any discrimination on the grounds of race, religion, or language.²⁵ As well, the boycott violated the trade agreements between Palestine, Syria, and Lebanon. Trans-Jordan — which was still a territory to which the British mandate applied — had also joined the Arab League boycott. Spurred by protests to the United Nations on the part of the Jewish Agency in Palestine, the British government informed the Arab League governments of its displeasure over the boycott discrimination and officially condemned it during the 1947 sessions of the Preparatory Committee of the UN Conference on Trade and Employment in Geneva.²⁶ There the matter rested.

An activist approach was adopted during the 1950s against Egypt's blockade of the Suez Canal and the Gulf of Aqaba to both Israeli shipping and foreign vessels carrying cargo to or from Israel. Britain supported the 1951 resolution of the UN Security Council demanding the termination of these restrictions in international waterways as its own shipping became subject to seizure and blacklisting. In 1955, Foreign Secretary Harold Macmillan stated unequivocally that Britain did not "recognize the legality of the blockade of Israel nor the right of the Egyptian government to grant or withhold permission to ships to use the international channel at the mouth of the Gulf of Aqaba."²⁷

With the British intervention at Suez in November 1956, the Arab states stepped up their harassment of British economic interests, boycotting a large

number of firms, notably Imperial Chemical Industries, threatening to blacklist British Overseas Airways if it commenced flights to Tel Aviv and seizing British vessels at Port Said for carrying cargoes to and from Israel. Some firms actually pulled out of Israel (British Petroleum in 1957). The British government's response to these events was essentially to condemn the boycott as "a violation of international comity."²⁸

The Mancroft Affair

The attitude of the British government during the Mancroft Affair of December 1963 (see Chapter 2) marked a return to the policies of appeasement of the Arab world that had characterized the era of the British mandate over Palestine. In this, the Conservative and Labor parties displayed a remarkable consistency while in office. The underlying basis of this policy was to re-establish Britain's credentials with the Arab Middle East after the Suez debacle, with the primary objective of advancing its economic interests insofar as trade expansion and secure petroleum supplies were concerned.

When the forced resignation of Lord Mancroft, a Jewish peer, from the chairmanship of the London Board of the Norwich Union Insurance Society became public knowledge, there were heated protests in Parliament and the press over the government's refusal to enact legislation to prevent compliance with trade discrimination by the Arabs. Labor opposition M.P. James Callaghan (later to become Prime Minister) was especially insistent on this point (see Chapter 2). To this, Peter Thomas, the Minister of State for Foreign Affairs, responded with the line that has remained official to this day:²⁹

I think that it is for a firm to decide for itself, in the light of its own interests, whether it wishes assistance from Her Majesty's Government. Our feelings about this boycott have been made clear, and if any individual firm wishes advice or assistance, we shall, of course, consider the request.

This did not have any impact on the London Chamber of Commerce which, shortly after the Norwich Union scandal, requested Lord Mancroft not to take up its previous offer of the presidency of the organization out of deference to the Arabs.³⁰

Boycott Activity to 1978

The supine posture adopted by Britain in 1963 toward the intrusion of the Arab boycott into its territory gave carte blanche to the Arab states and other Islamic countries to hold the British economy hostage at their whim. Thus, boycott incidents escalated in intensity from the latter part of the 1960s to the close of the 1970s. Of major importance were the following:

- In May 1967, BOAC acceded to threats from Pakistan that it would prohibit overflights by aircraft going directly from Israel to India without an intermediary

stop, by canceling two weekly Asian flights from London that formerly made stopovers at Lod Airport.³¹

- Following the Arab defeat in the June 1967 war with Israel, shipments of oil to Britain were embargoed by Arab oil-producing states on the grounds that it had maintained friendly relations with Israel (during the 1973 Yom Kippur War, these oil producers exempted Britain from an oil embargo and production cuts due to its anti-Israel foreign policy).
- In February 1969, the Ministry of Defense confirmed that servicemen sent to the Cheshire Regiment in the Persian Gulf had been ordered to remove labels from clothing manufactured by Jewish firms on the blacklist to avoid antagonizing customs authorities in Bahrain.³²
- A purely domestic tender to build an office block outside London was offered to Crown Deal Holdings in 1971 by the Costain Property Company containing the following boycott provision: "You undertake with us that at no stage shall we be obliged to do anything which will cause us to contravene the Arab boycott (including any modification therefore for the time being having effect) and that you will in relation to the scheme at all times take such steps (if any) as shall be necessary to enable us to avoid any contravention of such boycott."³³ Crown refused to do business on these terms.
- At the 36th Arab boycott conference in Aley, Lebanon, in July 1974, the Arab states decided to set up "civilian patrols" to prevent Arab nationals in Britain from purchasing at Marks and Spencer and Selfridges, two Jewish-owned apparel and department stores.³⁴
- In early February 1975 news of Arab discrimination against banks in Europe with Jewish capital scandalized the international community. Kleinwort, Benson Limited, an investment bank in London that had acted as a syndicate manager for a loan issue to Marubeni, the Japanese trading company, admitted that it had agreed to exclude the British merchant banks N. M. Rothschild and S. G. Warburg and Lazard Frères of France from participating. It cited pressure from the Kuwait Foreign Trading, Contracting and Investment Company and the Libyan Arab Foreign Bank, which were acting as co-underwriters.³⁵ In August, Sir Max Rayne, a prominent Jewish financier, was forced to withdraw his shares from the Edward Bates merchant bank when Saudi Arabian interests purchased equity in the bank.³⁶
- Barclays Bank was given four months notice in September 1975 by the Central Boycott Office to liquidate its 50 percent holding in Barclays Discount Bank in Israel or face blacklisting and termination of its operations in Egypt and several Arab states in the Persian Gulf.³⁷ Barclays Chairman Anthony Tuke refused to accede to blackmail, whereupon the bank was blacklisted. Within a year, the CBO reversed its action because of Barclays' outstanding loans to the Arab world.
- In October, the Race Relations Board found the London operations of Gulf Oil Corporation guilty of unlawful discrimination against Mrs. Linda Friedberger (née Johnson), a secretary with the firm. Her promotion had been withdrawn because her husband was Jewish and her duties would have placed her in contact with Arab officials.³⁸
- Britain's largest vehicle producer, government-owned British Leyland Motor Corporation, had been blacklisted in the 1960s because of its two assembly plants at Ashdod and Haifa, which produced trucks, buses and the *Gilboa* automobile.

However, its Land Rovers were exempted since they were required as personnel carriers by Arab armed forces.³⁹ In 1976, Leyland was removed from the blacklist after terminating its operations in Israel and withdrawing from membership in the Anglo-Israel Chamber of Commerce. It was subsequently authorized to open an assembly plant in Egypt.⁴⁰

- Britain's largest food can company, Metal Box, announced its capitulation to the Arab boycott in February 1977 and divested itself of its 27 percent equity share in the Israel Can Company. Threats of sales losses made against its domestic and overseas customers by Saudi Arabia and Kuwait convinced the firm to surrender.⁴¹

The Foreign Boycotts Bill

Background. The whirl of Arab boycott activity in 1975 prompted the formation of the Anti-Boycott Coordinating Committee at the end of the year, supported mainly by the Anglo-Israel Chamber of Commerce and the Board of Deputies of British Jews. The Israeli government made repeated representations at Whitehall, to no avail, for an end to Britain's boycott compliance, which had countenanced a steady withdrawal of British investment from Israel, the refusal of firms to bid on Israeli infrastructure projects or to fill contracted orders, and acceptance of anti-Semitic boycott provisions. The practice of the Foreign and Commonwealth Office of authenticating Arab boycott documents and anti-Jewish visa declarations on behalf of British exporters and travelers was also roundly condemned.

While the Labor government had been faithful to the EEC's pro-Arab foreign policy orientation and had backed this up with an embargo on defense equipment sales to Israel (but not to the Arab states), its aversion to prohibiting Arab trade discrimination was chiefly a reflection of the dire straits of the British economy in the mid-seventies.⁴² It was debilitated by high unemployment, a large balance of payments deficit, the devaluation of sterling, continuing dependence on imported petroleum supplies despite North Sea oil discoveries, and senescent industries. The government was accordingly determined to pursue an unabashed mercantilist policy towards the Arab world, awash with petrodollar wealth available for deposit in London banks, British hotels, and other real estate and dangling tempting contracts with British firms to participate in massive infrastructure projects, particularly in Saudi Arabia and Iraq. Britain refused to capitalize on the opportunities for concerted international action against the Arab boycott created by the adoption of comprehensive antiboycott legislation by the United States in the summer of 1977.

The lack of government action prompted the creation of an All-Party Parliamentary Committee to Combat Foreign Trade Boycotts in May 1977. Two months later, Lord Byers, the leader of the Liberal Party in the House of Lords, introduced a private member's bill entitled the Foreign Boycotts Bill, whose provisions called for prohibiting compliance with secondary and terti-

ary boycotts. The bill was reintroduced on November 22, given a second reading on January 30, 1978, and referred to a Select Committee for examination.

Provisions. In remarkably terse fashion, the Byers Bill adopted the key provisions of the U.S. antiboycott law contained in the Export Administration Amendments of 1977. Designated as a bill "necessary to protect individuals, companies and businesses from the direct and indirect consequences and pressures of foreign boycotts, requests or conditions," the proposed legislation contained the following stipulations:⁴³

- A prohibition against discrimination or refusal to do business in furtherance of or in response to foreign boycotts not acceptable to the British government;
- A prohibition against seeking or providing any information concerning a person's religion, racial or national origin, business connections, or membership in or connection with any organization of whatever nature if such information is sought or provided in relation to a foreign boycott;
- A ban on providing or demanding negative certificates of origin and paying, confirming, or processing any boycott-related letter of credit or shipping document;
- Mandatory reporting by all persons to the secretary of state of boycott requests and publication by the government of a register at quarterly intervals containing such information;
- A fine up to £5,000 for failure to report;
- Liability of any individual or chief executive officer convicted of an offense under the bill to a fine of up to £5,000 for a first offense; for a second or subsequent offense, a fine of up to £10,000 or imprisonment for a maximum of two years.
- Liability of any company convicted of an offense to a fine of up to £100,000 and, in the case of a second or subsequent offense, liability of every officer or agent of the company who knowingly and willingly authorized or permitted the offense for up to two years imprisonment.

Reactions to the Byers Bill

The Hostile Triumvirate: The CBO, Business, and Government. The response to the Foreign Boycotts Bill on the part of the Arab world, British business, and government was uniformly sharp and hostile. During the three-month hearings held on the bill by the Select Committee of the House of Lords, under the chairmanship of Lord Redcliffe-Maud, this hostile triumvirate had nothing but "Cassandra-like prophecies of doom" to utter.⁴⁴

The Arab side weighed in early with a not-too-subtle hint of displeasure. Still smarting from the rebuff to the boycott from the United States and Canada, the Arab world was determined to squelch any further progress internationally to bring its secondary and tertiary boycott enforcement to an end. Accordingly, the messages delivered to Britain pulled no punches. The Commissioner-General of the Central Boycott Office in Damascus warned that enactment of the bill would "jeopardize the interests of the UK because the long-lasting, excellent and developing economic and financial relations be-

tween the UK and the Arab world will face a great relapse, the effects of which could easily be known by acquiring from the Board of Trade information on the volume of trade and economic exchanges between the Arab world and the UK and on the huge Arab deposits and investments in the UK and its banks."⁴⁵ The Secretary-General of the Joint Arab-British Chamber of Commerce went further, stating that the bill would "effectively put an end to all trade between the UK and the Arab world."⁴⁶

Opposition from the business community was equally alarmist. The Confederation of British Industry, in the best tradition of mercantilism, stated that it would have been practicable to resist the boycott in the late 1940s when it was introduced but that "it is now too late and would be commercially impracticable for companies to contemplate a substantial swing away from 30 years of general compliance with this boycott."⁴⁷ The CBI was moved to avow its opposition in principle to the boycott; however it stressed that "such disapproval represents a moral stance which in practical terms has to yield to commercial realism."⁴⁸ This realism was said to consist of possible retaliatory economic action by Arab countries imperilling both visible and invisible exports, with exceedingly serious effects on Britain's balance of payments. In addition, the country was vulnerable to a "tactical reaction" by Arab governments, institutions, and individuals involving their enormous holdings of sterling balances. All told, up to 160,000 jobs within Britain could be endangered.⁴⁹ Similar submissions were made by other business groups such as the British Bankers' Association, which urged that nothing be done to undermine the unique position of London as an international banking market;⁵⁰ by the British Electrical and Allied Manufacturers' Association, which stressed that the "national interest lies in export-led growth and freedom to trade must therefore not be restricted in any way";⁵¹ by the Export Group for the Construction Industries, the Association of British Chambers of Commerce, the Committee for Middle East Trade, and the Middle East Association, which represented 450 member companies accounting for the bulk of British exports to the Arab world. The latter group's sensitivity to Arab feelings went so far as to admonish the Select Committee for "prolonged public airing of demands for a change in the law [which] is by itself likely to prejudice the continuance of our profitable trade relations with an extremely important market."⁵² Other arguments marshalled against the Byers bill included the futility of Britain's acting alone against the boycott in the absence of an international antiboycott effort, particularly through the EEC; the redirection of purchases by the Arab countries from Britain to other competitor nations; the high dependence of the British economy on exports (29 percent) as compared to a much lower rate for the United States; and the danger that certain raw material imports such as cotton, animal feeds, and oilseeds would be restricted if compliance with boycott conditions imposed by other nations such as the United States, the Soviet Union, Pakistan, China, Tanzania, Uganda, and Bangladesh was to be prohibited.⁵³

The Callaghan government maintained its unswerving policy of deploring

the boycott while opposing any legislative or administrative action. Foreign Secretary David Owen said the government considered "that it is right that firms should be left free to decide in the light of their own commercial interests whether and to what extent they will comply with boycott requests imposed by Arab states with whom they wish to do business." Preventing compliance would place at risk some part of Britain's substantial trade with Arab countries, damage relations with them and hamper the government's ability to contribute effectively to peace negotiations between the Arab states and Israel. Moreover, concerted EEC action along the lines of the proposed legislation would also be opposed by Britain.⁵⁴ Accordingly, the government's Export Credits Guarantee Department would remain free to continue to insure boycott-tainted contracts, while the Foreign and Commonwealth Office would abide by its long-standing practice of legalizing negative certificates of origin and other boycott-related documents.

Countervailing Forces: The Jewish Community, the Anti-Boycott Coordinating Committee, and Israel. Testimony before the Select Committee from Britain's Jewish community, private individuals, British firms engaged in trade with Israel, and from the Israeli government itself was highly supportive of the Foreign Boycotts Bill and telling arguments were advanced which undermined those of the opposition. In brief, the Anti-Boycott Coordinating Committee (grouping the Board of Deputies of British Jews, the Anglo-Israel Chamber of Commerce, the Trades Advisory Council, and the British Overseas Trade Group for Israel) condemned the workings of the Arab boycott in Britain as economic terrorism. It called on the government to prevent compliance through legislation that would serve to allow British firms the freedom to make commercial judgments without the presence of external threats. By relying on the protection of domestic legislation, British business could effectively resist boycott conditions and have them modified as had indeed occurred under the protection provided business by the American antiboycott laws. Boycott adherence by British exporters had led to the loss of valuable contracts with Israel. Arab threats to switch their purchases of British goods and services to other countries lacked credibility given their competitiveness in price and quality and the demonstrated Arab flexibility in bending the boycott rules to secure vital equipment; equally, the threat of the withdrawal of sterling deposits was an empty gesture since London provided the greatest security for these deposits. What was at stake was "the continued adherence by Britain to its traditional beliefs in free trade and fair dealing, firm opposition to those religious and racial prejudices fanned by Arab boycott regulations and the fundamental right of British individuals and firms to conduct their affairs free of foreign dictation."⁵⁵ Surrender of the country's basic values would only make it more vulnerable to even greater pressures. With respect to the government's policy of legalizing boycott documents on the grounds that this service merely entailed authenticating the genuineness of signatures for purposes of presenta-

tion to Arab authorities and did not involve examination of the contents of the documents themselves, author Terence Prittie testified:

The government's argument is that it need have no account of the contents of a document of this kind and that would mean in the attempt of a consignment of arms being shipped to the IRA [Irish Republican Army] and a notary public's signature being attached to the bill of lading, the government could witness that signature without having any responsibility for the package of arms being sent to the IRA—with a government signature on the consignment to make sure it gets there safe and sound.⁵⁶

The Israeli government appeared before the Select Committee principally to thwart the widespread adoption by British industry of a self-imposed boycott against trading with Israel. It stated that antiboycott legislation would put an end to unnecessary compliance with the boycott and lead to pragmatic accommodation on the Arab side. The British government's timid approach suggested that discriminatory behavior toward Israel, Jewish concerns, and firms associated with Israel, together with the accompanying rationalizations, was becoming an acceptable norm.⁵⁷

Conclusions and Recommendations of the Select Committee's Report

Despite its thorough review of the operations of the Arab boycott on British soil and its clear disappointment with official government policy, the Select Committee recoiled from recommending approval of the Foreign Boycotts Bill by the House of Lords. Instead, it concentrated on exposing the worst manifestations of the boycott and recommending a series of generally innocuous measures for the government to consider. Among its most important findings were:

- The boycott had affected Britain's trade adversely through the blacklisting of 1,650 firms, the receipt by British firms of an estimated 50,000 Arab boycott requests yearly, the loss of valuable shipbuilding and construction contracts in the Israeli market, and widespread compliance and policing of the boycott by British firms serving as "unwitting agents of the boycott administration."⁵⁸
- Major companies complying with the boycott included: the British Bank of the Middle East, which claimed the political feelings engendered in the Arab world by the creation of Israel made it impossible to open branches there without a commercially unacceptable risk to the Bank's business elsewhere; Pirelli General Cable Works, which found it necessary to safeguard its extensive business with the Arabs and which viewed compliance as "obligatory and not negotiable"; and state-owned British Petroleum, whose division BP Trading Limited required boycott compliance on the part of foreign contractors solicited for bidding on construction projects in the United Arab Emirates.⁵⁹
- Anti-Jewish tendencies were exhibited by the boycott operation.⁶⁰
- A "relatively acquiescent" position towards the boycott had been adopted by the British government, including its certification of boycott documents and insurance of boycott-tainted export contracts.⁶¹

While the committee discounted the extreme risks of a total loss of trade and withdrawal of sterling balances ("at least some accommodation by the Arabs would take place . . . it is not easy to see where the Saudis could put their money if both the USA and the UK were closed to them . . ."),⁶² it concluded that the bill nevertheless posed real risks to the expansion of British trade. Moreover, the domestic political climate was not favorable to antiboycott legislation, nor was there widespread public support for the bill. Nevertheless, the committee did not find the status quo satisfactory: "The boycott thrives because it is not resisted and is even given the unsolicited help of British companies operating what amounts to a voluntary boycott. It is objectionable for those who are not party to the Middle East conflict to be drawn into it and for the exercise of legitimate economic activity to be made subject to extraneous political conditions."⁶³

To alleviate its *angst*, the committee opted for a number of weak measures to deal with the situation, with the gratuitous comment that it did not rule out "the need for UK legislation in the future if the impact of the boycott on British business cannot be reduced by the measures they advocate or other means."⁶⁴ These measures were as follows:⁶⁵

- The Department of Trade should provide more active export promotion assistance for trade with all Middle East countries to encourage "business as usual" in spite of the boycott.
- Voluntary reporting of boycott requests (statutory reporting would be "an undue burden on both companies and Whitehall").
- There should be fuller exploitation of informal diplomatic opportunities to persuade individual Arab states to narrow the application of the boycott.
- The government should guide companies to avoid signing contracts discriminating against a friendly state.
- Careful consideration should be given to the use of public funds in support of particular boycott-related transactions, but the Export Credits Guarantee Department should not be required to cease insuring such transactions.
- Advertisements in the British press containing invitations to tender that are subject to boycott conditions should not be curtailed.
- The government should cease authenticating negative certificates of origin.⁶⁶
- An initiative to place the boycott issue on the agenda of the European Council should be taken by the government to seek a consensus about common action.
- The European Council and the Commission of the EEC should press for the elimination of secondary and tertiary boycotts.
- Compliance with the boycott involving discrimination against British Jews should be brought within the ambit of the Race Relations Act, if on a test case the act is found not to apply (that is, in the case of employer discrimination against a Zionist employee).

Only one of the committee's recommendations requiring government action was implemented. This concerned guidance to be given companies to avoid agreeing to contracts discriminating against Israel. In a note issued by the Department of Trade in March 1979, exporters were apprised of the government's

opposition to the introduction into commercial documents and transactions of clauses and undertakings intended to restrict their commercial freedom to trade with all countries in the Middle East. The note went on to express its belief "that companies will wish to bear in mind this statement of general policy and to avoid, as far as possible, giving undertakings which limit unnecessarily their commercial freedom."⁶⁷ Sir Marcus Sieff, chairman of Marks and Spencer, aptly accused the government of being "lily-livered" in its reluctance to stand up to the boycott.⁶⁸

Developments Since 1978

In the absence of effective antiboycott measures, boycott compliance has continued to pervade British business since 1978. Noteworthy was the confirmation of the British Bank of the Middle East in 1979 that it circulated an Arab blacklist of over seventy insurance companies to exporters advising them that it would not accept insurance policies or certificates from blacklisted insurers;⁶⁹ a finding of guilt in 1981 against MEPC, Britain's second largest real estate company, for dismissing its only senior Jewish employee while it was trying to obtain a loan from Kuwait;⁷⁰ and the revelation in 1982 that Site Services (Holding) Limited, a subsidiary of the Grand Metropolitan Group, had written to prospective joint venture partners interested in waste management projects in the Middle East requesting that they satisfy the boycott stipulations of the Arab League.⁷¹

While Britain was able to rationalize the adoption of an acquiescent policy vis à vis the intrusion of the Arab boycott system within its commerce and leave it to the commercial judgment of the business community whether to comply with Arab boycott stipulations, this surprisingly was not the case when American laws infringed on Britain's sovereignty. In the summer of 1978, Trade Secretary Edmund Dell declared that the government would fight the effects in Britain of American antiboycott legislation, whose extraterritorial aspects applying to British companies owned 25 percent or more by U.S. shareholders was deemed to infringe on the jurisdiction of the British government and could harm British trade and employment. Protests had been made to Washington on this issue as well as over the attempts by the U.S. government to secure information from British concerns in connection with alleged price-fixing by an international uranium cartel.⁷² In 1980, the British government secured passage by Parliament of the Protection of Trading Interests Act, which allowed it to compel firms to notify the government when they were affected by extraterritorial regulations and to prohibit their compliance. This act was invoked in mid-1982 to defy the imposition of U.S. export controls on certain oil and gas equipment destined for the Soviet Union in connection with the construction of a natural gas pipeline to Western Europe. Designed to exert concrete pressure on the Soviets to bring about the withdrawal of martial law in Poland and to undermine the pipeline project, which would lead to Western

Europe's dependence on the Soviet Union for a large portion of its energy supplies, the U.S. regulations sought to forbid the export of equipment by both American-controlled firms at home and abroad and by foreign firms that exported equipment derived from U.S. technology. Other members of the EEC also forced their companies not to comply with the American regulations.

To date, the Protection of Trading Interests Act has not been applied against the boycott regulations of Arab countries nor is it likely to be as long as Britain's mercantilist orientation, tinged with an Arab appeasement policy, is not mitigated. However, there remains a strong possibility that the act may be invoked to counter the refusal by British affiliates of American corporations to comply with Arab boycott demands. From October 1982 to September 1983, for example, British subsidiaries of American firms turned down business valued at \$534 million with Arab states requiring boycott compliance.⁷³

The Evolution of Dutch Antiboycott Policy

Of all the member states of the European Economic Community, the Netherlands has established the most progressive record in opposing the insinuation of the Arab boycott into its domestic affairs. The reasons for this situation are not difficult to identify. During World War II, the Dutch population defied the Nazi German occupation by aiding many of its Jewish brethren in hiding and escaping from their destined fate. In a gesture of solidarity, Dutch Gentiles even went so far as to wear the yellow badge in an effort to confound the Nazi round-up of Jews. The postwar period saw the early establishment of diplomatic relations with Israel and the location of the Dutch embassy in Jerusalem, Israel's capital. Israel's quest for improved trading arrangements with the EEC was assisted by Dutch support. When the Soviet Union terminated diplomatic ties with Israel following the Six-Day War of 1967, the Netherlands represented Israeli interests in Moscow. In Arab eyes, this close identification with Israel was sufficient to single out the Netherlands (along with the United States) as the object for a total oil embargo during the 1973 Yom Kippur War.

In the aftermath of the oil shock and the EEC's adoption of a pro-Arab foreign policy stance, successive Dutch governments were less overt in their support for Israel and resisted the idea of legislation to counter the growing threat to Dutch sovereignty posed by Arab boycott practices. A low point in relations with Israel was reached in 1980, when the Netherlands surrendered to Arab League blackmail and relocated its embassy to Tel Aviv.

Policies Toward the Arab Boycott (1950-1978)

The Netherlands adopted an early response to the Arab boycott on issues related to discrimination against Jews and interference with its navigation rights.

However, it took no action to prevent compliance by Dutch firms with Arab demands that they terminate their dealings with Israel.

Efforts to Combat Anti-Semitism. During the 1950s, Dutch export firms received questionnaires from Arab importers seeking information on the number of their Jewish employees, managers, and directors (see Chapter 3). The Verbond von Nederlandse Werkgevers (Netherlands Association of Employers) and the Central Organization for Foreign Economic Relations advised Dutch companies to refuse to supply any information on this score.⁷⁴ Subsequently, in March 1975 the synod of the Reformed Church of the Netherlands and the country's Roman Catholic bishops agreed that they would not issue baptismal certificates to businessmen seeking to obtain visas from Arab nations. The requirement of such certificates by Saudi Arabia, for example, was solely for the purpose of denying entry to Jewish travelers.

These private positions were endorsed by the Dutch government and given further weight by:

- The decision of the government-backed Nederlandsche Credietverzekerings Maatschappij in 1961 to deny export credit insurance for any shipments to the Arab world that contained anti-Jewish or racist declarations;
- Forbidding municipalities and notaries to issue or authenticate certificates of religious affiliation for any persons applying for visas from an Arab country.⁷⁵

Protests Against Interference with Dutch Shipping. Threats from Egypt in 1960 to blacklist Dutch vessels carrying goods to or from Israel were condemned by the Dutch government. Members of Parliament called on Foreign Minister Joseph Luns to ignore these pressures and to extend credit facilities to exporters dealing with Israel.⁷⁶ A direct protest was lodged with the Egyptian boycott office in Alexandria in August 1966 after the Dutch ship *Cornelius van der Schuit* had its \$100,000 cargo of American trucks and machinery seized while passing through the Suez Canal. The ship was not bound for Israel but was blacklisted because the name of the Swiss-Israel Trade Bank of Switzerland that had financed the purchase of the goods was found on the shipping documents.⁷⁷

Compliance with the Arab Trade Boycott. On September 23, 1957, Foreign Minister William Drees stated that the Netherlands would resist all boycott stipulations harmful to Dutch interests. He noted that as a member of the United Nations, the Netherlands shared responsibility for ensuring Israel's existence and that the Arab boycott was illegal and contrary to the 1949 armistice agreements between Israel and its Arab neighbors.⁷⁸ Despite this declaration, the government did not intervene to halt compliance by Dutch industry with the secondary and tertiary aspects of the Arab boycott of Israel except to endorse the practice of the Dutch Chambers of Commerce of refusing to authenticate negative certificates of origin.

Major instances of boycott compliance included:

- The divestiture by Royal Dutch Shell in 1957-1958 of its Israeli interests in the Shell Oil Company of Palestine and a refinery in Haifa;
- The closure by Philips of its electronics plant in Netanya, Israel in 1957; its subsequent refusal to enter into technical arrangements with that country; and its agreement with Saudi Arabia in 1977 to adhere to boycott stipulations in return for landing a huge contract to install telephone equipment in the desert kingdom;⁷⁹
- The processing of boycott-tainted letters of credit and acceptance of checks stamped "not negotiable in Israel" by such banks as the Algemene Bank Nederland and the Amsterdam-Rotterdam Bank;⁸⁰
- Legalization of negative certificates of origin by the Foreign Affairs Ministry and local chambers of commerce;
- Acceptance and enforcement of contracts containing boycott of Israel clauses by Lindeteves-Jacoberg Export, Ballast Nedam, Bronswerk, Hanab, Protech International, Sensor, etc.;⁸¹
- Certifications by such contracting companies as Adriaan Volker Civil Engineering and Ballast Nedam doing business with the Arab states on the non-Jewish status of their employees.⁸²

Adoption of Antiboycott Measures

In February 1978, Dr. R. M. Naftaniel of the Center for Information and Documentation on Israel in the Hague published a "black book" exposing the widespread degree of business compliance with the Arab boycott. Publicity surrounding the release of this information led to the creation of a special parliamentary committee in May under Labor opposition M.P. Harry Van den Bergh to investigate the situation. In February 1979, it confirmed the findings of Dr. Naftaniel. It also found that Dutch firms were reluctant to supply capital equipment or take part in large capital projects in Israel or participate in the technology trade fairs in Tel Aviv in 1975 and 1977. The committee further suggested that a clause inserted in policies issued by the Dutch export credit insurance agency stipulating nonpayment for losses due to failure to comply with Arab boycott conditions should be dropped because of its open encouragement of the anti-Israel boycott.⁸³

The Dutch government at first expressed an unwillingness to deal with the boycott issue except to the extent of studying measures to forbid declarations by firms that none of their employees working in Arab countries was a Jew.⁸⁴ In October 1979, Jacob de Ruiter, the Justice Minister, and Gijs van Aardenne, the Minister of Economic Affairs, promised a change in the legal code to make it an offense to discriminate in business dealings on the basis of race or national origin or to issue declarations on the religious status of employees; Dutch firms would also be required to report to the government attempts to coerce them into discriminating against Israel. The government also stated its intention to remove a clause in policies issued by the Nederlandsche Credietverzekerings Maatschappij allowing the agency to refuse to pay claims

in export transactions where boycott conditions were not met. However, the government refused to ban negative certificates of origin, claiming that growing Dutch trade with Arab nations would be directly jeopardized.⁸⁵ In November, the Dutch Parliament voted to outlaw negative certificates of origin. The two largest employers' organizations—the *Verbond van Nederlandse Ondernemingen* and the *Nederlands Christeligh Werkgeversbond*—warned that trade with the Arabs would suffer.⁸⁶ Nevertheless, the Foreign Affairs Ministry ceased its practice of authenticating such certificates.

Some Dutch legal authorities were of the opinion that existing legislation as embodied in the Economic Competition Act (*Wet Economische Mededinging*) of June 1959, particularly Articles 10 and 19 dealing with competition practices in conflict with the general interest, could be invoked to deal with boycott compliance:

In our opinion, there is no doubt that an Israel boycott clause . . . is in conflict with the general interest since normal competitive relations are interfered with in an arbitrary and inadmissible way. It is in conflict with the general Dutch interest if a Dutch enterprise is urged by an Arab state or enterprise to discriminate against enterprises in the Dutch market on account of relations of the latter with Israel.⁸⁷

The Dutch government was not prepared to go this far. On June 29, 1981, it secured passage in Parliament of an amendment to Section 429 of the Penal Code prohibiting racial discrimination in business and the professions, thus barring the controversial non-Jew declarations by Dutch firms. At the same time, it tabled the text of a bill requiring mandatory reporting of boycott requests received by Dutch enterprises and setting up a Foreign Boycott Assessment Committee. The committee was to be charged with examining any complaints about the adverse effects of foreign boycotts, recommending corrective measures to the government, and preparing annual reports on its activities and findings. In addition, the Minister of Economic Affairs was to report annually to Parliament on the application of this law.⁸⁸ The Central Boycott Office condemned these moves and issued threats of commercial retaliation. Not until the beginning of 1984 was the reporting bill passed, due as much to the government's critical reaction to Israel's invasion of Lebanon in 1982 as fears of negative trade repercussions.

Sixty-nine Dutch companies and institutions are blacklisted by the Arab states. Most prominent are:⁸⁹

Ames Atomium	Monsanto
Apeldoornse Messenfabriek Amefa	Nederlandsche Ford Automobiel Fabrik
Borchard and Kohn Shipping	Organization for Rehabilitation through Training (ORT)
Dammers en Van der Heide	Philipp Brothers
De Veries and Company	Priba
Helene Curtis (Europa)	Rank Xerox
Hollander and Company	Revlon (Holland)

Hertz Automobielen Nederland
 Kemper en Van Twist Diesel
 Komkommer and Zoon
 Marks and Spencer

Van Broek and Co.
 Van Leer's Vaten Fabrieken
 Wehkamp's Fabrik Cantoor
 Witco Chemical

West Germany's Moral Dilemma

Bilateral relations between the Federal Republic of Germany and Israel have not been "normalized" in the commonly understood sense of the term, given the unprecedented acts of savagery committed by the Germans against the Jewish people during the Nazi era. In fact, it was not until 1965 that diplomatic relations were established between both countries. Unlike communist East Germany, the Federal Republic adopted measures to usher in a new era of German-Jewish relations to convince the world that it had turned its back on the Nazi legacy. Many Nazi war criminals were tried and convicted by the courts. Anti-Semitic expression was outlawed. Reparation payments and pensions were made available to Jewish survivors of the Nazi extermination camps following negotiations with the World Jewish Congress, and a special restitution agreement was worked out for the Jewish state of Israel under the Luxembourg Treaty of 1952. Cultural exchanges, trade, and tourism developed appreciably after the commencement of diplomatic relations with Israel. FRG foreign policies were generally supportive of Israel, and the blatant discriminatory manifestations of the Arab boycott were firmly resisted. On the whole, the Adenauer-Erhard governments were highly conscious of their moral obligations to the Jewish people and Israel and pursued active policies to remold German public opinion and attitudes towards the Jews.

These policies have not been entirely successful. A portion of the German population that survived World War II remained faithful to the tenets of Nazi anti-Semitism. Neo-Nazi groups were actively functioning, infecting German youth with racist ideals. Thousands of Nazi war criminals remained undetected inside the FRG, while former Nazi Party members and Wehrmacht officers occupied leading positions in government and the judiciary—the most controversial example being the election of Kurt Kiesinger as chancellor in 1966. The use of the Arab oil weapon and the attractiveness of Arab markets in the 1970s occasioned a noticeable shift towards a pro-Arab foreign policy under the Social Democratic government of Chancellor Schmidt, criticism of which was deflected by sheltering behind the FRG's obligations to support the Arabist orientation of its EEC partners. The latter development substantially eroded German sympathy for Israel's cause and renewed tensions in German-Jewish relations.

FRG policies regarding the Arab boycott have been determined on a case-by-case basis, and there has been no disposition to enact legislation to prevent compliance by German firms with Arab demands that they sever their business activity with Israel.

Major Developments on the Boycott Front

Arab Opposition to the Luxembourg Treaty. The Federal Republic concluded an agreement with Israel on September 19, 1952 whereby it agreed to make reparation payments to the Jewish state amounting to \$820 million until 1964. These funds were to be used by Israel to purchase German goods and services to assist in the resettlement of 500,000 Jewish refugees from countries previously controlled by the German Reich. The Arab League opposed the agreement—known as the Luxembourg Treaty—charging that it would bolster Israel's military capabilities and violate FRG neutrality. A letter signed by the Arab High Committee for Palestine was sent to German parliamentarians and industrialists stating, in part: "We might feel compelled to call on all Moslem peoples from Indonesia to Tunisia and from Iraq to Saudi Arabia to issue no more import licenses for goods which are imported via German firms having had a share in the deliveries to Israel."⁹⁰

The FRG government was implored by thirty members of the Bundestag not to ratify the treaty in view of the Arab reaction. Franz-Josef Strauss, a leader of the Christian Social Union of Bavaria, warned that ratification of the accord might cost the Federal Republic over \$1 billion in lost trade with the Arabs. Some newspapers suggested that the United Nations be entrusted with implementing the agreement.⁹¹ The Adenauer government went ahead with the arrangements concluded and at the same time mollified Arab opposition by extending trade credits and economic assistance to a number of Arab countries. The threatened boycott of trade with the FRG never materialized. However, to this day, Arab nations impose boycott conditions on foreign firms demanding that they certify that goods shipped to Arab markets do not form part of German reparations to Israel. Certain West German firms, such as Philipp Holzmann of Frankfurt, that act as contractors in the Arab world enforce such conditions on their foreign subcontractors.

Diplomatic Relations with Israel

The Arab League renewed its boycott offensive against the FRG in 1965, when it established diplomatic relations with Israel. At the same time, it was revealed that the FRG had been providing Israel with defense equipment for a number of years. The Arab world threatened to cut economic and diplomatic ties with Bonn and recognize communist East Germany in retaliation. The only dissenter from Arab ranks was Habib Bourguiba, President of Tunisia, who warned against precipitous action by the Arab League states—a move which led to Tunisia's virtual ostracization in the Arab world for a brief period.⁹² The Bonn government went ahead with an exchange of ambassadors with Israel but bowed to Arab pressures by suspending further arms deliveries to Israel.⁹³ This did not spare it the temporary boycott against its goods and ships applied by Egypt, Iraq, and Syria following the 1967 Six-Day War.

Boycott Compliance

The degree of boycott compliance by major firms in the FRG has been substantial as exemplified by the conduct of Philipp Holzmann, a leading construction firm. In a number of cases, however, the Israeli government has been successful in reversing the situation. In 1964, Grundig Radio announced it would pull its operations out of Israel as a result of Arab pressures, but changed its mind when the Israeli government said it would no longer allow its importers to purchase its products.⁹⁴ In January 1965, the Israeli Ministry of Commerce and Industry issued regulations requiring special approval for the importation of products manufactured by Siemens-Halske, AEG-Telefunken, and Imperial Rundfunk und Fernwerk because of their refusal to sell their products to Israel except through dummy corporations to avoid detection by the Arab states. Import approval would not be forthcoming unless the companies reversed their policies. The firms in question agreed to the Israeli conditions and acted above board in their subsequent marketing practices.⁹⁵

Resistance to boycott demands has been demonstrated by Gestetner (1967); the steel companies of Mannesmann and Thyssen (1968), which sold steel to Israel for the continuation of the Eilat-Ashdod pipeline; the Deutsche Bank of Hamburg (1968), which participated in providing a \$15 million line of credit to Israel's Industrial Development Bank;⁹⁶ the Bank für Gemeinwirtschaft (1970), which jointly owns the Israel Continental Bank together with Bank Hapoalim; the Deutsche Bank, the Dresdner Bank, and the Westdeutsche Landesbank (1975), which refused to bar Jewish-owned banks from participating in international loan syndications;⁹⁷ and the state-owned automotive giant Volkswagenwerk (1975), which refused to cancel a licencing agreement between its subsidiary Audi-NSU and Savkel of Israel for the latter's production of Wankel rotary engines.⁹⁸

Official Government Policy

There has been no change in the Bonn government's policy towards the Arab boycott, which was articulated in 1967 by Foreign Minister Gerhard Schroeder:

The federal government censures the boycott practices resulting from the argument of the Arab states that they have not yet signed a peace agreement with Israel. The government is of the opinion that the companies concerned should oppose the requirements of the boycott, after consideration and examination of their own interests.⁹⁹

This line was reiterated by Parliamentary Secretary of State Gruener in 1975. While this position is similar to Britain's, the FRG has gone somewhat further by refusing to authenticate negative certificates of origin (together with chambers of commerce)¹⁰⁰ and by strongly intervening in particular cases such as the Volkswagen affair. However, export insurance and credits are not denied

to firms complying with boycott stipulations in contracts with Arab purchasers. Former FRG Ambassador to Israel, Klaus Schuetz, has urged the government to introduce legislation against boycott compliance in view of the antiboycott measures being applied by France.¹⁰¹

There are 220 West German firms and institutions on the blacklists of Arab countries. The most prominent are:¹⁰²

Allgemeine Hypothek Bank	Ferro Metall und Pyrit
Alfa Film	Ford-Werke Aktiengesellschaft
Bank für Gemeinwirtschaft	Gebrüder Rieger Maschinenfabrik
Basalt Actien-Gesellschaft	Handelsfinanz Bank
Bulova	Kaiser Aluminium Werk
C. C. C. Kunstfilm Studio	Kredit Bank Hagen
Central Cinema Film Company	Merck Darmstadt
Comex Eisen und Stahl	Munemann Industrieanlagen
Deutsche Revlon	Preussische Elektrizitäts
Deutsche Elco	Varti
Durco	Versatec
Engelhardt	Westdeutsche Teilzahlungs Bank

In May 1981 it was reported that Bayer, the drug manufacturer, had been blacklisted for its acquisition of Miles Laboratories, an American firm with a long-standing presence in Israel.¹⁰³ Sheik Nasser Bin-Khaled al-Thani, Qatar's Minister of Commerce, stated that while the ban on Bayer included 225 of its subsidiaries around the world, medicines with the Bayer trademark would not be prohibited entry.¹⁰⁴

Belgium

The Belgian government has publicly deplored the intrusion of the Arab boycott into its affairs but has adopted few measures to counteract it. In 1956, the Belgian Association of Merchants, Exporters and Importers called on the government to take action against Arab business firms requesting them to assist their economic warfare against Israel by revealing any Jewish connections they might have.¹⁰⁵

During the Tel Aviv International Trade Fair in 1964, Foreign Minister Paul-Henri Spaak expressed Belgium's displeasure to Iraq over its threats against Belgian firms planning to participate.¹⁰⁷ No corresponding action was taken when Saudi Arabia insisted, and Belgium agreed, that no Jewish journalists would accompany King Baudouin on his visit to that country.¹⁰⁷ (In a similar case, Dutch Foreign Minister Max Van der Stoep cancelled his trip to Saudi Arabia).

The Belgian government authenticates negative certificates of origin when presented by exporters. While the state-run export insurance agency L'Office Nationale de Ducroire decided in 1975 to oppose in principle transactions

incorporating boycott of Israel clauses,¹⁰⁸ contracts containing such conditions are actually eligible for insurance coverage with the proviso that no payment will be made for losses due to noncompliance.

In March 1973, the Central Boycott Office in Damascus warned the Belgian government against permitting Belgian firms to participate with the Beechcraft Corporation of the United States and Israel Aircraft Industries in building an aircraft and missile plant near Liège. The aircraft to be produced were the two-engine propeller-driven Arava, a light Israeli transport plane, and the Israeli Commodore twin engine jet for both civilian and military uses. Estimated to require up to 10,000 workers, the project was scrapped following the slaying of the Belgian chargé in Khartoum, Guy Eid, by Black September terrorists.¹⁰⁹

There are 198 Belgian firms and institutions on the Arab blacklists, including:

Armour et Compagnie	Gestetner
Banque Belgo Centrade	Grands Magasins Innovation
Banque Bruxelles Lambert	Hertz
Banque Max Fischer	Lanco
Belgian Continental Mines and Metal Co.	Marks and Spencer
Champagne Mumm	Monsanto
Durobor	Precimetal
Fonds International de Placement	Priba-Prisunic-Uniprix
Ford Motor Company	Soges
	Star Shipping Agencies
	W. Leeuwin

A large number of Jewish organizations have also been blacklisted; among them:¹¹⁰

B'nai B'rith	Fédération Belge du Maccabi
Cercle Culturel Juif à Anvers	Fédération Nationale de Combattants
Centrale d'Oeuvres Sociales Juives	et Résistants Juifs de Belgique
Colonie Amitié Juive	Les Amis de la Jeunesse Juive
Comité de Coordination des Organisations Juives de Belgique	Union des Etudiants Juifs de Belgique

Denmark

Denmark developed a close rapport with the Jewish people as a result of its heroic actions taken during the German occupation in World War II, to extend full political and personal protection to its Jewish citizens and their property. Many Danes wore the Nazi-mandated yellow star on their clothing to frustrate the round-up of Jews. When the Nazis decided on deportation measures in late 1943, the Danish resistance movement carried out an amazing rescue effort by

transporting Jews to Sweden. This undertaking saved the majority of Danish Jewry.

Relations with Israel have been friendly and warm, but the influence of Arab petrodollars and oil has eroded close ties with Israel. On boycott matters, the Danish government has preferred to shelter itself behind the EEC policy of inaction. For example, Finance Minister Knud Heinesen stated in 1979 that his country would seek ways to cooperate with other members of the EEC to counter the effects of the Arab boycott, including the submission of negative certificates of origin by business firms.¹¹¹

In the past, Denmark had taken a more positive attitude. Its shipping had been disrupted by Egypt in 1953, when the *Andres Borge* was seized passing through the Gulf of Aqaba. The tanker *Ulla Danielsen* was blacklisted in 1957 for carrying cargo to Israel. In 1959, the *Inge Toft* was commandeered by Egypt while passing through the Suez Canal and held for nine months because it was transporting Israeli minerals and scrap iron to the Far East. Another ship, the *Danholm*, was blacklisted in the same year. In all these cases vigorous protests were lodged and condemnations made in the United Nations.

In 1963, the Minister of Commerce and Industry Hilmar Baumsgaard declared:

I must definitely warn against compliance with the Arab claims. It seems quite unreasonable, at a time when the whole world is endeavoring to make trade more liberal, that it should be made a condition of a transaction that one party does not do business with another country. Also there are grounds for warning against the tendency to use commercial pressure to hit a country with which one is at odds.¹¹²

Two years later, the Copenhagen Chamber of Commerce advised its members that it would not authenticate various declarations relating to Arab boycott regulations such as the negative certificate of origin and affidavits by shipping lines and firms that they conducted no commerce with Israel.¹¹³ However, antiboycott measures were not introduced by the government.

By the mid-1970s, 18 Danish firms appeared on the Arab blacklists including:¹¹⁴

Dantam Dug	Jorgen Hyllesteds Industriagentur
Engelhard Industries	Modul Beton
Ford Motor Company	Organization for Rehabilitation through Training
Forsi Kringssselektbet.Codan	Rank Xerox
H. Davis Tmoulsen	System Abstracta S. S. Woodwork
International Elco	Tillieauto
Jespersen and Son	

A notable case in which a Danish firm refused to sign a clause stating it had no commercial dealings with Israel came to light in 1975 when the F. L. Smidth Company defied Iraq's demand but nevertheless obtained a \$100 million contract to supply Iraq with machinery for its cement factories.¹¹⁵

Italy

In the early years of the Arab boycott of Israel, the Italian government protested against Arab interference with its freedom of shipping through the Suez Canal and the Gulf of Aqaba. In 1953, the Italian vessel the *Franca Maria* had its cargo of meat and hides destined for Haifa confiscated by Egypt while passing through the Canal. A year later, the *Maria Antonia* was fired upon by Egypt while passing through the Gulf of Aqaba en route to the Israeli port of Eilat.¹¹⁶ Discrimination against its Jewish citizens was also opposed in the late 1950s, when the government intervened to force the Syrian consulate in Milan to cease insisting on receiving baptismal certificates from Italian exporters.¹¹⁷ However, no legislative action was taken by Italy against the boycott's application in light of its desire to protect its oil supplies and attract Arab investment capital. Further, Italy grants export credit insurance and financing for contracts containing boycott clauses.

Private sector action was taken in connection with Iraq's demand in 1963 that Italian shipments be accompanied by certificates of origin stating that no Israeli raw materials were used in the production of the goods. The Union of Italian Chambers of Commerce issued a circular letter to its members not to furnish such certification. Iraq finally agreed to accept Italian imports without such certificates.¹¹⁸ In another instance, in 1968, the Banca Commerciale Italiana was threatened with blacklisting if it participated in a \$15 million loan to the Industrial Development Bank of Israel.¹¹⁹ However, the bank continues to be active in Arab commerce with Italy.

An interesting situation developed in 1974 when the Commissioner-General of the Central Boycott Office, Mohammed Mahgoub, demanded the dismissal of the editor of *La Stampa*, a newspaper owned by the Fiat Motor Company. The editor was criticized for his "Zionist" opinions, which consisted of a satirical article on the Libyan dictator Moammar Gaddafi. Said Mahgoub: "Fiat will either have to fire him or we shall revise the company's status in the Arab world."¹²⁰ The Italian government rejected these threats. The controversy evaporated in December 1976, when the Libyan Arab Foreign Bank purchased a 10 percent interest in Fiat and provided \$200 million in loans to the company.

Prominent among the 174 blacklisted Italian firms are:¹²¹

Adriatic Shipping	Philco Italiana
Cotonificio Bustese	RCA Italiana
Emerson Electronics	Ready-Mixed Concrete Italiana
Fiber Tessili Industriali	Rossi Giovanni Frutta e Verdura
Filatura di Sant Antonio	Società Esportazione
Ford Italiana	Importazione Cementa
Laboratori Travenol	Società Finanziaria Siciliana
Ladoga	Per Azioni
Minmetal SRL Pipeline Company	Società Generale di Telefonia
Necchi	de Elettronica

THE SURRENDER OF JAPAN

It is imperative for Japan, as an indispensable member of the world community, to work hard to eliminate poverty and discrimination in the world, contribute to the progress of mankind, and to win more trust, love and respect

— Report of the Industrial Structure Council¹

Among the major industrialized countries, Japan has the most consistent record of compliance with the discriminatory and restrictive trade practices of the Arab boycott of Israel. Trade relationships with Israel have been deliberately discouraged, and no Japanese investment or development assistance have been undertaken in Israel. Japanese industry has taken to heart the message of caution voiced by the nation’s Industrial Structure Council, an advisory body to the Minister of International Trade and Industry:

Japan maintains a neutral position with regard to the Middle East conflict and trade with this region is conducted at the discretion of individual enterprises. However, it is undeniable that business activities would be considerably restricted in connection with Arab countries’ boycotting of any firms dealing with Israel.²

In contrast, Japan’s trade with the Arab world has expanded by leaps and bounds and has been underpinned by a system of extensive export promotion measures, development assistance and large-scale investments (see Tables 10.1, 10.2, and 10.3). Japan’s major exports to Israel are iron and steel prod-

Table 10.1 Japan’s Trade with Israel (millions of dollars)

	1960	1965	1970	1975	1980	1984
Exports	3	21	20	73	110	173
Imports	2	25	28	89	228	190

Source: International Monetary Fund, *Direction of Trade*, Washington, March 1961–1985.

Table 10.2 Japan's Exports to the Arab World (millions of dollars)

	1965	1970	1975	1980	1984
Saudi Arabia	53	90	1,350	4,882	5,623
Iraq	24	16	818	2,193	803
United Arab Emirates	8	37	420	1,363	1,125
Kuwait	41	94	367	1,281	1,429
Egypt	17	12	212	649	974
Libya	17	31	240	527	414
Algeria	15	20	261	457	560
Oman	1	2	70	305	508
Yemen Arab Republic	—	4	48	229	179
Qatar	—	—	122	216	175
Syria	10	16	108	200	116
Jordan	7	11	68	195	205
Lebanon	17	30	84	193	144
Other	61	67	238	480	677
Total	271	430	4,406	13,170	12,932

Source: International Monetary Fund, *Direction of Trade*, Washington, March 1966–1985.

ucts, ships and vessels, cars, precision instruments, and radio and television sets. The total level of exports in 1984 amounted to only \$173 million, a pale performance in relation to the absorptive capacity of the Israeli market and considerably below the huge volume of exports to Arab countries. Japan's imports from Israel doubled between 1975 and 1984 but the bulk of this growth was due to imports of diamonds, which have been the sole import from Israel in which Japan has demonstrated a consistent interest. Non-diamond imports have grown only marginally over the years and mainly comprise grapefruit and potassic fertilizers.

Trade with the Arab world has reached phenomenal proportions since 1973, when the Arab oil producers began to exact enormous rents from their oil resources. Japanese exports to Arab markets have soared to third place in importance after the United States and EEC markets and reflect Japan's substantial capital project presence in Saudi Arabia and the Gulf states. Principal exports are machinery and equipment, cars and trucks, metal products, iron and steel, telecommunications equipment, textiles and cement. Imports from Arab countries, which totalled \$30 billion in 1984, are overwhelmingly composed of crude oil and related products. This large dollar figure represents the inflated price of oil set by the Arab oil producers and does not correspond to the rate of actual oil volume increases. The \$17-billion deficit in trade with the Arab world in 1984 has severely injured Japan's balance of payments position despite efforts made to reduce oil consumption and expand export marketing programs abroad.

Table 10.3 Japan's Imports from the Arab World (millions of dollars)

	1965	1970	1975	1980	1984
Saudi Arabia	376	667	6,131	19,623	14,703
United Arab Emirates	15	118	1,774	8,228	7,704
Iraq	72	—	396	4,359	170
Kuwait	306	308	2,010	3,471	1,584
Qatar	—	—	28	1,814	2,594
Oman	—	65	520	1,743	2,420
Bahrain	18	25	177	479	362
Algeria	—	4	36	456	85
Libya	—	5	280	361	—
Other	58	144	127	359	571
Total	845	1,336	11,479	40,893	30,193

Source: International Monetary Fund, *Direction of Trade*, Washington, March 1966–1985.

The downgrading of economic ties with Israel has formed part of an overall distant relationship with the Jewish state on the political front. While Japan recognized Israel in 1952, it was only in 1963 that formal diplomatic relations were established. These were never close, because Japan has made a conscious decision to avoid any perceived or actual antagonism of the Arab states.

It is not difficult to discern the foundations of Japan's policies. Modern-day Japan has attempted to regain its prewar global power status by means of forced economic growth policies.³ Successive Japanese governments have been bent upon autarkic industrial development strategies designed to assimilate foreign technology and create internationally competitive industries. Woe-fully deficient in natural resources, Japan has concentrated its efforts on ensuring security of access to imports of raw materials to fuel its industrial engine. The output of its industries has not only been guaranteed a monopoly position in the domestic market but, more importantly, a long-term goal has been set of exporting its manufactured commodities in international markets at subsidized prices in order to obtain high levels of penetration in a wide range of consumer and producer goods. In principle, all markets are considered as potential outlets for Japanese products. However, in the case of Israel, Japan deems it prudent to curb active trade relations to avoid endangering its markets in the twenty-one nations constituting the Arab world.

In addition to its mercantilist and protectionist orientation, Japan has made efforts to ensure that its industrial development will not be interrupted by raw material shortages, especially of petroleum. It has developed long-term contractual supply arrangements for minerals and petroleum, invested in natural resource properties around the world, and continually diversified its sources of supply to avoid excessive dependence on any one country. In terms of its oil supplies, which are almost wholly imported, Japan has succeeded in devel-

oping several stable suppliers, but 40 percent of its total imports are purchased from the Arab states, mainly Saudi Arabia. Given forecasts that Arab oil reserves will be sufficiently adequate to serve their needs well into the next century, the Japanese have naturally developed an extreme sensitivity to Arab concerns over Israel, notably on the anti-Israel boycott. In the process, Japan has become what has been termed a "willing victim" of every form of blackmail used by the Arab nations to enlist its support in choking Israel's economy.⁴

Although comparisons of Japan's close economic relations with the Arab world can be made with those of the member states of the European Economic Community, Japan's situation in this regard is quite unique. Firstly, the EEC countries have expanded trade and economic relations with Israel. Secondly, and most important, a dialectical process has operated in the EEC, which has seen the formulation of national interests towards the Arab states emerging from considerable tensions generated by debates over the merits of international morality versus *realpolitik*. This has resulted in a variety of measures, however deficient, in combatting some of the more offensive aspects of the Arab boycott. There has been no evidence that Japan has exercised any self-restraint on moral grounds in accommodating itself to the dictates of the boycott system.

Yet international morality has figured as a cardinal doctrine of Japan's trade policy throughout the postwar period. Determined to remove its pariah status in the international trading community that resulted from its dumping practices in the 1930s, Japan adopted the slogan of the "nondiscriminatory international trading system" espoused by the Atlantic Alliance in the closing days of World War II. Such a system was designed to restore free and open trading practices in the postwar era, thereby providing a solid foundation for peaceful and friendly relations among nations. Following its hard-fought accession to the General Agreement on Tariffs and Trade in 1955, Japan pleaded with the industrialized countries to accord it unconditional most-favored-nation treatment by not invoking the discriminatory application of nontariff barriers such as quotas against its manufactured exports. Citing the objective of GATT to bring about "freer international trade" and "free international competition," it stressed its right to compete in the world market under fair conditions in order to sustain and expand its economy.⁵ This position was reiterated throughout the 1960s and 1970s as Japan was forced to conclude export restraint arrangements on its low-cost textile, apparel, electronic, and automobile sales abroad.⁶ In tandem with its OECD partners, Japan also signed numerous trade pledges and declarations and actively participated in all seven GATT rounds of multilateral trade negotiations committing it to combat restrictions on commerce. Its membership in the OECD and the International Monetary Fund also required it to liberalize restrictions on investment capital flows. These commitments were forgotten as Japan set a course of strict adherence to the discriminatory and restrictive commercial practices of the Arab boycott.

One further facet of Japan's commercial diplomacy bears mention. Although Japan has safeguarded its economic interests in the Middle East by

adopting a docile stance in relation to Arab boycott demands, it followed a completely different policy with respect to the American boycott of Cuba and China in the 1960s. In these instances, Japan maintained and broadened its nonstrategic trade with these countries despite the knowledge that its American ally and largest trading partner took a dim view of enhancing the economic strength of these countries.⁷ The considerations in play here for the Japanese were that these nations offered valuable market prospects too difficult to ignore and that any confrontation with the United States was likely to be short-term and readily resolved. The Japanese were in no way prepared to take a calculated risk in a similar policy thrust towards Israel, which they considered to be a peripheral market.

Pattern of Boycott Compliance

Discouragement of Trade with Israel

Through an intimate rapport with Japanese industry that has come to be known as the “administrative guidance” system, the Japanese government informally supported a twofold approach to the conduct of commercial relations with Israel. Firstly, the large *soga shosha*, or general trading companies, which control 60 percent of Japan’s exports and imports, would not trade with Israel. Secondly, those independent and smaller enterprises that found the Israeli market attractive should, as far as possible, avoid direct business dealings with Israel in favor of transshipments via foreign intermediaries or through dummy corporations to escape possible reprisals from the Arab League’s Central Boycott Office.⁸ This underground method of business transactions was one in which Japanese exporters had developed considerable expertise in the course of their quota performance violations under the textile restraint accords negotiated with other OECD countries.

The Israeli government made an issue of these practices in January 1965, announcing that imports of electronic products from Hitachi Limited and Matsushita Electric Industrial Company (producers of the Panasonic line) would no longer be allowed entry unless these types of trading practices were rescinded. The publicity surrounding the Israeli announcement forced these two firms to reverse their secretive export practices, whereupon they were promptly blacklisted by the Arab states.

Tertiary Boycott Compliance in Non-Arab Business Transactions

Both firms were to experience an “on-again, off-again” blacklist relationship with Arab boycott offices. In the early 1970s, Hitachi and Matsushita were de-blacklisted as a result of their reduced interest in serving the Israeli market. In May 1977, Kuwait, Qatar, and Syria initiated a successful campaign to reinstate their blacklisted status along with the Nippon Electric Company because

of their licensing agreements for the production of various electrical appliances and home entertainment equipment with the RCA Corporation of New York, blacklisted since 1966 by the CBO for setting up a recording operation in Israel.⁹ Two years later, these companies were again taken off the blacklists and their trade resumed with the Arab world.¹⁰

This case history revealed a more advanced form of boycott enforcement by the Arab states. It had been their established practice to insist that foreign firms agree to tertiary boycott demands in filling orders from Arab governments and importers. Thus, goods shipped by exporters could not incorporate any materials or components from any of their suppliers that were blacklisted by the CBO. The situation described here involved boycott policies that required foreign companies to refuse to do business with any blacklisted company regardless of whether or not any actual business transaction with Arab countries was at stake. This particular form of boycott blackmail was most frequently deployed against Japan, which was correctly perceived by the Arab League to be incapable of effective resistance.

Similar cases involved the following companies, among others:

- C. Itoh and Company, which had been negotiating a number of joint ventures with Genesco Inc. of Nashville, Tennessee in 1972 in the apparel field. In the face of CBO threats of an import ban on its products because of its proposed tie-up with a blacklisted firm, C. Itoh terminated further negotiations to avoid friction with Arab countries.¹¹
- Nissan and Toyo Kogyo, producers of Datsun and Mazda automobiles respectively, who agreed in 1970 to jointly produce automatic transmissions with the blacklisted Ford Motor Company; in a bid to allay Arab concerns, Nissan was moved to announce that it would only sell manual transmissions to the Arab states.¹²
- Toyota Motor Company, Japan's largest auto manufacturer, which abandoned plans in July 1981 for a joint venture with the Ford Motor Company entailing the production of down-sized cars and mini-vans at Ford's unused plants in the United States. Toyota's decision was prompted by a warning made by Saudi Arabia's Minister of Commerce, Suleiman Abdel Aziz al-Salayim, that an immediate ban on the company's vehicles would be instituted if the deal with Ford went ahead (Ford was blacklisted by the CBO in 1966 for selling vehicle assembly kits to Israel). Iraq and Bahrain issued similar threats. In 1980, Toyota had shipped 256,000 motor vehicles to the Arab Middle East, half of which were purchased by Saudi Arabia.¹³

The Effects of the Arab Oil Cutbacks

During the 1973 Yom Kippur War between Israel and the Arab states, the Organization of Arab Petroleum Exporting Countries announced it would reduce oil production by 5 percent each month until Israeli forces withdrew from captured territory. Friendly states that had supported or would support the Arab cause in a tangible manner were to be exempted from the cuts. Countries

perceived to be pro-Israel, such as the United States and the Netherlands, were to be embargoed. Japan's professed neutrality on the Arab-Israeli conflict did not earn it an exemption from the monthly cuts. However, it was made clear that if it condemned Israel as the aggressor, supported self-determination for Palestinian Arabs, extended military aid to Arab nations, and terminated trade and diplomatic relations with Israel, Arab oil producers would look favorably on providing Japan with stable oil supplies.¹⁴

Panic seized the government of Prime Minister Kakuei Tanaka. Measures to stockpile and ration fuel were adopted and strict conservation was enforced. Political leaders declared that the Arab oil cutbacks presented Japan with its worst crisis since World War II.¹⁵ It did not take long for the government to submit to the Arab oil blackmail. In its foreign policy statement of November 22, 1973, the Japanese government demanded Israel's withdrawal from territories formerly held by the Arabs and self-determination for Palestinian Arabs. It warned obliquely that it might break diplomatic relations with Israel if the latter did not meet Arab demands. Fear of provoking an adverse reaction in the United States was the only deterrent in preventing Japan's complete rupture of relations with Israel.¹⁶ Japan also announced that it would increase its financial contributions to Palestinian Arab refugees and expand its bilateral assistance programs to Arab countries. By the time the Arabs had lifted their oil production cutbacks in 1974, and their arbitrary quadrupling of the price of crude oil had been implemented, Japan was faced with a \$15 billion increase in the cost of its imported oil supplies.

Prominent Boycotters of Israel

At a meeting of Arab boycott liaison officials in Alexandria in August 1969, Mohammed Mahgoub, Commissioner-General of the Central Boycott Office, claimed that 99 percent of all Japanese companies had ceased dealing with Israel.¹⁷ While it is not possible to verify this assertion, there is no doubt that an overwhelming proportion of Japanese industry has steered clear of the Israeli market in the face of boycott threats. All the major Japanese trading companies refuse to enter into direct transactions with Israel but are actively engaged in the supply of goods and industrial plants to the Arab countries. These companies are Mitsui, Mitsubishi, Marubeni, C. Itoh, Sumitomo, Nissho-Iwai, Tomen, Kanematsu Goshō and Ataka.¹⁸ Some of their affiliates, however, were blacklisted up to 1976 for trading with Israel—for example, Sumitomo Electric, Mitsubishi Heavy Industries, Mitsubishi Chemicals and Plastics, and Ataka Textiles—but now appear to have been de-blacklisted since they have captured substantial capital project business in Saudi Arabia and the Gulf states.¹⁹ A leading trading company—Nichimen—appeared on the 1973 Arab blacklists but only its apparel products, manufactured under the blacklisted "Sanforized" label, were banned.²⁰

The large Japanese trading companies also refuse to permit their raw material imports or exports to be carried aboard Israeli-owned ships. Well-

publicized incidents in 1968 involved Marubeni, which ordered the offloading of cargoes of coal and raw silk to be shipped to it from the United States aboard vessels owned by Zim, the international shipping line owned by Israel.²¹ In another case, Marubeni refused to fill an order from Ghana for trucks when it learned that they would be transported by the Israeli-owned Gold Star Lines.²²

Major independent Japanese firms also turn down business from Israel out of consideration for the Arab boycott. The following cases are illustrative:

- The Kawasaki Dockyard Company of Kobe cancelled negotiations to build an oil tanker for Zim in 1967 because another firm in the Kawasaki group of companies was dealing with Egypt.
- Also in 1967, Shiba Electric Company of Tokyo informed an Israeli firm that it was refraining from quoting on a business opportunity for closed circuit television because of its trade dealings with Arab countries.²³
- The chief Japanese motor vehicle manufacturers—Toyota, Nissan, and Honda—which export large quantities of cars and trucks to the Arab states, claim that a “shortage of production” prevents them from selling to the Israeli market.²⁴ However, the Mitsubishi Motor Corporation is blacklisted for distributing banned Willys-Overland jeeps. The producer of the Subaru automobile, Fuji Heavy Industries, has shipped large quantities to Israel via third parties.
- Following a warning from CBO Commissioner-General Mahgoub in 1969 that its interests in the Arab world would be endangered, the Japanese Chemical Industry Association denied that its members were negotiating joint ventures with Israeli concerns to develop Israel’s chemical and mineral potential.²⁵
- Japan Air Lines has declined to fly to Israel, claiming it would not be profitable.

Official Position of the Japanese Government

The official position of successive governments has been that Japanese trade policy is conducted on the basis of free trade principles and does not discriminate against particular countries for political reasons. Japanese companies make their own decisions on whether to promote trade in any part of the world, and the government does not interfere with their decision unless some specific problems arise.²⁶ The Export-Import Bank of Japan, a state-owned entity, has also denied claims by the commissioner-general of the CBO that it has agreed not to provide export credits on transactions with Israel.²⁷ Little credence can be given the Japanese government’s protestations in the face of its tacit encouragement of capitulation to both the primary and subsidiary aspects of the Arab boycott through its administrative guidance system. Further evidence is provided by its refusal to participate in the Tel Aviv International Trade Fair²⁸ and its denial of landing rights in Tokyo for Israel’s El Al Airlines.²⁹

Blacklisted Firms

The CBO maintains a particularly close surveillance of Japanese trade with Israel in view of the large number of Japanese consumer goods sold in the Isra-

eli market. These include Sony tape recorders, television, and radio sets; Olympus and Cannon cameras; Seiko wrist watches; Yamaha musical instruments; and Subaru automobiles. The bulk of these products reach Israel through small Japanese trading companies or through third-party intermediaries in other countries.

In 1976, there were 150 Japanese companies blacklisted by the Arabs. A selective listing of the most prominent firms follows:³⁰

Amagasaki Coke Industries	Minolta Camera
Ataka Textiles	Mitsubishi Chemical Industries
Babcock-Hitachi	Mitsubishi Heavy Industries
Eisenberg and Company	Mitsubishi-Monsanto Chemicals
Elco International Corporation	Mitsubishi Motors
Far East Textile Trading	NHK-Rockwell
Fuji Photo Films	New Japan Pearl Company
Fuji-Xerox	Nichimen
Goyo Fishing	Nippon Electric Company
Hashimoto Trading	Nippon Engelhard
Hitachi Limited	Nitto Mining
Hitachi Shipbuilding and Engineering	RCA Laboratories
Ishikawajima—Harima Heavy Industries	Sasson and Silvera Investment
Iwasaki Tsushinki	Sharp Corporation
Japan Cotton and Rayon Trading	Sony
Japan Radio	Sumitomo Electric
Kasei Hoechst	Toyo Bearing
Kondo Electrical Industrial	Toyo Soda
Matsushita Electric	Usagiya Toy Company
	Yokkaichi Chemical
	Zenkoren (National Federation of Agricultural Cooperatives)

A number of these firms were removed from the blacklists after 1977 when they had either complied with boycott stipulations or had been invited to participate in massive infrastructure projects in Saudi Arabia and the Gulf states. The firms involved were Ataka Textiles, Fuji Electric, Hitachi Limited, Hitachi Shipbuilding and Engineering, Matsushita, Nippon Electric, Sharp, Sony, Sumitomo Electric, and Toyo Soda. Partial blacklisting was applied against the following: Ishikawajima-Harima Heavy Industries insofar as its Turbomeca engine products were concerned; Mitsubishi Heavy Industries and Mitsubishi Motors in connection with their production of Jeep vehicles and parts under license from the blacklisted American firm Willys-Overland; and Nichimen with regard to its textile goods incorporating fabrics produced under license from the blacklisted U.S. firm Cluett Peabody and bearing the "Sanforized" trademark.³¹ Despite their partial blacklisting, these Japanese companies have recently obtained multi-million dollar contracts in Algeria, Iraq, Jordan, Kuwait, Saudi Arabia, and the United Arab Emirates to supply desalination plants, cement works, power stations, liquefied petroleum gas plants, oil tankers, trucks, and buses.³²

The Price of Servility

Japan has proved to be the most suppliant client of the Arab boycott system, and has tended to submit to the overall foreign policy objectives of the Arab states toward Israel, the latest instance entailing the courting of the Palestine Liberation Organization. Having shown itself to be extremely vulnerable in the face of Arab pressure, Japan is faced with continually escalating demands and continues to accede to them. In the process of trying to protect its oil supplies and extensive trade and investment exposure in the Arab world, Japan projects an image of weakness in the international community and dissipates the goodwill it strove for in upholding the principles of freedom and nondiscrimination in the global trading system in the early postwar period.

COMPLIANCE BY OTHER DEVELOPED COUNTRIES

Apart from the United States, Canada, France, the Netherlands, and West Germany, the only other developed country to have instituted some official action against domestic compliance with the Arab boycott of Israel is Norway. The following chapter highlights the pattern of boycott operations in other OECD countries and Malta.

Norway

The Norwegian people assisted its tiny Jewish community during the Nazi occupation through the denunciation by the Protestant churches of the anti-Jewish measures taken by the Quisling government and the efforts of the underground to spirit Jews away safely to neutral Sweden. The country voted for the establishment of Israel and has maintained friendly relations with the Jewish state.

Like its Scandinavian neighbors, Norway had been adversely affected by the Arab boycott in the 1950s as a result of the impediment to its freedom of shipping through the Suez Canal. The Norwegian vessels *Rimfrost* and *Laritan* had seen their cargoes confiscated by Egypt in 1952 and 1953, respectively, because of their trips to Israel. In May 1957, Egypt blacklisted the Norwegian tanker *Noeck Eagle* for unloading oil shipments at Haifa. And eighteen Norwegian firms have landed up on the Arab blacklists for their relations with Israel, among them the Akers Group, Ford Motor Norge, Nylands Verksted, Stathmos-Lindell, Sundt and Company; Tangen Verft, Trondhjems Mek Versted, Vicking Norwegian-Israel Shipping, and Trawl Industri.¹

The Norwegian government has parted company with its Scandinavian neighbors by taking concrete action, short of legislation, to combat the injurious effects on its commerce of the Arab boycott. In 1977, Trade Minister Hallvard Bakke forced two shipyards to seek the elimination of a contractual clause stipulated by Egypt in its order for six luxury hotel ships. The clause re-

quired both firms not to enter into any business with Israel during the life of the contract. The minister was of the firm view that such a clause violated Norway's GATT obligations to accord Israel most-favored-nation trade treatment. The deal went through with the clause removed.

In a related move, Bakke instructed the Norwegian export credit guarantee institute not to finance export transactions involving compliance with the boycott of Israel.² This action corresponded with the practice of the export credit agencies of Canada and the United States.

Sweden

Of all the Scandinavian countries, Sweden has developed the most extensive commercial links with the Arab world, and it has been unwilling to counter the application of the Arab boycott on its commerce. Arab measures have included the seizure of its freighters in the 1950s for docking at Israeli ports, a ban by Iraq against Scandinavian Airlines flying over its territory, and the black-listing of one hundred of its companies and thirty of its ships.

A major case of Swedish compliance with the boycott involved the country's largest enterprise—the Cooperative Union and Wholesale Society (KF)—which was blacklisted in 1970 for organizing a sales promotion week for Israeli goods at one of its department stores in Stockholm. After six years of discussions with the CBO, the company was de-blacklisted when it agreed not to sell any more Israeli products.³ Saab-Scania, the Swedish auto manufacturer, has also chosen to concentrate on Arab markets. In 1970 it was blacklisted for selling trucks to Israel but was de-blacklisted in 1976.⁴ In other instances, major Swedish firms avoid active development of the Israeli market citing purely business considerations. Sweden's telecommunications giant L. M. Ericsson, which together with Bell Canada and Philips of the Netherlands has since 1977 been engaged in a multi-billion dollar telephone modernization project in Saudi Arabia, has stated:

We are not actively engaged on the Israeli market as our competitors already since a long time have established themselves with local production. We consider the market too small for further establishment. It would therefore require such efforts to break into the market that it would hardly be worthwhile.⁵

Opposition to the boycott has surfaced occasionally. In May 1960, Swedish trade unions refused to unload Egyptian ships as a result of Egypt's blockade of Swedish ships carrying cargoes to and from Israel through the Suez Canal.⁶ And in January 1976, the Liberal Party attempted to sponsor antiboycott legislation in the Riksdag but it failed to gain government support. Commerce Minister Burenstam Linder also rejected statutory reporting of boycott requests on the grounds that "it is hardly possible to distinguish deliberations which are purely a matter of business economics from those occasioned by the threat of a boycott."⁷

Blacklisted firms include: Calor Verkstads, Engelhard Industries, Feskeby, Ford Motor Co., Hugin Hemmamaskiner, Isoflex, Kalmar Chokladfabrik, Lammhults Mobler, Lindells-Tjanstebostader, Lindellvager, Luma Elektronik, Margarin Fabriken, Nike Domkraft, Pripps, Rank Xerox, Rayon Svenska, Stathmos, Tampella Tamrock, Wickstroms Jarnhandel, and such Jewish service organizations as B'nai B'rith and ORT.⁸

Finland

In December 1959, the Finnish Seamen's Union announced a boycott of Egyptian ships in Finnish ports as a result of Egypt's blacklisting of Finnish ships that had carried Israeli cargoes. A furor was created in March 1980, when General Saleh Mehdi Amash, Iraq's ambassador to Helsinki, sent a "strictly confidential" letter to Finland's foreign trade minister Esko Rekola requesting information on firms doing business with Israel. Letters were also sent to Finnish firms citing seven blacklisted companies importing goods from Israel that were also available from Iraq. The companies were asked whether there were Zionists or Jews on their boards of directors or in any subordinate position and whether they had business dealings with Israel or links with any company doing business with Israel. The ambassador was only mildly reprimanded since his intervention coincided with a Finnish consortium's bid to win an \$800 million contract for the construction of three garrison towns in southern Iraq.⁹

Some twenty Finnish firms have been blacklisted by the CBO, including Finnish Canned Foods, Finnish Independent Wholesalers' Association, Hyvon Kudeneule, SOK-Suomen Osuuskappojen Keskuskunta, and subsidiaries of Ford, Glenoit, Hollander, Monsanto, Rank Xerox, Stathmos-Lindell, Tampella Tamrock, and United Paper Mills.¹⁰

Switzerland

Switzerland has been a frequent target of the Arab boycott for a number of years but has maintained a muted stance to avoid giving offense to the Arab states. In large measure, the Swiss Confederation's policy has been based on mercantilist considerations—substantial Arab deposits, investment, and tourism. Over 150 Swiss firms have been blacklisted, including:¹¹

Agrexico	Helvex
Alusuisse	Henniger International
Banque de Credit International	Martel Watch
Banque International Cooperative	Metall und Rohstaff
Banque Kimche et Landau	Migros
Banque Pariente	Monsanto
Banque Rothschild	Noga Hilton Hotel
Bon Genie Brunchwig	Prometex

Comag	Ring Hotel Organization
Doxa	Rotel
Ford Motor Company	Sika
George Wimpey	Solga

Nevertheless, Switzerland was Israel's ninth largest trading partner in 1984 and Swissair continues to fly to Israel despite repeated efforts by the Central Boycott Office to reverse this situation.¹² A notable case of Swiss resistance to the boycott occurred in 1964, when Dr. E. Ring, head of the Ring Hotel Organization of Basle sharply responded to CBO requests that he terminate business activity in Israel:

Our world-wide organization can live without hotels in the Arab states . . . We here in Basle, a Swiss city on the very frontier of Germany, were able to observe between 1933 and 1945 the cruel and lunatic manner in which the Jewish population was executed and tormented . . .

While fully appreciative of the Arab problems which derive from the Palestine question, and for which we certainly have a sympathetic understanding, we, as citizens of a traditionally neutral country, nevertheless feel we should point out that the course you have chosen of threatening people with boycott is an act of injustice which can only be detrimental to the esteem in which the Arab states are held.¹³

The *Neue Zürcher Zeitung* commented at the time that no self-respecting firm "would allow itself to be put under pressure by clumsy methods of this kind." It noted that the success of the Arab boycott depended largely on the stand taken by companies chosen as targets for Arab threats.¹⁴ Mention should also be made of the support given by the Swiss Council of Bishops for the entry of Israel's Magen David Adom Society into the International Red Cross family.

Other West European Countries

Austria, Portugal, and Spain also maintain sizeable trade with Israel, but the outlook for expansion is problematic in view of their espousal of the Arab cause and their favorable attitudes toward the PLO. None of these countries has interceded to counteract boycott activity, and all have voted against Israel in the United Nations since the Yom Kippur War of 1973. Spain is the most heavily blacklisted among these countries, with sixty-one firms banned, followed by Austria (fifteen) and Portugal (eight).¹⁵

The Mediterranean island nation of Malta has recently come under intensified Arab boycott pressures, mainly as a result of its coastal dispute with Libya. A total of twenty-one Maltese companies and one vessel are blacklisted by the CBO.

During the UN Conference on Palestine held in Geneva in September 1983, Malta's ambassador to the UN, who had been elected rapporteur responsible for the official record of proceedings, stunned delegates when he announced

Malta was withdrawing from the sessions because the Maltese company Clothing and Industry had been blacklisted for trading with Israel.¹⁶

Australia

Australian governments have adhered to a noncommittal policy on the Arab boycott of Israel since 1964, when the CBO began circulating questionnaires to Australian firms. This policy closely parallels that of Britain and is based on avoiding any action that might endanger growing trade ties with the Arab world. Parliamentary debate in 1964 on the intrusion of the boycott system into Australian corporate life, particularly on the operations of the state-owned Qantas Airlines, prompted External Affairs Minister P. M. C. Hasluck to downplay the situation by asserting that since the CBO was a "private body" and Qantas was an independent company, there was no need for any government intervention.¹⁷

Qantas has exhibited a conspicuous pattern of avoiding the Israeli market. Following the early CBO harassment, Qantas abandoned plans to open an office in Tel Aviv.¹⁸ Australian authorities claimed that insufficient end-to-end commercial traffic did not justify flying to Israel. And even if it did, it was claimed the ban imposed by Arab and Moslem states on aircraft flying over their air space to Israel did not permit viable routing. During 1978, it was revealed that Qantas officials had complied with long-standing Syrian regulations prohibiting Jews from enjoying transit rights on international flights stopping over in Damascus after the mother of an Australian citizen had been refused a seat on Qantas' weekly flight to London via Damascus.¹⁹ Spokesmen for the airline disingenuously stated that many countries imposed restrictions on passengers flying on international aircraft, and airlines had to abide by the regulations established by the countries they served. The air correspondent of *The Times* of London commented: "No airline to which I spoke in London could recall such a ban being applied in the past anywhere in the world."²⁰ A speedy investigation of the incident was ordered by the government and, within two days, Prime Minister Malcolm Fraser announced that Syria had dropped its discriminatory regulations.²¹

In 1977, the CBO publicized the fact that ninety-six Australian companies had been blacklisted. Responding to public concern, Trade and Resources Minister J. D. Anthony stated that Australia had never endorsed the Arab boycott although it was aware that some Australian companies had been blacklisted mainly because they neglected to respond to questionnaires sent to them by the CBO. He claimed that no Australian companies had asked the government to make specific representations on their behalf because their trading activities in the Middle East had been adversely affected. "I would see a resolution of the boycott matter coming only through a full settlement in the Middle East involving all the countries involved," he said.²² In rationalizing its failure to adopt legislative action to proscribe compliance with the boycott by Australian

firms, the government cited its "long-standing policy opposed to interfering with Australian companies in their dealings abroad or attempting to direct private companies' interests and activities."²³

While the new Labor government of Prime Minister Bob Hawke is not inclined to change this policy, it has assured the Australian Jewish community that any Arab League office established in the country will not be permitted to engage in boycott activities against Israel, Australian citizens, or firms trading with Israel. The Prime Minister has gone so far as to state that such activity would lead to the office's closure.²⁴

Blacklisted Australian organizations and firms include:²⁵

Baxter-DHA Laboratories	Monsanto
B'nai B'rith	Nile Industries
Control Data Australia	Sears Roebuck
Dreyfus and Company	Shepherd Castors
Farmers and Settlers Cooperative	Socomin
Insurance	Southern Union Insurance
Ford Motor Company	Standard Quarries
H. D. Lee	Transmape Shipping Agency
Hertz	United Carpet Mills
Hunsbury Machinery	Universal Ready-Mixed
Jewish Board of Deputies	Concrete
Le Nickel Australia	Webster Industries
Mobile Ready-Mixed Concrete	Willys Motors

MAVERICKS IN THE COMMUNIST BLOC AND THE THIRD WORLD

Following the outbreak of the 1967 Arab-Israeli War, the Soviet Union and its East European satellites severed diplomatic relations and diminished their trade with Israel. Yugoslavia followed suit but continued to maintain a sizeable commercial relationship. Bulgaria also withdrew the twice-monthly flights of Tabso Airlines from Sofia to Tel Aviv. To demonstrate its solidarity with the Arab cause, Cuba unilaterally broke off diplomatic and trade relations with Israel in 1973. Other communist states such as China, Vietnam, and Albania have never recognized Israel. Boycott stipulations are readily accepted by the communist world, and only a few of its state enterprises have been blacklisted.

Romania

The sole exception to this pattern is Romania, the maverick communist state that has sought to develop a foreign policy independent of Moscow's influence. It maintains active diplomatic and commercial ties with both Israel and the Arab world and its national airline — Tarom — flies to Tel Aviv as well as other Middle East destinations. Along with Cyprus and Hong Kong, Romania has been specifically identified in the Arab boycott regulations as meriting careful scrutiny in terms of possible transshipments of Israeli goods to Arab countries.

In 1967, Iraq decided not to authorize imports from Romania because of its "hostile attitude to the Arabs" and requested that the trade embargo applied by some Arab League countries against the United States, Britain, and West Germany be extended to Romania.¹ Two years later, several Arab states temporarily cut their diplomatic ties with Romania because it had opened an embassy in Tel Aviv. A Romanian trade union was also blacklisted by Jordan in 1973 for facilitating the emigration of Romanian Jews to Israel and contributing funds to a Zionist organization.²

However, Romania has succumbed to Arab boycott pressures insofar as its oil imports are concerned. In 1976, it agreed to halt the importation of Iranian oil via Israel's Eilat-Ashdod pipeline and switch to Arab oil purchases in return for the removal of Tarom Airlines from Arab blacklists.³

Islamic Countries

Most Islamic non-Arab nations have lent their moral and, in many cases, material support to the Arab boycott of Israel. Few trade with Israel and some, such as Bangladesh, Iran, Malaysia, and Pakistan, apply both a primary boycott against Israel as well as selective secondary boycotts against foreign firms and shipping companies blacklisted by the Arab states. Furthermore, Iran and Pakistan prohibit the overflight of their territory by airlines bound for or coming from Israel. With the establishment of the Islamic Office for the Boycott of Israel in January 1981 (see Chapter 2), these boycott pressures have been intensified.⁴

The most prevalent form of secondary boycott by Islamic countries in recent years has been against foreign contractors bidding on large infrastructure projects. As these are invariably financed by loans from the Saudi Fund for Development, Islamic countries believe it to be their duty to carry out the requirements of these loans pertaining to restricting bids to firms not blacklisted by the CBO.

Anti-Semitic practices have also been adopted. Pakistan has refused visas to French parliamentarians of the Jewish faith. Malaysia has banned the playing of musical compositions by Jewish composers. The latter measure led to the cancellation of a concert tour of the country by the New York Philharmonic Orchestra in August 1984, as it had scheduled a performance of the cello rhapsody *Schelomo* by Ernest Bloch during the tour.⁵

Notable exceptions to this trend have been recorded. Iran had developed extensive ties with Israel prior to the advent of the Khomeini regime, including air links, commercial exchanges, and the supply of oil to Israel via the port of Eilat. When de facto recognition of Israel was given in 1960, the Arab League proclaimed an economic boycott against Iran and insisted that international oil companies take no part in the shipment of Iranian oil to Israel. In 1979, the new Iranian government terminated oil deliveries to Israel and severed bilateral relations. Some fifty-seven Iranian firms appeared on the 1976 blacklists of Bahrain, Kuwait, Lebanon, and Saudi Arabia.⁶ The tiny Islamic nation of Maldives established diplomatic relations with Israel in the early seventies and was boycotted by the Arab League in 1975. Within two years, these relations came to an end.

Turkey initially opposed the 1947 United Nations partition plan that created the Jewish state but subsequently established diplomatic ties. Turkish Airlines began to fly to Tel Aviv and bilateral trade flourished. However, due to the Turkish conflict with Greece over the future of Cyprus, the Turks have

diminished their links with Israel in recent years. They have begun to support the anti-Israel position of the Arab League states in the United Nations in an effort to win Arab advocacy for their position on the Cyprus issue. It remains to be seen whether Turkey will completely sever its commercial ties with Israel in light of the 1981 decision of the Islamic Summit Conference to join the Israel boycott. A substantial number of Turkish enterprises (226) figure on the Arab blacklists, and Turkey ranks as the fifth largest boycott target. Many Jewish-owned firms are included on these blacklists.⁷

For a summary of Israel's trade with Moslem countries, see Table 12.1.

Other Third World Countries

A major goal of Arab boycott policy in the 1960s was to arrest what was deemed an alarming expansion of Israel's diplomatic, economic, and cultural ties with Third World countries, particularly in Africa. Hostile propaganda was deployed depicting Israel as an imperialist and racist state. It was made clear that Arab support for UN sanctions against South Africa would depend on black African condemnation of Israel.⁸ Particularly galling to the Arab states was the network of joint Israeli-African companies and other enterprises that had been established under Israeli auspices.⁹ These included Pharmacie Israel-Congolaise in Zaire; Black Star Shipping Lines and Tahal Water Planning of Ghana; Sonitra of the Ivory Coast; Nigersol of Nigeria; the National Construction Company of Sierra Leone; and the Amiran Trading Corporation of Ethiopia, Uganda, and Zambia. All were blacklisted.¹⁰

In Asia, the Arab League banned the importation of tea and other commodities from Sri Lanka after it had accredited an ambassador to Israel in 1960.¹¹ Diplomatic relations with Israel were finally broken by Sri Lanka in 1970. Countries friendly to Israel such as Burma, Nepal, the Philippines,

Table 12.1 Israel's Trade with Moslem Countries (millions of dollars)

	Exports				Imports			
	1970	1975	1980	1984	1970	1975	1980	1984
Egypt	—	—	2.7	14.1	—	—	182.3	400*
Iran	22.3	119.9	—	—	2.7	4.2	—	—
Turkey	2.6	15.9	37.8	27.6	3.7	4.2	7.9	9.3
Malaysia	6.8	—	—	—	0.5	—	—	—
Pakistan	0.2	—	—	—	—	—	—	—

*Estimated. Imports in 1981 totaled \$549.3 million, and \$443.2 million in 1982, almost entirely crude petroleum.

Source: International Monetary Fund, *Direction of Trade*, Washington, May 1971-1985

Singapore, and Thailand had their trading companies blacklisted. Large numbers of firms in Cyprus and Hong Kong (134 and 64 respectively) were blacklisted for trading with Israel and re-exporting Israeli goods to Arab markets. In Latin America, Argentina and Brazil were viewed as particularly close trading partners of Israel and the number of firms blacklisted for each country totalled 81 and 57 respectively. Mexico has been supplying Israel with oil shipments despite warnings from the Arab League.

Scant success was achieved by the Arab League in cutting off Israel's ties with the Third World until the aftermath of the 1973 Yom Kippur War and the Arab oil embargo. This was largely attributable to the effectiveness of the Israeli foreign aid program, which had laid heavy stress on agricultural and irrigation projects, rural and consumer cooperatives, practical infrastructure development, state enterprises, and vocational and professional training. In the latter case, close to 6,000 trainees from Africa alone had received their professional training in Israel by the early 1970s. Many Asian and Latin American countries had supported the creation of Israel in 1947 and were not willing to disrupt the valuable bilateral relationships that had developed.¹²

This pattern of resistance to the Arab boycott changed radically after 1973, when the Arab states parlayed their considerable petrodollar wealth, oil leverage, and diplomatic support of popular Third World causes (sanctions against Rhodesia and South Africa, the new international economic order, and so on) into boycott compliance by the developing countries. Most African states broke diplomatic relations with Israel (with the exception of Malawi, Lesotho, and Swaziland) and, along with Asian and Latin American countries, adopted the pro-Arab course of ostracizing Israel in the UN and other international fora and condemning its unwillingness to permit the creation of a new Arab state on its borders headed by the Palestine Liberation Organization.

In 1980, twelve Caribbean and Latin American countries—Haiti, the Dominican Republic, El Salvador, Colombia, Ecuador, Costa Rica, Panama, Bolivia, Guatemala, Venezuela, Uruguay, and Chile—surrendered to Arab threats of economic reprisals and removed their embassies from the Israeli capital of Jerusalem. A slight change in this pattern has occurred with the reversal of the Costa Rican and El Salvadorean withdrawals and the restoration of diplomatic relations with Zaire and the Ivory Coast.

Despite these setbacks, Israel has managed to maintain increased trade and economic links with non-Islamic Third World countries and popular opinion in many developing nations is not at all enamored with subservience to the Arab cause. The experiences of India and Kenya on the boycott issue are instructive on this score.

India

Successive Indian governments have adopted a hostile attitude towards Israel in the United Nations and other international bodies. In large measure, this

policy has been designed to curry favor with the Arab world in support of India's perennial conflicts with Pakistan, a Moslem country, and to mollify its discontented Moslem population, which numbers over 50 million. India thus voted against the creation of Israel in 1947 and, despite its extension of *de jure* recognition in 1950, has refused to establish diplomatic relations with the Jewish state.

However, trade relations have developed between the private sectors of both countries, resulting in the blacklisting of a large number of Indian companies by the Arab states. In addition, many Indian subsidiaries of multinational corporations have not conducted business with Israel but have nonetheless been blacklisted for the sins of parent firms based in other countries.

Among the 128 blacklisted Indian firms are:¹³

Ahmedabad Manufacturing and	Kosmek Plastics
Calico Printing	Lopchu Tea
Alfred Herbert (India)	Madhusudan Industries
Anup Engineering	Mahindra and Mahindra
Assam Hardboards	Monsanto
Bangalore Pharmaceutical Research	Nysoke Kirloskar
Laboratory	Photophone Equipment
Beacon Pharmaceuticals	Praga Tool Corporation
Bharat Pulverizing Mills	Shree Ashok Thymol Factory
Birla	Smith, Kline and French
Blackwood Hodge	Swati Diamonds
Coca-Cola Export Corporation	Union Marine and General Insurance
Colgate Palmolive	Utkal Pesticides and Chemicals
Gestetner Duplicators	Vasundhara Canning
Hindustan Industrial Corporation	Velco
Home Insurance Company	Venateswara Agrochemicals and
India Linoleums	Minerals
Industrial Minerals and Chemicals	Vikram Enterprises
	Voltas Limited

Opposition members of India's Lok Sabha complained in 1968 about the activities of the Arab League in New Delhi, which had threatened to blacklist a number of Indian firms for trading with Israel. One of them, C. C. Desai, charged that the Arab League had abused the hospitality of the country and should be expelled. Another member, M. L. Sondhi, urged the government to emulate its non-aligned ally Yugoslavia in opening a trade office in Tel Aviv despite the absence of diplomatic relations with Israel. Prime Minister Indira Gandhi replied that the Arab countries had the right to decide which firms they wished to deal with and that India could not always follow Yugoslavia's policies.¹⁴

In its continuing efforts to ingratiate itself with the Arab states, the Indian government has selectively participated in the Arab boycott of Israel. Many of its contracts with American exporters, for example, stipulate that vessels used to carry U.S. exports provide certification that they are not on the blacklists of the Arab League nations.¹⁵

Kenya

Kenya has been one of the few Third World countries to maintain expanding trade relations with Israel despite its reluctant cessation of diplomatic relations following the 1973 Yom Kippur War. Prior to that time, Kenya had greatly benefited from Israel's foreign aid program. In 1976, it assisted the Israeli rescue of hostages held at Entebbe Airport in Uganda by Arab terrorists by allowing Israeli planes to refuel on Kenyan soil and providing medical treatment for the wounded. The country has deeply resented Arab pressures to condemn Israel at the United Nations and has been aggrieved by the damage to its economy caused by the exorbitant level of Arab oil prices. Promises of Arab aid and investment have also not been fully realized.

In 1979, Kenya's Foreign Affairs Ministry accused the Arab League mission in Nairobi of spying on Kenyan companies trading with Israel. It claimed this demonstrated a contemptuous disregard of Kenya's sovereignty and stated that the country would vehemently resist the League's interference with the trading activities of Kenyan companies.¹⁶ A year later, TWA's joint interest with El Al Airlines in the Nairobi Hilton Hotel led to the former's blacklisting.

There are twenty-four Kenyan firms on the Arab blacklists including:

African Commodities Limited
Assia Pharmaceuticals
Block Hotels
Brooke Bond Liebig
Cadbury Schweppes
Coca-Cola Africa
Kenbir Trading Company

Mackenzie (Kenya) Limited
Mardigs and Brief
Nairobi Hilton Hotel
Ralli Brothers
Rank Xerox
Raymond Woolen Mills
Solda Limited
Windmill Fertilizers

CONCLUSIONS

As long as the Arab world continues to proclaim a state of war against Israel, the boycott of the Jewish state and all foreign entities dealing with it in a manner deemed to be strengthening its economy will be maintained. Prospects for the termination of this state of war are dim until Arab governments shed their ideological doctrines that the creation of Israel in 1948 was a crime against mankind and, more fundamentally, an intolerable disruption of Islamic theology by the Jewish people. Unlike other modern forms of national economic warfare, which have been directed against a target state to weaken its military capability or reverse objectionable domestic and foreign policies, the Arab boycott is akin to more primitive types of economic combat whose objectives have been to destroy an enemy state for purposes of territorial aggrandizement. The Arab boycott's global reach is therefore a fundamental condition to attaining this aim. Its international manifestations impinging on unrelated actors and transactions are not on a par with the extraterritorial extensions of jurisdiction by such nations as the United States, whose economic warfare affects only U.S.-origin goods, services, technology, and corporate entities, and U.S. citizens. The unique dynamics of the Arab boycott of Israel—calling for the obliteration of an independent nation and punishment of unrelated third parties—have cast a pall over the conduct of international economic relations in the postwar period and held an oil-dependent world hostage to the threat of economic recession.

The intensity of the Arab boycott of Israel is affected by religious and cultural issues in addition to the Arab sense of political grievance over the creation of the state of Israel and subsequent galling military defeats suffered on the battlefield. The singular vehemence against Israel on the part of the Arab nations is fueled by the historic animus of Islam toward Judaism.¹ The Gentile world, on the other hand, has achieved acceptance on a practical level throughout most of the Arab world. While it is true that relations with Gentile nations under Islamic theology can never be permanently normalized,² the Arab states have chosen indefinitely to hold Islamic doctrines in abeyance in this regard—though not in the parallel case of Judaism.

Until the mid-1970s, the operation of the Arab boycott of Israel was virtually unchallenged by the international community. The successful extraterritorial incursion of Arab economic coercion led to the tacit adoption of the practice of "commercial apartheid" against Israel.³ In effect, countries friendly to Israel allowed hostile acts against it within their jurisdiction, subjecting Israel's commerce under international trade law to least-favored-status and encouraging the practice of regarding that country as one with which "you do business in the back alley only."⁴ A more ominous development was the virtually unfettered rein given to Arab governments to violate fundamental constitutional rights in foreign nations guaranteeing civil liberties to their Jewish citizens, equality of opportunity for all, and free market operations for the conduct of business. Submission to the dictates of the Arab boycott system by the international community was effectively rationalized away as a minor price to pay for access to Arab petroleum supplies and potentially huge capital equipment and infrastructure markets. Lingering anti-Semitic prejudice was also an underlying factor in this regard.

The shock waves produced by the unconscionable increases in oil prices in 1973, followed by the banking scandal of 1975, reversed this pattern of commercial appeasement. Under U.S. leadership, official antiboycott measures began to be enacted in 1976 and spread to a number of other countries—notably Canada, France, the Netherlands, and Norway. These encompassed legislative sanctions, antitrust enforcement, human rights protection, and trade policy instruments. Egypt's formal defection from the primary Arab boycott of Israel as a result of the Egyptian-Israeli Peace Agreement of 1979 added a further blow to the strength of the boycott, as did the growing resentment against Arab policies by several Third World countries, particularly Kenya and Zaire.

Despite these positive developments, the Arab boycott of Israel continues to be a potent force on the international economic scene and is likely to be so over the medium term, at least as long as Saudi Arabia remains the heart and soul of the boycott campaign. Its status as the heartland of the Arab world, and its immense petroleum leverage have been successfully deployed to expand enforcement of the boycott by the Islamic world as a whole, to cow most of the European democracies and Japan into continuing submission, and to prevent other Arab states, such as Lebanon, from normalizing their trade relations with Israel. Unfortunately, declining oil prices are unlikely to diminish Saudi Arabia's leverage as long as the international community fails to take concerted action in resisting the boycott of Israel.

Further progress in counteracting the global dimensions of the Arab boycott of Israel is likely to depend for the most part on diplomatic and trade initiatives launched by the United States. On the diplomatic front, this would entail efforts to bring the Arab states, particularly Saudi Arabia, to the peace table with Israel. On the trade front, both bilateral and multilateral efforts would be necessary to harmonize domestic policies towards the boycott to prevent American exporters from being unduly disadvantaged in Arab markets by the much

more lax or nonexistent antiboycott environment enjoyed by their competitors in the EEC, Japan, and Canada. In addition, some *modus vivendi* would probably be required to prevent bilateral trade conflicts from flaring up over the adherence of U.S.-controlled affiliates abroad to American antiboycott laws. At the same time, the broad lines of these trade initiatives could be incorporated into an international code of conduct under GATT or OECD auspices, demarcating agreed norms regulating discriminatory foreign boycott practices. The precondition for such eventualities remains, as ever, a demonstration of will.⁵

The central problem—the paralysis of will among governments to combat the boycott—was summed up eloquently by Walter Eytan, an Israeli diplomat:

There is, in fact, no limit to the Arab boycott except the limit other countries are prepared to set it . . . The boycott will succeed as far as other countries allow it to succeed. It could not have succeeded at all beyond the primitive form it took in 1946, had it not been for the indifference or acquiescence of the rest of the world. At a time when discriminatory practices are generally frowned on, this extreme instance has been quietly accepted almost as a law of nature. It has been Israel's experience that to refer to it is to create embarrassment, annoyance and ill will. Foreign governments tend to be resentful if they are reminded of its existence and their own surrender to it.⁵

The Boycott as an Instrument of Foreign Policy

In a strife-torn world, boycotting activity is a regular occurrence. Most nation-states have implemented some form of economic sanctions policy against other actors in the international community by means of trade embargoes, selective export and import controls, denial of export credits and most-favored-nation tariff treatment, and shipping and foreign investment restrictions. These are often accompanied by a rupture of diplomatic relations with the targetted state or states.

The majority of such measures are either short-lived or applied in a half-hearted manner, prompting skepticism among academic commentators and within the media as to the efficacy of the boycott weapon as a punitive or ameliorative instrument. Further, lack of widespread support from other countries often leads to the undermining of particular boycott objectives and the bolstering of the intended target's resistance capability.

While policymakers acknowledge the validity of such deficiencies in the application of boycotting activity, they remain convinced that public opinion, especially in democratic societies, favors the conduct of boycotts if only for purposes of national expressions of moral outrage. Economic sanctions by the United States in recent years against Iran, Poland, Nicaragua, South Africa, and the Soviet Union can be cited as relevant examples in that regard.

This moralistic response to offensive state behavior has been marked by a

mounting frustration in both the United States and Europe over the inability to detect tangible results from policies of economic sanctions. Iran and Libya continue to support international terrorism; the Soviet Union still occupies Afghanistan and dictates the course of events in Poland; and South Africa remains wedded to a policy of racial segregation. As a consequence, large segments of public opinion would support an intensification of sanctions against these nations and the question has been raised as to whether the *modus operandi* of the Arab boycott of Israel can be utilized for this purpose.

This case study of the Arab boycott has argued that it is unique among modern forms of economic warfare. Its uniqueness is derived from essentially two sources: its objectives and tactics, both of which are extremist in orientation. The first is based on terminating the existence of what is deemed to be an enemy state; the second is grounded in a hydra-like assault against third parties maintaining economic relations with that state and its co-religionists abroad. If the Arab boycott of Israel was to serve as a model for new or expanded forms of boycotting activity in other parts of the world, the following elements would have to be incorporated:

- Maintenance of a war footing, either "hot" or "cold," against the targetted state(s);
- Application of primary economic sanctions by several allied or like-minded states at the regional or multilateral levels;
- Extraterritorial extension of primary sanctions to foreign business entities dealing with the boycotted party or parties;
- Blacklisting of third parties refusing to comply with boycott conditions;
- Indefinite duration of boycott and mobilization of constant domestic support;
- Willingness to incur business losses due to boycott application;
- Disregard for the rules of international law.

From a superficial standpoint, the comprehensiveness and staying power of the Arab boycott testify to its potency. On the other hand, Israel has found the means to overcome its debilitating effects and enhance its economic position. The built-in potential for frequent backfire situations has also necessitated the elaboration of numerous loopholes in the boycott to avoid self-inflicted wounds arising from extension of boycott activity to third parties.

Many of the ingredients of the Arab boycott of Israel may prove unacceptable or unpalatable as a model in other types of boycott actions. What is demonstrably evident, in any case, is that sustained commitment and multi-lateral rather than unilateral boycotts are necessary for such sanctions to achieve their desired effect.

PART FOUR

APPENDICES

APPENDIX A: AN EXAMPLE OF BOYCOTT LAW: JORDAN

The Law of Jordan (Department of State Translation)

Unified Law of the Boycott of Israel Law No. 10 of 1958

Article I

(A) This Law is titled The Unified Law of the Boycott of Israel of the Year 1958, and will become effective as of the date of publication in the Official Gazette.

(B) This Law supersedes the Law of Trading with Israel, No. 66 of 1953, and the Amendment, The Law of Prevention of Trade with Israel No. 5 of 1956.

Article II

Any natural or legal person is hereby prohibited from concluding any agreements or transactions, either directly or indirectly, with any person or organization residing in Israel, or affiliated with Israel through citizenship, or working for Israel, either directly or indirectly, regardless of place or business or residence. Foreign companies with branches, interests, or general agencies located in Israel, are considered persons or organizations herein banned from concluding or transacting agreements of any kind.

Article III

(A) All Israeli goods, commodities or products are hereby prohibited entry into Jordan.

(B) All goods, commodities and products imported via a Jordanian port, or consigned to a Jordanian citizen or resident of Jordan, are hereby prohibited export to Israel.

(C) All goods, commodities and products are considered Israeli if they are manufactured or produced in Israel, or if such goods contain any Israeli produced material, or if such goods originate in Israel directly or indirectly.

(D) All goods, commodities and products exported to Israel or consigned to any person or organization described in Article II, are considered Israeli products, even if such products were manufactured or produced outside of Israel.

Article IV

All persons, companies or organizations desiring to export goods into Jordan must submit, whenever required by Jordanian Authorities, a Certificate of Origin, stating the following information:

1. The country in which the goods were manufactured or produced.
2. A statement that the goods intended for export contain no Israeli goods or materials, regardless of proportion.

Article V

All appropriate authorities are hereby directed to take all necessary measures to prevent the export of commodities and goods specified by the Arab Liaison Officers Conference to any foreign country if it is proved that such goods are intended for re-export to Israel.

Article VI

The provisions of Article II, III, and IV apply to all goods, commodities and products imported to or exported from any free zone in Jordan, or which land in, or transit, Jordan, if such goods are intended for any person or organization described in Article II, provided that such prohibitions do not prescribe or disturb any provisions of any international agreements in effect at the time to which any Arab country is a party.

Article VII

No goods, commodities or products described in Article III of this Law may be owned, purchased, or sold. Any agreement or transaction involving such goods, commodities or products concluded, whether in the form of donation or trade, shall be considered as a transaction or agreement prohibited by this Law.

Article VIII

(A) Violators of Articles II, III or IV of this Law shall be sentenced to imprisonment at hard labor for a period of not less than three (3) nor more than ten (10) years. The court may in addition to such imprisonment, impose a fine not in excess of five thousand (5,000) Jordan Dinars.

(B) If such violator is a natural person, he shall be punished by both fine and temporary imprisonment at hard labor.

(C) In all cases of goods seized under the provisions of this Law, such goods shall be confiscated by the proper authorities, together with the means of transport used to convey such confiscated goods, if it can be proved that the owners of such means of transport were aware of the violation.

Article IX

Any person convicted under the provisions of this Law who subsequently gives information to the authorities leading to the discovery of any other act prohibited under this Law shall be exempted from all sentences and penalties described in Article VIII.

Article X

All persons or companies convicted under the provisions of this Law shall have their name, fact of conviction, crime, and sentence publicly displayed in a prominent place in their factory, store, or place of business, at their expense. Any person who removes, covers, or destroys such display without proper authority shall be sentenced by a magistrate to a period of not more than three (3) months imprisonment, or a fine of twenty (20) Jordan Dinars, or both.

Article XI

Government officials or any other individual or individuals who seize or assist in the seizure of goods standing in violation of the provisions of this Law shall be financially rewarded, such reward equalling 20 % of the value of the seized goods.

Article XII

All Government officials who properly prosecute crimes within the country are hereby directed to prosecute violations of the provisions of this Law.

Article XIII

All prior laws, regulations, decisions and amendments whose provisions in part or whole, conflict with the provisions of this Law are hereby cancelled.

Article XIV

The Prime Minister, The Minister of Finance, Justice and Interior are hereby empowered to carry out the provisions of this Law.

APPENDIX B:

U.S. ANTIBOYCOTT LEGISLATION

Antiboycott Bills in the 94th Congress

S. 425

On March 3, 1975, Senator Harrison Williams of New Jersey placed before the Senate Committee on Banking, Housing, and Urban Affairs an amended version of a previous bill, with proposals to alter the Securities Exchange Act to control foreign investment in U.S. equity securities. Among its provisions was a prohibition by the President of such investments if the foreign investor attempted to prevent any U.S. company or individual from dealing with any foreign government with which the United States maintained diplomatic relations or with the nationals of such a government. (94th Cong., 1st sess., March 3, 1975).

S. 953

Senator Adlai Stevenson of Illinois introduced a related bill before the same committee on March 5. It provided that the Export Administration Act be amended to give the President authority to curtail American exports and investments in countries imposing boycotts or engaging in restrictive trade practices. (94th Cong. 1st sess., March 5, 1975.) The bill was revised on February 6, 1976 to prohibit domestic concerns from refusing to do business with other domestic concerns or persons pursuant to the requirements of foreign boycotts. Also, firms filing boycott reports stating they would comply with boycott requests would have their reports disclosed to the public.

H.R. 5246

Introduced in the House of Representatives by Congresswoman Elizabeth Holtzman of New York on March 20, 1975, this bill proposed:

- (a) To outlaw any business enterprise from using economic coercion against others for purposes of refusing to do business, to employ, or otherwise discriminate against any American on the basis of his religion, race, national origin, sex, or dealings with any foreign country not in violation of U.S. laws;
- (b) To prohibit any person from refusing to do business with, to employ or otherwise discriminate against any American because of being coerced by another American party or by a foreign government or a foreign business enterprise;
- (c) To penalize infractions by fines up to \$1,000,000 or imprisonment up to three years;

- (d) To allow aggrieved individuals to recover up to triple damages in any civil action instituted. (94th Cong., 1st sess., March 20, 1975.)

H.R. 8075 and 11012

Congressman Hamilton Fish, Jr. of New York proposed in his bills presented in the spring of 1975 and early 1976 to deny nonimmigrant visas to citizens of countries that discriminated in the issuance of similar visas to American citizens on the basis of race, color, religion, sex, or national origin. (House Committee on Government Operations, *Discriminatory Overseas Assignment Policies of Federal Agencies: Hearings Before the Subcommittee on Government Information and Individual Rights*, 94th Cong., 1st and 2d sess., 1976, p. 212.)

H.R. 4967

Sponsored by Congressman Jonathan Bingham of New York, a long-time foe of the Arab boycott operations in the United States, this bill was brought forward in the spring of 1975. Like the Williams bill in the Senate, it contained provisions to ban compliance with foreign stipulations to refuse to do business with any country friendly to the United States. In addition, the bill proposed to forbid refusals to do business with other American firms and to prohibit discrimination on racial or religious grounds against Americans in order to comply with foreign boycott requests. (94th Cong., 1st sess., 1975.)

H.R. 5913

On April 14, 1975, Congressman Robert Drinan advanced his bill, The Foreign Discriminatory Commercial Practices Act, which went a step further than the Bingham bill by including provisions to suspend the export privileges of firms acquiescing to foreign boycott demands. (94th Cong., 1st sess., April 14, 1975.)

S. 2662

In December of 1975 Senator Clifford Case of New Jersey had the Senate consider an amendment to the Foreign Military Aid Sales Bill that would terminate any arms sale abroad if a foreign government discriminated against American citizens or companies on the basis of religion or race (the amendment was passed into law in June 1976 in a more attenuated form).

H.R. 10882

Representative James Scheuer's bill, which was drawn up in late 1975, was similar to the Bingham-Drinan bills in its objectives. (94th Cong., 2d sess., 1975.)

H.R. 11488

This bill was sponsored by Representative Edward Hutchinson of Michigan on behalf of the Ford Administration, and was introduced on January 26, 1976. It contained nearly the same provisions as the Holtzman bill but, significantly, excluded economic

coercion designed to prevent dealings with any foreign country. (94th Cong., 2d sess., January 26, 1976.)

H.R. 12383

Congresswoman Holtzman reintroduced her previous bill on March 9, 1976 with an amendment defining economic coercion as "ceasing or refusing, or inducing any person to cease or refuse to do business with, to contract with or to employ." (94th Cong., 2d sess., March 9, 1976.)

H.R. 11463

Representative Ed Koch of New York, with thirty-five co-sponsors, introduced this bill in the House on January 22, 1976 as the House version of the Stevenson bill, S. 953. (94th Cong., 2d sess., January 22, 1976.)

H. R. 13151

On April 9, 1976, Representative Koch introduced a further bill to prohibit compliance with any boycott requests. (94th Cong., 2d sess., April 9, 1976.)

S. 3084

The Senate Banking, Housing and Urban Affairs Committee approved the earlier Stevenson bill on May 6, 1976 with amendments that would extend the Export Administration Act for three years, improve the administration of U.S. export controls, prohibit tertiary boycotts, and require public disclosure of all boycott reports filed by recipients of boycott requests. (Senate Committee on Banking, Housing and Urban Affairs, *Export Administration Amendments, Foreign Boycotts, and Domestic and Foreign Investment Improved Disclosure Acts of 1976*, Report to Accompany S. 3084 together with Additional Views, no. 94-917, 94th Cong., 2d sess., May 25, 1976, p. 5.)

S. 3138

An entirely different approach to legislating against boycott compliance was the bill introduced by Senator Abraham Ribicoff of Connecticut on March 15, 1976. It proposed to amend the Internal Revenue Code to deny American firms cooperating with foreign boycotts the benefits of the foreign tax credit, the export subsidy provided by the incorporation of Domestic International Sales Corporations, and the tax deferral on income earned from overseas operations. (94th Cong., 2d sess., March 15, 1976.)

H. R. 15377

This omnibus bill to extend the Export Administration Act was officially sponsored by Congressman Thomas Morgan on September 1, 1976 but came to be widely known as the Bingham-Rosenthal bill. It incorporated the provisions of Bingham's earlier bill,

H.R. 4967, which would have banned all forms of boycott compliance. (94th Cong., 2d sess., September 1, 1976.)

Antiboycott Bills in the 95th Congress

H.R. 1505

Submitted by Congressman Ed Koch, this bill proposed to amend the Export Administration Act to prohibit all forms of compliance with the Arab boycott. Firms reporting boycott requests would have to indicate whether their compliance had also resulted in altering their business practices to support foreign boycotts against countries friendly to the United States or against any domestic concern. Violations would result in a maximum fine of \$10,000. Persons aggrieved by such violations could institute civil actions to recover threefold actual damages. Finally, the provisions of the bill would extend to any foreign subsidiary or affiliate of domestic firms. (95th Cong., 1st sess., January 4, 1977.)

H.R. 418

This bill was introduced by Congresswoman Elizabeth Holtzman. It contained provisions against economic coercion similar to her 1975 and 1976 bills, with some language borrowed from the antiboycott provisions of the Tax Reform Act of 1976. In addition, it outlawed refusals to do business with a boycotted country or company when based on intent to comply with, further, or support foreign boycotts. (95th Cong., 1st sess., January 4, 1977.)

H.R. 1561

Entitled the Export Administration Amendments of 1977, this bill, introduced by Congressman Bingham, was modelled on his 1975 bill. The antiboycott sections of the bill banned all forms of compliance with foreign boycotts with exceptions provided for cases similar to those in the Tax Reform Act of 1976. It also followed the Koch bill in extending its application to foreign subsidiaries of American corporations. Penalties for violations included a maximum fine of \$50,000 and/or suspension of export privileges. (95th Cong., 1st sess., January 10, 1977.)

S. 69

Senator Stevenson's bill to amend the Export Administration Act marked a reversal of his earlier legislative proposals in that it contained provisions to prohibit secondary boycotts against countries friendly to the U.S. The rest of the bill's provisions were similar to the Bingham bill except that foreign boycott compliance had to be based on intent to comply, and compliance with the unilateral selection by a boycotting country or entity thereof of suppliers, insurers, and carriers was deemed acceptable. Another difference was a clause preempting state legislation against participation in foreign boycotts. (95th Cong., 1st sess., January 10, 1977.)

S. 92

In most material respects, this bill sponsored by Senators Williams and Proxmire, was identical to S. 69 except that it disallowed negative certificates of origin certifying that goods to be shipped were not produced in a boycotted country; prohibited compliance with discriminatory visa and immigration requirements of boycotting countries; and removed the “intent to comply” language of S. 69 with respect to boycott requests. (95th Cong., 1st sess., January 10, 1977.)

Text of the U.S. Antiboycott Legislation of 1977

Public Law 95-52 — June 22, 1977, Title II — Foreign Boycotts

PROHIBITION ON COMPLIANCE WITH FOREIGN BOYCOTTS

SEC. 201. (a) The Export Administration Act of 1969 is amended by redesignating section 4A as section 4B and by inserting after section 4 the following new section:

“FOREIGN BOYCOTTS

SEC. 4A. (a)(1) For the purpose of implementing the policies set forth in section 3(5) (A) and (B), the President shall issue rules and regulations prohibiting any United States person, with respect to his activities in the interstate or foreign commerce of the United States, from taking or knowingly agreeing to take any of the following actions with intent to comply with, further, or support any boycott fostered or imposed by a foreign country against a country which is friendly to the United States and which is not itself the object of any form of boycott pursuant to United States law or regulation:

“(A) Refusing, or requiring any other person to refuse, to do business with or in the boycotted country, with any business concern organized under the laws of the boycotted country, with any national or resident of the boycotted country, or with any other person, pursuant to an agreement with, a requirement of, or a request from or on behalf of the boycotting country. The mere absence of a business relationship with or in the boycotted country, with any business concern organized under the laws of the boycotted country, with any national or resident of the boycotted country, or with any other person, does not indicate the existence of the intent required to establish a violation of rules and regulations issued to carry out this subparagraph.

“(B) Refusing, or requiring any other person to refuse, to employ or otherwise discriminating against any United States person on the basis of race, religion, sex, or national origin of that person or of any owner, officer, director, or employee of such person.

“(C) Furnishing information with respect to the race, religion, sex, or national origin of any United States person or of any owner, officer, director, or employee of such person.

“(D) Furnishing information about whether any person has, has had, or proposes to have any business relationship (including a relationship by way of sale, purchase, legal or commercial representation, shipping or other transport, insurance, investment, or supply) with or in the boycotted country, with any business concern organized under the laws of the boycotted country, with any national or resident of the boycotted country, or with any other person which is known or believed to be re-

stricted from having any business relationship with or in the boycotting country. Nothing in this paragraph shall prohibit the furnishing of normal business information in a commercial context as defined by the Secretary of Commerce.

“(E) Furnishing information about whether any person is a member of, has made contributions to, or is otherwise associated with or involved in the activities of any charitable or fraternal organization which supports the boycotted country.

“(F) Paying, honoring, confirming, or otherwise implementing a letter of credit which contains any condition or requirement compliance with which is prohibited by rules and regulations issued pursuant to this paragraph, and no United States person shall, as a result of the application of this paragraph, be obligated to pay or otherwise honor or implement such letter of credit.

“(2) Rules and regulations issued pursuant to paragraph (1) shall provide exceptions for—

“(A) complying or agreeing to comply with requirements (i) prohibiting the import of goods or services from the boycotted country or goods produced or services provided by any business concern organized under the laws of the boycotted country or by nationals or residents of the boycotted country, or (ii) prohibiting the shipment of goods to the boycotting country on a carrier of the boycotted country, or by a route other than that prescribed by the boycotting country or the recipient of the shipment;

“(B) complying or agreeing to comply with import and shipping document requirements with respect to the country of origin, the name of the carrier and route of shipment, the name of the supplier of the shipment or the name of the provider of other services, except that no information knowingly furnished or conveyed in response to such requirements may be stated in negative, blacklisting, or similar exclusionary terms after the expiration of 1 year following the date of enactment of the Export Administration Amendments of 1977 other than with respect to carriers or route of shipment as may be permitted by such rules and regulations in order to comply with precautionary requirements protecting against war risks and confiscation;

“(C) complying or agreeing to comply in the normal course of business with the unilateral and specific selection by a boycotting country, or national or resident thereof, of carriers, insurers, suppliers of services to be performed within the boycotting country or specific goods which, in the normal course of business, are identifiable by source when imported into the boycotting country;

“(D) complying or agreeing to comply with export requirements of the boycotting country relating to shipments or transshipments of exports to the boycotted country, to any business concern of or organized under the laws of the boycotted country, or to any national or resident of the boycotted country;

“(E) compliance by an individual or agreement by an individual to comply with the immigration or passport requirements of any country with respect to such individual or any member of such individual’s family or with requests for information regarding requirements of employment of such individual within the boycotting country; and

“(F) compliance by a United States person resident in a foreign country or agreement by such person to comply with the laws of that country with respect to his activities exclusively therein, and such rules and regulations may contain exceptions for such resident complying with the laws or regulations of that foreign country governing imports into such country of trademarked, trade-named, or similarly specifically identifiable products or components of products for his own use, including the

performance of contractual services within that country, as may be defined by such rules and regulations.

“(3) Rules and regulations issued pursuant to paragraphs (2) (C) and (2) (F) shall not provide exceptions from paragraphs (1) (B) and (1) (C).

“(4) Nothing in this subsection may be construed to supersede or limit the operation of the antitrust or civil rights laws of the United States.

“(5) Rules and regulations pursuant to this subsection shall be issued not later than 90 days after the date of enactment of this section and shall be issued in final form and become effective not later than 120 days after they are first issued, except that (A) rules and regulations prohibiting negative certification may take effect not later than 1 year after the date of enactment of this section, and (B) a grace period shall be provided for the application of the rules and regulations issued pursuant to this subsection to actions taken pursuant to a written contract or other agreement entered into on or before May 16, 1977. Such grace period shall end on December 31, 1978, except that the Secretary of Commerce may extend the grace period for not to exceed 1 additional year in any case in which the Secretary finds that good faith efforts are being made to renegotiate the contract or agreement in order to eliminate the provisions which are inconsistent with the rules and regulations issued pursuant to paragraph (1).

“(6) This Act shall apply to any transaction or activity undertaken by or through a United States or other person, with intent to evade the provisions of this Act as implemented by the rules and regulations issued pursuant to this subsection, and such rules and regulations shall expressly provide that the exceptions set forth in paragraph (2) shall not permit activities or agreements (expressed or implied by a course of conduct, including a pattern of responses) otherwise prohibited, which are not within the intent of such exceptions.

“(b) (1) In addition to the rules and regulations issued pursuant to subsection (a) of this section, rules and regulations issued under section 4(b) of this Act shall implement the policies set forth in section 3(5).

“(2) Such rules and regulations shall require that any United States person receiving a request for the furnishing of information, the entering into or implementing of agreements, or the taking of any other action referred to in section 3(5) shall report that fact to the Secretary of Commerce, together with such other information concerning such request as the Secretary may require for such action as he may deem appropriate for carrying out the policies of that section. Such person shall also report to the Secretary of Commerce whether he intends to comply and whether he has complied with such request. Any report filed pursuant to this paragraph after the date of enactment of this section shall be made available promptly for public inspection and copying, except that information regarding the quantity, description, and value of any articles, materials, and supplies, including technical data and other information, to which such report relates may be kept confidential if the Secretary determines that disclosure thereof would place the United States person involved at a competitive disadvantage. The Secretary of Commerce shall periodically transmit summaries of the information contained in such reports to the Secretary of State for such action as the Secretary of State, in consultation with the Secretary of Commerce, may deem appropriate for carrying out the policies set forth in section 3(5) of this Act.”.

(b) Section 4(b) (1) of such Act is amended by striking out the next to the last sentence.

(c) Section 7(c) of such Act is amended by striking out “No” and inserting in lieu thereof “Except as otherwise provided by the third sentence of section 4A(b) (2) and by section 6(c) (2) (C) of this Act, no”.

STATEMENT OF POLICY

SEC. 202. (a) Section 3 (5) (A) of the Export Administration Act of 1969 is amended by inserting immediately after “United States” the following: “or against any United States person.”

(b) Section 3 (5) (B) of such Act is amended to read as follows: “(B) to encourage and, in specified cases, to require United States persons engaged in the export of articles, materials, supplies, or information to refuse to take actions, including furnishing information or entering into or implementing agreements, which have the effect of furthering or supporting the restrictive trade practices or boycotts fostered or imposed by any foreign country against a country friendly to the United States or against any United States person.”. SEC. 203. (a) Section 6(c) of the Export Administration Act of 1969 is amended—

(A) by redesignating such section as section 6(c) (1); and

(B) by adding at the end thereof the following new paragraph:

“(2) (A) The authority of this Act to suspend or revoke the authority of any United States person to export articles, materials, supplies, or technical data or other information, from the United States, its territories or possessions, may be used with respect to any violation of the rules and regulations issued pursuant to section 4A(a) of this Act.

“(B) Any administrative sanction (including any civil penalty or any suspension or revocation of authority to export) imposed under this Act for a violation of the rules and regulations issued pursuant to section 4A(a) of this Act may be imposed only after notice and opportunity for an agency hearing on the record in accordance with sections 554 through 557 of title 5, United States Code.

“(C) Any charging letter or other document initiating administrative proceedings for the imposition of sanctions for violations of the rules and regulations issued pursuant to section 4A(a) of this Act shall be made available for public inspection and copying.”.

(b) Section 8 of such Act is amended by striking out “The” and inserting in lieu thereof “Except as provided in section 6(c) (2), the”.

DEFINITIONS

“SEC. 204. Section 11 of the Export Administration Act of 1969 is amended to read as follows:

“DEFINITIONS

“SEC. 11. As used in this Act—

“(1) the term ‘person’ includes the singular and the plural and any individual, partnership, corporation, or other form of association, including any government or agency thereof; and

“(2) the term ‘United States person’ means any United States resident or national (other than an individual resident outside the United States and employed by other than a United States person), any domestic concern (including any permanent domestic establishment of any foreign concern) and any foreign subsidiary or affiliate (including any permanent foreign establishment) of any domestic concern which is controlled in fact by such domestic concern, as determined under regulations of the President.”.

PREEMPTION

SEC. 205. The amendments made by this title and the rules and regulations issued pursuant thereto shall preempt any law, rule, or regulation of any of the several States

or the District of Columbia, and any of the territories or possessions of the United States, or of any governmental subdivision thereof, which law, rule, or regulation pertains to participation in, compliance with, implementation of, or the furnishing of information regarding restrictive trade practices or boycotts fostered or imposed by foreign countries against other countries.

Approved June 22, 1977.

State Antiboycott Legislation

1. Illinois

Illinois was the first American state to enact antiboycott legislation. On September 12, 1975, three pieces of legislation came into force. These were:

- The *Illinois Blacklist Trade Law*, which prohibited financial institutions, government agencies, and shipping companies from entering into contracts or processing letters of credit containing provisions discriminating against any person on the basis of race, color, creed, national ancestry, or sex or on ethnic or religious grounds *or on the basis of any connection between that person and any other entity*. (Public Act 79-964.)
- An amendment to the *Commissioner of Banks and Trust Companies Act* that authorized the commissioner to issue regulations prohibiting “discrimination by any state-chartered bank against any individual, corporation, partnership, association or other entity because he or it appeared on a so-called blacklist issued by any domestic or foreign corporate or governmental entity.” (Public Act 79-963.)
- An amendment to the *Illinois Anti-Trust Act* making it a violation for any agent of a foreign government or officer of any corporation doing or seeking business with a foreign government to enforce, attempt to enforce, agree to, or take action to forward the aims of any discriminatory practice by the foreign government based on race, color, creed, national ancestry, or sex, or on ethnic or religious grounds where such conduct or agreement took place in whole or in part within the United States and affected business in Illinois. (Public Act 79-965.)

2. New York

The second state to follow suit with antiboycott legislation was New York, which approved an amendment to the Human Rights Law sponsored by Democratic Assemblyman Joseph F. Lisa of Queens. Effective January 1, 1976, the amendment outlawed discrimination, boycotts, blacklisting, or refusals to buy from, sell to, or trade with, any person because of his race, creed, color, national origin, sex, or of such person’s partners, members, stockholders, directors, officers, managers, superintendents, agents, employees, business associates, suppliers, or customers. This provision also applied to acts committed outside New York against state residents or corporations authorized to do business in the state. The penalty for nonresident persons or foreign corporations failing to comply with cease-or-desist orders issued for violating this provision was a prohibition on transacting future business in New York State. (*New York Laws 1975*, ch. 662.)

3. California

Two bills were enacted by California to combat compliance with foreign boycotts:

- Assemblyman Leo McCarthy and Senator David Roberti originated an amendment to the Unruh Civil Rights Act prohibiting discriminatory practices similar to those contained in the New York legislation. Violators were liable for a maximum payment of three times the cost of actual damages. (*California Civil Code*, section 51.5.) The amendment was passed in July 1976.
- Amendments to the *Business and Professions Code* were introduced by Assemblyman Howard Berman and enacted into law on September 27, 1976. They prohibited the signing of sales contracts, the issuing or acceptance of letters of credit, and exclusion of any person or corporation from a business transaction requiring discrimination on the basis of sex, race, color, religion, ancestry, or national origin or on the basis of a person's or corporation's lawful business association or particular location in which they conduct or have conducted business. (*Business and Professional Code*, sections 16721 and 16721.5.) Penalties for violations were a maximum fine of \$1 million, recovery of triple damages, a ban on guilty foreign corporations on conducting business in the state and/or imprisonment for up to three years.

4. Ohio

Effective October 1, 1976, amendments to Ohio's *Revised Code* made it illegal for companies, banks, building and loan associations, and securities dealers to refuse to deal with firms blacklisted by foreign governments and corporations. Securities dealers were also prohibited from selling the securities of, or for, an issuer known to have engaged in blacklisting or boycotting practices in relation to the issuance or sale of the securities. Letters of credit were included in the refusal-to-deal provisions aimed at banks. A licensed securities dealer violating these provisions was liable to a maximum prison term of five years, a fine of up to \$5,000, or both. Other violators were subject to a maximum fine of \$10,000 and/or five years imprisonment, a fine of \$500 per day for each day the violation continued after notice by a prosecuting attorney, and the payment of double the amount of damages claimed by an injured party. (*Revised Code of Ohio*, sections 1331.01–03, 1331.08, 1331.10–11, 1331.99, 1707.44, 2307.382, 1129.11, and 1153.05.)

5. Massachusetts

On December 6, 1976, Governor Michael Dukakis of Massachusetts signed an executive order prohibiting companies with state contracts valued at more than \$5,000 from participating in foreign boycotts. Contracts were to be cancelled for violations of the order. (Massachusetts Executive Order no. 12.)

In addition, the *General Laws* of the State were amended effective January 1, 1977 rendering it unlawful for any person or firm doing business therein to enter into any contract or arrangement with a foreign government or organization requiring such person or firm to refuse or cease to do business in the state with any other person or firm on the grounds of their race, color, religion, sex, national origin, or foreign trade relationships.

Of significance too was the ban on executing in the state any contract with a foreign entity requiring a refusal to do business with persons or firms located anywhere in the world because of discriminatory considerations outlined above. Finally, discriminatory employment practices pursuant to any agreement with a foreign government or organization were also barred. Exempted were business practices authorized by federal legislation and treaties and agreements regarding the issuing and shipping of goods. (*General Laws of Massachusetts*, ch. 151 E.)

6. Maryland

The antiboycott law of Maryland became effective on January 1, 1977. Its scope was restricted to participation in foreign discriminatory boycotts interfering with any business relationship on the basis of a state resident's or corporation's race, color, creed, religion, sex, or national origin. Willful violations of the law brought a maximum fine of \$50,000, or up to six months imprisonment, or both. Injured parties were to be awarded triple the claimed damages in any suit filed in and supported by the courts. A specific exemption was allowed for arrangements with respect to the shipping of goods and the choice of carrier while in international transit. (*Commercial Law, Annotated Code of Maryland*, sections 11-2A01 to 11-2A15.)

7. New Jersey

New Jersey became the seventh state to enact antiboycott legislation. On May 19, 1977, Governor Brendan Byrne signed into law Assembly Bill 2334, sponsored by Assemblyman Peter Shapiro and Vincent Pellecchia, which amended the Law Against Discrimination. It outlawed:

- Refusals to do business with any person on the basis of race, color, creed, national origin, ancestry, age, sex, marital or military status, or nationality of such person's business associates, suppliers or customers;
- Granting or accepting letters of credit containing such discriminatory provisions;
- Participation or support for boycotts or commercial blacklists of persons refusing to engage in such discriminatory practices.

Persons aggrieved by such discrimination could be awarded triple damages. (Public Law 1945, sections 10:5-3, 5-12, 5-17.)

8. Washington

On June 8, 1977 the state of Washington passed legislation prohibiting restraints on freedom of commerce imposed by foreign boycotts or blacklists on the basis of race, color, creed, religion, sex, national origin, or lawful business relationships. Injured parties could recover the cost of actual damages. (*Laws of 1977*, ch. 192.)

9. Connecticut

Connecticut passed antiboycott legislation in June 1977 virtually identical to that of Maryland. It was to take effect on July 1, 1978. (Public Act no. 77-596.)

10. Oregon

House bill 2562 was passed by the Oregon state legislature to counter foreign discriminatory boycotts. It took effect on July 15, 1977. (*Oregon Revised Statutes*, section 30:860.)

11. Minnesota

State Senator Stephen Keefe's bill SF 125 became law in mid-1977. Its provisions included within the ambit of Minnesota's antitrust laws any firm cooperating with foreign discriminatory practices that were termed unreasonable restraints of trade. (*Minnesota Annotated Statutes*, section 325.8015.)

12. North Carolina

In July 1977, the General Assembly of North Carolina passed a bill originally sponsored by State Senator Marshall Rauch prohibiting business and employment discrimination based on agreements with foreign governments or entities. The types of discrimination outlawed related to race, color, creed, religion, sex, national origin, or foreign trade relationships. The latter were defined as "the dealing with or in any foreign country of any person, or being listed on a boycott list or compilation of any unacceptable persons maintained by a foreign government, foreign person or international organization." (*North Carolina General Statutes*, ch. 75-B.)

13. Florida

Legislation was passed by Florida to take effect in 1978 enjoining the following unlawful restraints of trade: (*Florida Statutes*, section 542.13.)

- Granting or accepting any letter of credit or similar document or entering into any contract which requires discrimination against or certifications that no business has been or will be conducted with any person or firm on the basis of sex, race, color, religion, ancestry, or national origin, or on the basis of a person's or firm's lawful business associations, in order to comply with a foreign boycott;
- Refusing to grant or accept any letter of credit or similar document or refusing to enter into any contract on the ground that they do not contain such discriminatory provisions or certifications;
- Requesting or furnishing information with regard to a person's or firm's race, religion, sex, ethnic or national origin, or presence or absence on a blacklist for the use of a foreign country or its nationals in order to comply with a foreign boycott;
- Requesting or furnishing information with regard to the place where commodities were not manufactured or did not originate for the use of a foreign country or its nationals in order to comply with a foreign boycott.

Proposed antiboycott legislation in other states during 1977 that did not enter into law because of the passage of the federal Export Administration Amendments of 1977 in the summer of that year are listed below:

1. Louisiana: Senate Bill 35

Participation in foreign discriminatory boycotts against any person on the basis of race, color, creed, religion, sex, national or ethnic origin, or on the basis of a person's past or present lawful business association or the location in which a person conducts or has conducted business was declared unlawful. Contracts, letters of credit or agreements violating this provision were to be null and void. Injured parties could be awarded three times the amount of actual damages or \$5,000, whichever was greater. (An Act to Amend Title 51 of the Louisiana Revised Statutes of 1950, April 1977.)

Texas: Bill to Amend the Business and Commercial Code

Criminal penalties of up to ten years imprisonment and/or a fine of \$50,000 were prescribed in this bill for entering into contracts with discriminatory provisions pursuant to a foreign boycott. (An Act to Amend the Business and Commercial Code, February 1977.)

3. Pennsylvania: House Bill 486

Coercive economic acts limiting or preventing free commercial association were declared prohibited practices. Such acts were defined as boycotting, blacklisting, refusing to do business, entering or refusing to enter into contracts, issuing or accepting letters of credit or complying with foreign requests where the basis for such action is the race, color, sex, religious creed, ancestry, national origin, ethnicity or relationship of any person with any foreign entity. Penalties envisaged were a maximum fine of \$50,000, or one year imprisonment, or both. In addition, violators would forfeit the right to continue to do business in the state. The recovery of threefold actual damages by aggrieved entities was also stipulated. (The Free Commercial Association Act, March 1977.)

4. Michigan: Bill SB 430

This bill aimed to prevent the conclusion of business contracts containing discriminatory provisions, including reference to a person's foreign trade relationships. (*U.S. Export Weekly*, May 10, 1977.)

5. Nevada: Bill AB 610

The intent of this bill was to deny acceptance by state agencies of bids from companies identified by the U.S. Commerce Department as participating in foreign boycotts. (*U.S. Export Weekly*, May 10, 1977.)

6. South Carolina

A bill introduced in the General Assembly would have outlawed discriminatory business practices on the part of individuals, unions, and companies when entering into foreign trade relations. (*U.S. Export Weekly*, May 17, 1977.)

7. Georgia

A bill similar to South Carolina's was introduced in the state Senate. (*U.S. Export Weekly*, March 8, 1977.)

8. Missouri: Bill SB 472

This bill was designed to prohibit discrimination and refusals to deal because of considerations of race, color, religion, sex, or national origin, or because a party dealt either directly or indirectly with any foreign country. Action for damages and injunctive relief were also provided. (*U.S. Export Weekly*, March 15, 1977.)

9. Virginia

During its 1977 legislative session, the Virginia Advisory Legislative Council conducted a study on the desirability and feasibility of legislation prohibiting foreign discriminatory economic boycotts based on race, color, religion, sex, or national origin. In February 1978, the Virginia General Assembly concluded that the enactment of federal antiboycott legislation had preempted the state from proceeding with antiboycott legislation. However, it resolved that should the effectiveness of federal statutes become diminished, it would be appropriate to enact legislation of its own. (House Joint Resolution no. 122, February 6, 1978.)

APPENDIX C:

U.S. COMPANIES CHARGED WITH EAA BOYCOTT VIOLATIONS

1979-1981

1. *Air Guide Corp., Hialeah, Fla.*: Failure to report boycott-related requests from Kuwait, Abu Dhabi, Dubai, and Qatar — \$6,000.
2. *Aurora Pump Co., Division of General Signal Corp., Aurora, Ill.*: Failure to report receipt of boycott-related requests from Kuwait, Egypt, and Iraq — \$8,500.
3. *W. A. Baum Co., Copiague, N. Y.*: Signed a distributorship agreement with Abu Dhabi stating "there is no Israeli interest, influence, labor, or ownership" in company and failing to report — \$6,000.
4. *California Farms & Cannery, Inc., San Francisco, Calif.*: Failure to report boycott-related requests from Saudi Arabia — \$4,000.
5. *Cameron Iron Works, Inc., Houston, Tex.*: Repeatedly furnished information to Iraq, Libya, and the Persian Gulf states from its U.S. and British offices that its products not of Israeli origin — \$65,500.
6. *Core Laboratories, Inc., Dallas, Tex.*: Certified that it has no direct or indirect connections with Israel in shipments to Bahrain, Egypt, Iraq, and Libya — \$81,300.
7. *Daiichi Jitsugyo (America), Inc., New York, N. Y.*: Failure to report boycott-related requests and furnishing information on business relationships with a boycotted country — \$9,000.
8. *Express Forwarding & Storage Co., New York, N. Y.*: Provided negative certificate of origin to Saudi Arabia — \$1,000.
9. *Fairco Inc., New Orleans, La.*: Certified to Bahrain that shipment was from a nonblacklisted manufacturer — \$1,500.
10. *Finagrain Compagnie Commerciale Agricole et Financière, Geneva, Switzerland (Subsidiary of Continental Grain Co.)*: Certified that shipments to Iraq not of Israeli origin and that company not affiliated with blacklisted companies — \$20,000.
11. *Greene Air International Inc., Oakbrook, Ill.*: Provided negative certificates of origin to Iraq and attested to its nonblacklisted status to Saudi Arabia — \$10,000.
12. *ITT Grinnell Corp., Providence, R. I.*: Late filing of 101 boycott-related requests from Saudi Arabia — \$50,500.
13. *Kintetsu World Express (U.S.A.), Houston, Tex.*: Failed to report receipt of boycott-related requests and furnished negative certificates of origin to Egypt and Kuwait — \$91,000.
14. *La Pine Scientific Co. Inc., Chicago Ill.*: Responded to Kuwait bid invitation requiring use of goods from nonblacklisted suppliers and manufacturers — \$4,500.

15. *Library Bureau Inc.*, *Herkimer, N. Y.*: Agreed to refuse to do business with Israel and blacklisted firms to obtain Libyan orders for furniture and library equipment — \$10,000.
16. *Maron Shipping Agency, Inc.*, *New York, N. Y.*: Certified to the United Arab Emirates that it was shipping goods on a nonblacklisted vessel — \$1,000.
17. *MEM Company Inc.*, *North Vale, N. J.*: Failed to report receipt of boycott-related request from United Arab Emirates and furnished information on its business relationship with Israel when re-registering its trademark in Saudi Arabia — \$2,000.
18. *Murphy Diesel Co.*, *Milwaukee, Wis.*: Certified to Iraq that company and owners not blacklisted and that products non-Israeli — \$6,000.
19. *Nippon Express U.S.A. Inc.*, *New York, N. Y.*: Failure to report boycott-related requests and/or furnishing information on business relationships with a boycotted country — \$13,500.
20. *Nissho-Iwai American Corp.*, *New York, N. Y.*: Same — \$8,500.
21. *The Pace Company Consultants & Engineers, Inc.*, *Houston, Tex.*: Informed Kuwait that it had no business of any kind with Israel in responding to bid invitation — \$5,000.
22. *Raytheon Corp.*, *Lexington, Mass.*: Supplied the Central Boycott Office in Damascus with information about its business relationships — \$5,000.
23. *Reimers Electra Steam Inc.*, *Clearbrook, Va.*: Certified to Syria that goods did not contain materials of Israeli origin — \$5,000.
24. *Rue Forwarding Co.*, *New York, N. Y.*: Certified to Dubai that goods non-Israeli and to Kuwait that supplier of goods not blacklisted nor affiliated with blacklisted companies — \$3,000.
25. *Rockwell International Corp.*, *Pittsburgh, Pa.*: Subsidiaries in West Germany and U.K. provided certification on their nonblacklisted status and on non-Israeli origin of goods to Jordan, Saudi Arabia, and Gulf states — \$71,000.
26. *Milton Snedeker Corp.*, *New York, N. Y.*: Transmitted certificates of origin to Libyan buyer declaring that manufacturer of goods had no Israeli partners — \$1,000.
27. *Minnesota Mining & Manufacturing Co.*, *St. Paul, Minn.*: Late reporting of boycott-related requests and certifications by its European subsidiaries that products they sold did not originate in Israel and that company not related to blacklisted firms — \$137,500.
28. *Wilson Industries Inc.*, *Houston, Tex.*: See 19 and 20 — \$8,000.
29. *Zamilco International Inc.*, *Albertson, N. Y.*: Furnishing business information in furtherance of the boycott and responding to Bahrain questionnaire that "the principals of this organization are all Moslems. They have never had any interest in the country of Israel and the same policy will apply as long as this company exists" — \$32,000.
30. *Allied Electronics*, *Fort Worth, Tex.*: Responded to bid invitations from Saudi Arabia and Qatar agreeing not to do business with companies on Arab blacklists — \$10,000.
31. *CSC Scientific Company Inc.*, *Chicago, Ill.*: Same as above — \$25,000.
32. *United China & Glass Co.*, *New Orleans, La.*: Provided negative certificates of origin to Arab countries, and failed to report boycott-related requests — \$12,000.
33. *Schaefer & Krebs Inc.*, *New York, N. Y.*: Certified to Kuwait that a company was not blacklisted or associated with blacklisted firms — \$10,000.

34. *Tideland Signal Corp., Houston, Tex.*: Furnished information about its business relationships with Israel and blacklisted persons — \$15,000.

1982

1. *A. R. Nelson Co. Inc., Long Island City, N. Y.*: Certified that goods of non-Israeli origin and not exported from Israel — \$3,000.
2. *Airborne Freight Corp., Seattle, Wash.*: Furnished information on business relations of other companies — \$4,000.
3. *Albert E. Bowen, Inc., New York, N. Y.*: Refused to do business with U.S. companies and failed to report boycott-related requests — \$16,000.
4. *American Sterilizer, Erie, Pa.*: Furnished negative certificate of origin; late reporting of boycott-related requests — \$5,500.
5. *American Trade International, South Hauppauge, N. Y.*: Failure to report boycott-related requests — Pending.
6. *Basoid Div., NL Industries Inc., Houston, Tex.*: Furnished information on its business relations with boycotted country and blacklisted firms — \$16,000.
7. *Colorado International Inc., Boulder, Colo.*: Provided negative certificates to Libya re the non-Israeli origin of its exports and their raw materials — \$2,000.
8. *Columbia Pictures Industries Inc., New York, N. Y.*: Furnished information to Jordan on its business relationship with a blacklisted company — \$22,500 and suspension of export privileges for six months.
9. *Continental Bank International, Chicago, Ill.*: Late reporting of boycott-related requests — \$13,000.
10. *Daniel F. Young Inc., New York, N. Y.*: Provided negative shipping and origin declarations to Egypt and Kuwait — \$11,500.
11. *Dessert Seed Co. Inc., El Centro, Calif.*: Late reporting of boycott-related requests — \$52,000.
12. *Dornsey International Sales Corp., Brooklyn, N. Y.*: Certified that no Israeli products used in manufacture of exports and furnished information on its relations with a boycotted country — \$9,000.
13. *F. H. Fenderson Inc., Boston, Mass.*: Furnished information on its relations with a boycotted country and on the blacklisted status of vessels used — \$4,500.
14. *Henry Stern & Co. Inc., Hartsdale, N. Y.*: Furnished information on its relations with a boycotted country and blacklisted companies and failed to report boycott-related request — Pending.
15. *J. A. Preston Corp., Clifton, N. J.*: Late reporting of boycott-related requests — \$9,500.
16. *Kuljian Corp., Philadelphia, Pa.*: Refused to do business with other companies — \$10,000.
17. *M. G. Maher & Co., New Orleans, La.*: Refused to ship goods on blacklisted vessels; furnished information on blacklisted status of other companies and failed to report — \$5,500.
18. *McLean International Inc., Baltimore, Md.*: Provided negative certificate of origin — \$1,500.
19. *Maison International Ltd., Norwood, N. J.*: Furnished information on the organizational status and stockholders of one of its suppliers — \$6,000.
20. *Marine Midland Bank, Buffalo, N. Y.*: Implemented boycott-tainted letters of credit and failed to report — \$14,500.

21. *Merican Curtis Inc.*, Philadelphia, Pa.: Provided certification on its blacklisted status—\$4,000.
22. *Mojonnier Bros.*, Chicago, Ill.: Furnished religious information about a U.S. person to Jordan—\$7,500.
23. *Nalley's Fine Foods International*, Tacoma, Wash.: Failed to report boycott-related requests—\$17,000.
24. *Norman Rivlin Co.*, New York, N.Y.: Late reporting of boycott-related requests—\$5,000.
25. *Northstar Brokerage Inc.*, New York, N.Y.: Certified that it was not blacklisted and failed to report—\$550.
26. *Philadelphia International Bank*, New York, N.Y.: Late reporting of 220 boycott-tainted letters of credit—\$189,000.
27. *Porter International Inc.*, San Diego, Calif.: Provided negative certificates of origin—\$6,000.
28. *Reed Rock Bit Co.*, Houston, Tex.: Late reporting of boycott-related requests—\$4,000.
29. *Richards, Harris & Medlock*, Dallas, Tex.: Responded to Iraqi boycott questionnaire—\$21,500.
30. *Robbins Fleisig Forwarding Inc.*, New York, N.Y.: Provided negative certificates of origin and failed to report—\$13,500.
31. *SAK International Inc.*, Coral Gables, Fla.: Failed to report boycott-related requests—\$8,500.
32. *Sarpa Trading Co.*, Boston, Mass.: Agreed not to ship goods on blacklisted vessels—\$4,500.
33. *Security Pacific Bank*, San Francisco, Calif.: Late reporting of boycott-tainted letters of credit—\$25,000.
34. *Simmonds Cutting Tools, Division of Wallace-Murray Corp.*, Fitchburg, Mass.: Failed to report boycott-related requests—\$16,000.
35. *State Street Bank & Trust Co.*, Boston, Mass.: Failed to report boycott-related requests—\$24,500.
36. *Stylist International Inc.*, Teterboro, N.J.: Failed to report boycott-related requests—\$2,000.
37. *Stylist Cold-Tech*, Teterboro, N.J.: Failed to report boycott-related requests—\$1,000.
38. *Stylist Foods Inc.*, Englewood Cliffs, N.J.: Failed to report boycott-related requests—\$2,000.
39. *Transamerica Delaval Inc.*, Princeton, N.J.: Failed to report boycott-related requests received by its Netherlands affiliate; certified to Yemen Arab Republic that it was not an Israeli firm, owned no Israeli property, did not work for Israel, and did not support Israel in its military warfare—\$8,500.
40. *UBAF Arab-American Bank*, New York, N.Y.: Processed boycott-tainted letters of credit from Bahrain, Iraq, Oman, and Syria—\$53,000.
41. *Union Air Transport*, Baldwin, N.Y.: Furnished information on its and another's business relationships with blacklisted firms or a boycotted country—\$64,000.
42. *Wallace Silversmiths Inc.*, Wallingford, Conn.: Furnished information on its and another's business relationships with blacklisted firms or a boycotted country—\$15,750.
43. *Wells Fargo Bank*, San Francisco, Calif.: Late reporting of boycott-related requests—\$10,000.

44. *Xerox Corp., Stamford, Conn.*: Furnished information on relations with a boycotted country—*Pending*.
45. *Yurata Corp., Cedar Grove, N.J.*: Failed to report boycott-related requests—\$19,000.
46. *Zeno Mfg. Co. Inc., Chicago, Ill.*: Its European office provided negative certificates of origin; late reporting of boycott-related requests—\$3,500.

1983

1. *ARCO Crude Trading, Los Angeles, Calif.*: Failure to promptly report requests from OPEC, Dubai, Oman, Qatar, and Saudi Arabia not to ship Arab oil to Israel—\$8,000.
2. *Abro Industries, South Bend, Ind.*: Failure to promptly report receipt of boycott-related requests on blacklisted status of vessels—\$4,000.
3. *Action International, North Hollywood, Calif.*: Failure to promptly report 22 boycott-related requests—\$16,500.
4. *Aladdin Industries, Nashville, Tenn.*: Provided Iraq with information on its business relations with blacklisted firms—\$24,500.
5. *Almac Shipping Co., New York, N.Y.*: Failed to promptly report Iraqi requests for negative certificates of origin and attestations that it had no relations with blacklisted firms—\$13,000.
6. *Anderson-Greenwood International, Bellaire, Tex.*: Furnished boycott-related information and failed to report promptly—\$6,600.
7. *Bank of America, San Francisco, Calif.*: Branches in Houston and New York implemented letters of credit from Dubai and United Arab Emirates containing boycott clauses—\$108,000.
8. *Bank of New York, New York, N.Y.*: Late filing of 49 boycott-related requests contained in letters of credit—\$24,500.
9. *Bankers Trust Co., New York, N.Y.*: Confirmed letter of credit from Libya with boycott clause—\$5,000.
10. *Chrysler Corp., Detroit, Mich.*: Failed to promptly report boycott-related requests—\$45,000.
11. *Citibank, New York, N.Y.*: Failure to promptly report 337 boycott-related requests contained in letters of credit from Abu Dhabi, Kuwait, and Oman—\$323,000.
12. *Citizens & Southern Georgia Corp., Atlanta, Ga.*: Three of its banks in Atlanta, Miami, and New Orleans failed to promptly report boycott-related requests; latter bank implemented boycott-tainted letter of credit—\$32,400.
13. *Continental Bank International, Chicago, Ill.*: Late filing of boycott-related requests—\$4,000.
14. *Coronet Industries, Dalton, Ga.*: Late filing of boycott-related requests—\$17,000.
15. *Credit Commercial de France, New York, N.Y.*: Late filing of 70 boycott-related letters of credit—\$44,500.
16. *Da-Lite Screen International, Warsaw, Ind.*: Furnished boycott-related information and filed late—\$2,000.
17. *Doric Scientific, San Diego, Cal.*: Provided negative certificates of origin to Abu Dhabi and failed to file boycott-related requests promptly—\$4,500.

18. **Dravo Corp.**, Pittsburgh, Pa.: Provided prohibited information on its business relations with Israel on 56 separate occasions—\$56,500.
19. **FMC Corp.**, Chicago, Ill.: Late filing of boycott-related requests—\$8,500.
20. **First National Bank**, Minneapolis, Minn.: Failure to promptly report 51 boycott-related requests—\$46,500.
21. **First National Bank**, Chicago, Ill.: Implemented boycott-tainted letter of credit and failed to promptly report 21 boycott-related requests—\$18,000.
22. **Garrett Corp.**, Los Angeles, Calif.: Failed to promptly report requests for negative certificates of origin—\$12,000.
23. **J. T. Gibbons Inc.**, New Orleans, La.: Provided negative certificates of origin to Qatar—\$15,000.
24. **Gould World Trade Corp.**, Rolling Meadows, Ill.: Furnished information about its business relations with Israel and failed to report boycott-related requests—\$9,000.
25. **Grand Union Co.**, Elmwood, N.J.: Late filing of boycott-related requests from Bahrain, Dubai, Kuwait, and Oman—\$19,500.
26. **C. S. Greene & Co. Inc.**, New York, N.Y.: Furnished information to Kuwait about a customer's business relations with blacklisted persons—\$45,000 and denial of right to export certain goods to Kuwait for one year.
27. **Heemsoth-Kerner Corp.**, New York, N.Y.: Failure to promptly report boycott-related shipping requests from Bahrain, Dubai, Kuwait, Libya, and Oman—\$6,000.
28. **Hewlett-Packard Co.**, Palo Alto, Calif.: Austrian and Swiss subsidiaries provided negative certificates of origin and failure to promptly report requests—\$9,000.
29. **Hollar & Co.**, Rocky Ford, Colo.: Furnished boycott-related information and failure to report—\$28,000.
30. **Intercontinental Concord Inc.**, New York, N.Y.: Failed to report receipt of boycott-related shipping requests—\$7,000.
31. **International Marketing Group**, Los Angeles, Calif.: Provided Oman with information on business dealings in Israel and failure to report boycott-related requests—\$13,000.
32. **Kwik-Way International**, Marion, Iowa: Furnished information to Iraq, Syria, and the United Arab Emirates on its business dealings with Israel and late filing of boycott requests—\$54,000.
33. **Lloyd's Bank International**, New York, N.Y.: Implemented letters of credit containing boycott conditions; failure to report promptly—\$25,000.
34. **McMaster-Carr Supply Co.**, Chicago, Ill.: Agreed not to use carriers blacklisted by Arab states and failed to report promptly—\$4,500.
35. **Robert E. Meyer**, Boston, Mass.: Furnished Saudi Arabia with trademark registration declaration that Zemco Corp has no relations with Israel and failed to report—\$5,000.
36. **Milchem Inc.**, Houston, Tex.: Provided Iraq and Oman information on relations with Israel—\$17,000.
37. **Northern Trust International Banking Corp.**, New York, N.Y.: Failure to report boycott-tainted letters of credit from Kuwait—\$14,500.
38. **Regal Tire Corp.**, Chalfont, Pa.: Failure to promptly report requests for boycott-related shipping certification from Kuwait and Qatar—\$6,000.
39. **Sarco International**, Allentown, Pa.: Furnished information on its business dealings with Israeli firms—\$2,500.

40. *H. H. Schwinger Co.*, North Hollywood, Calif.: Failure to promptly report boycott-related requests — \$5,250.
41. *Solano Forwarding Co.*, Pennsauken, N.J.: Failure to promptly report boycott-related shipping requests — \$11,500.
42. *Square D. Co.*, Palatine, Ill.: Agreed not to do business with firm boycotted by Qatar; furnished information to Bahrain and United Arab Emirates on its and other companies' relations with Israel and blacklisted firms; failed to promptly report boycott-related requests from these countries and from Jordan, Iraq, Kuwait, and Saudi Arabia — \$19,500.
43. *Stylebuilt Accessories, Inc.*, New York, N.Y.: Late filing of requests from Bahrain and Kuwait not to ship goods from Israel and other countries — \$8,000.
44. *Tactec Systems Inc.*, Meadowlands, Pa.: Furnished to Abu Dhabi information about its business relationships with Israel — \$5,000.
45. *Transammonia Inc.*, New York, N.Y.: Swiss subsidiary complied with Libyan boycott demands — \$20,000.
46. *Tutco Inc.*, Cookeville, Tenn.: Failure to promptly report 20 boycott-related requests from Bahrain, Kuwait, and Saudi Arabia — \$10,000.
47. *United Export Corp.*, South Bend, Ind.: Late filing of boycott-related requests — \$2,500.
48. *Walid K. Motors*, New York, N.Y.: Failed to report boycott-related shipping requests from Kuwait — \$1,000.
49. *Worthington Compressor Inc.*, Memphis, Tenn.: Responded to Iraqi boycott questionnaire — \$40,000.
50. *Xerox Corp.*, Stamford Conn.: Provided negative certificates of origin, furnished information on the names and nationalities of its stockholders, and provided information on a third party's business relations with persons blacklisted by the Arab League — \$17,000 and 6-month denial of right to export to Bahrain, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates, People's Democratic Republic of Yemen, and Yemen Arab Republic.

1984

1. *Admiral International Inc.*, Schaumburg, Ill.: Failed to promptly report shipping boycott requests from Oman, Qatar, and Bahrain — \$3,000.
2. *Alberto-Culver Co.*, Melrose Park, Ill.: Provided prohibited information to Iraqi Trademark Office about its business relationships with Israel — \$3,500.
3. *Alloy International Co.*, Chicago, Ill.: Failed to promptly report boycott-related requests — \$15,000.
4. *American Climate Control*, Woodbridge, N.J.: Complied with Syrian boycott regulations — \$3,000.
5. *American Pharmaceutical Co.*, Passaic, N.J.: Failed to report boycott-related requests — \$5,500.
6. *Argus Sales Corp.*, Long Island City, N.Y.: Failed to report boycott-related requests — \$8,000.
7. *BDP International Inc.*, Philadelphia, Pa.: Provided certification to Iraq that goods not of Israeli origin and their manufacturer not related to boycotted firms; failed to promptly report boycott-related requests — \$9,500.
8. *Bankamerica International*, San Francisco, Calif.: Failed to promptly report boycott-related requests from Kuwait and Saudi Arabia — \$82,500.

9. *Basic Food International, Hollywood, Fla.*: Failed to report or promptly report boycott-related requests from Kuwait, Oman, Qatar, Saudi Arabia, and U.A.E. — \$9,500.
10. *Bruhall International Corp., Rumson, N.J.*: Failed to report boycott-related requests — \$11,000.
11. *Carrier International Corp., Syracuse, N.Y.*: Failed to promptly report 111 boycott-related requests — \$55,500.
12. *Celotex Corp., Tampa, Fla.*: U.K. subsidiary furnished information to CBO on its business relations with Israel and agreed to comply with rules of boycott — \$7,500.
13. *Central Engineering International Co., Minneapolis, Minn.*: Agreed with Iraq to refuse to do business with Israel and provided information on its business dealings with Israel — \$17,000.
14. *Dakota International Corp., Freeport, N.Y.*: Failed to report boycott-related requests — \$8,000.
15. *Deere & Co., Moline, Ill.*: John Deere European Parts Distribution Center in West Germany certified that goods not of Israeli origin — \$109,000.
16. *Dresser Industries Inc., Dallas, Tex.*: Failed to promptly report boycott requests from Dubai, Iraq, Kuwait, Libya, and Syria — \$11,000.
17. *Dumas International Inc., Commerce, Okla.*: Refused to do business with Israeli companies and furnished information to Libya on its business relations with Israel and blacklisted persons — \$15,500.
18. *Energy International Corp., Troy, Mich.*: Failed to promptly report boycott-related requests from Bahrain, Kuwait, and U.A.E. — \$12,000.
19. *Enterprise Shipping Corp., San Francisco, Calif.*: Supplied negative certificate of origin and failed to report boycott-related requests — \$10,500.
20. *Export Agencies Corp., Freeport, N.Y.*: Failed to promptly report boycott requests from Bahrain, Iraq, Oman, and U.A.E. — \$32,000.
21. *Express Foods Co., Louisville, Ky.*: Failed to promptly report — \$5,500.
22. *Fakir International Corp., Brooklyn, N.Y.*: Failed to promptly report boycott-related requests received from Kuwait re Israeli origin of goods and eligibility of vessel — \$6,000.
23. *Fiatallis North America Inc., Carol Stream, Ill.*: Issued negative certificates of origin — \$14,000.
24. *Filtrine Manufacturing, Harrisville, N.H.*: Failed to promptly report boycott-related requests from Kuwait, Qatar, and U.A.E. re status of vessels, goods, and insurance companies — \$14,000.
25. *Fleet National Bank, Providence, R.I., and Fleet International Bank, New York, N.Y.*: Failed to promptly report boycott-related requests from Egypt, Kuwait, Lebanon, Qatar, and U.A.E. — \$109,000.
26. *Fred Sonneberg Sales Corp., Elmhurst, N.Y.*: Certified that steamships carrying goods to Iraq were not blacklisted; failed to promptly report — \$12,000.
27. *Freight Base Inc., Houston, Tex.*: Failed to report boycott-related requests — \$8,000.
28. *GEM Forwarding Corp., New York, N.Y.*: Failed to report boycott-related requests — \$9,000.
29. *Gulftex International Ltd., Houston, Tex.*: Failed to promptly report boycott-related requests — \$7,500.

30. *Hoegh Lines (U.S.) Inc., New York, N. Y.*: Failed to promptly report boycott-related requests from Dubai and Kuwait — \$12,000.
31. *Horizon Industries Inc., Calhoun, Ga.*: Failed to report boycott-related requests from Kuwait, U.A.E., Bahrain, Qatar, and Oman — \$29,500.
32. *IMED Corp., San Diego, Calif.*: Foreign subsidiaries provided negative certificates of origin; stated that not affiliated with blacklisted companies and refused to ship on blacklisted aircraft — \$9,500.
33. *International Harvester Co., Chicago, Ill.*: Subsidiaries in France and West Germany adhered to Syrian boycott regulations; negative certificates of origin also issued — \$104,000.
34. *Johnson Controls Inc., Milwaukee, Wis.*: Subsidiaries in Belgium, Holland, Italy, and West Germany furnished prohibited information to Saudi Arabia and Bahrain; negative origin certificates issued; failed to promptly report — \$168,000.
35. *King Trading Corp., Jericho, N. Y.*: Furnished information to Syria and Iraq on its business relations with boycotted countries or blacklisted persons; failed to report — \$69,500 and six-month denial of export privileges to Syria.
36. *Koehring Co., Brookfield, Wis.*: In response to requests from Syria, refused to do business with Israel, Israelis, and Jews — \$12,500.
37. *Kraemer Mercantile Corp., New York, N. Y.*: Failed to report receipt of boycott-related requests re eligibility of vessel and Israeli origin of goods — \$12,500.
38. *L. A. Marsha Co., Columbia, S. C.*: Failed to promptly report boycott-related requests from Bahrain and Kuwait — \$4,500.
39. *La France Equipment Corp., Elmira, N. Y.*: Failed to report same from Bahrain, Kuwait, Libya, and U.A.E. — \$12,000.
40. *Loctite Corp., Newington, Conn.*: Foreign subsidiaries furnished information to Dubai, Iraq, Libya, and Oman about its business relations with Israel; failed to promptly report other boycott requests — \$20,500.
41. *Magdex International Corp., Drexel Hill, Pa.*: Failed to report boycott-related requests — \$16,000.
42. *Mellon Bank International, New York, N. Y., and Mellon Bank N.A., Pittsburgh, Pa.*: Failed to promptly report same contained in letters of credit — \$283,500.
43. *McGraw-Hill Inc., New York, N. Y.*: Its British subsidiary shipped goods to Saudi Arabia certifying that they did not bear a Star of David or originate in Israel — \$10,500.
44. *Morgan Power Apparatus Corp., Seattle, Wash.*: In a transaction with Turkey, certified that neither it nor its affiliated companies conducted business with any country at war with Saudi Arabia, pursuant to a requirement by the Saudi Arabian Development Fund; failed to report — \$1,000.
45. *Ortiz Superior Enterprises, Key Biscayne, Fl.*: Failed to report Kuwaiti boycott-related requests — \$7,500.
46. *Osman-Omar Inc., Stamford, Conn.*: Failed to promptly report boycott-related shipping requests — \$6,500.
47. *Parker Hannifin, Cleveland, Ohio*: Failed to promptly report boycott-related shipping requests — \$28,500.
48. *Raquette Sales Division Inc., Greenville, N. Y.*: Failed to report boycott-related shipping requests — \$4,500.
49. *Richardson-Vicks Inc., Wilton, Conn.*: Furnished information on its business re-

- lations with Israel in response to boycott questionnaire from Iraq and failed to report — \$13,000.
50. *Schenkers International Forwarders, New York, N.Y.*: Furnished information to Dubai, Egypt and Yemen about its business relations with Israel; failed to promptly report boycott requests — \$17,500.
 51. *Services International Inc., Dalton, Ga.*: Failed to promptly report boycott-related requests — \$5,500.
 52. *Simplex Time Recorder Co., Gardner, Mass.*: Furnished information to Saudi Arabia about its business dealings with Israel and failed to promptly report — \$54,500.
 53. *Smith Valve International Inc., Westboro, Mass.*: Certified to Bahrain that goods shipped not of Israeli origin and failure to report — \$14,500.
 54. *Teledyne Analytical Instruments, City of Industry, Calif.*: Refused to deal with blacklisted vessels; failed to promptly report — \$3,500.
 55. *Teledyne Sprague Engineering, Gardena, Calif.*: Certified that goods not of Israeli origin and failed to promptly report — \$3,500.
 56. *Tradeway International Corp., New York, N.Y.*: Failed to report requests for shipping and origin certificates — \$11,500.
 57. *Yesco Trading Co., New York, N.Y.*: Failed to promptly report boycott requests — \$6,500.
 58. *Zanontian & Sons Import and Export Corp., Fresno, Calif.*: Failed to promptly report boycott requests — \$9,000.

Source: U.S. Department of Commerce News, Washington, D.C.: 1979-84, and U.S. Department of Commerce, *Export Administration Annual Reports, 1979-83*, Washington, D.C.: 1979-84.

APPENDIX D: CANADA'S POLICY ON INTERNATIONAL BOYCOTTS

**Statement to the House of Commons by the Hon. Donald Jamieson,
External Affairs Minister**

October 21, 1976

The Government has clarified its position in relation to international boycotts and has strongly affirmed its opposition to discrimination and boycotts based on race, national or ethnic origin or religion. Accordingly, the Government will take measures to deny its support or facilities for various kinds of trade transactions in order to combat any discriminatory effects which such boycotts may have on Canadian firms and individuals. These measures will not, of course, apply to any boycott accepted by Canada but will clearly apply to such discriminatory aspects as there may be to any other international boycott.

The type of transactions against which the Government will take action are those which would, in connection with the provisions of any boycott, require a Canadian firm to: engage in discrimination based on the race, national or ethnic origin or religion of any Canadian or other individual; refuse to purchase from or sell to any country; or refrain from purchases from any country.

While Canada seeks friendly relations with Arab states and with Israel, Canada also reserves the right to respond to commercial policies of other nations according to its own practices and values. Consequently, the Canadian Government will deny its support or facilities, including the support of its trade missions abroad, in the case of any transaction involving boycott undertakings of the type described above.

Given that in many parts of the world, including the Middle East, denial of Canadian Government support for a particular transaction imposes very serious handicaps, such as those relating to contact with foreign officials, market information and Canadian Government financing, it is considered that denial of such support will be an effective deterrent to cooperation with discriminatory provisions of an international boycott.

Canadian firms may decide nonetheless to agree to certain boycott clauses and forego Canadian Government support for the projects concerned. All Canadian firms, however, whether they accept boycott clauses or not, will be required to report all instances of their complying with boycott provisions. Information obtained from such reports will be made available to the public.

The Government recognizes that Arab countries consider their boycott of Israel to be a legitimate economic weapon in view of the continuing state of war between Arab countries and Israel. Canada, however, seeks to improve its relations and to develop its

trade in peaceful goods with all nations. Any discrimination against Canadian firms or individuals is contrary to Canadian concepts of fairness and the Government is determined to ensure that any such discriminatory aspects are not in any way supported by Government programs.

APPENDIX E:

DISCRIMINATORY BUSINESS PRACTICES ACT OF ONTARIO

Text of Bill 112, 1978: An Act to Prohibit Discrimination in Business Relationships

Her Majesty, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

1. In this Act,

- (a) “designated information” means information as to the race, creed, colour, nationality, ancestry, place of origin, sex or geographical location of a person;
- (b) “Director” means the Director under *The Ministry of Consumer and Commercial Relations Act*;
- (c) “Minister” means the Minister of Consumer and Commercial Relations;
- (d) “person” includes a partnership, sole proprietorship, unincorporated association and governmental agency;
- (e) “person connected”, when used in relation to another person, means an employee, agent, partner or associate of the other person and, where the other person is a corporation, includes a director, officer, shareholder or member of the corporation;
- (f) “Tribunal” means The Commercial Registration Appeal Tribunal under *The Ministry of Consumer and Commercial Relations Act*.

2. The purpose and intent of this Act is to prevent discrimination in Ontario on the ground of race, creed, colour, nationality, ancestry, place of origin, sex or geographical location of persons employed in or engaging in business.

3. This Act does not apply to:

- 1. The withholding of services or employment in the course of a lawful strike, lock-out or other labour dispute.
- 2. A discriminatory business practice engaged in in accordance with a policy of the Government of Canada directed toward trade with a country other than Canada or persons in a country other than Canada or of the Government of Ontario directed toward persons in Provinces or Territories other than Ontario.

4. (1) For the purposes of this Act, the following shall be deemed to be discriminatory business practices:

- 1. A refusal to engage in business with a second person, where the refusal,
 - (a) is on account of an attribute,
 - (i) of the second person, or

- (ii) of a third person with whom the second person conducts, has conducted or may conduct business; and
- (b) is a condition of the engaging in business of the person making the refusal and another person.
- 2. A refusal or failure to employ, appoint or promote a second person or a dismissal or suspension of a second person from employment, where the refusal, failure, dismissal or suspension,
 - (a) is on account of an attribute
 - (i) of the second person, or
 - (ii) of a third person with whom the second person conducts, has conducted or may conduct business; and
 - (b) is a condition of the engaging in business of the person making the refusal, failure, suspension or dismissal and another person.
- 3. Entering into a contract that includes a provision that one of the parties to the contract,
 - (a) will refuse to engage in business with a second person; or
 - (b) will refuse or fail to employ or promote or will dismiss or suspend from employment a second person,
 on account of an attribute of the second person or a third person with whom the second person conducts, has conducted or may conduct business.

(2) In subsection 1,

- (a) “attribute”, with reference to a person, means the race, creed, colour, nationality, ancestry, place of origin, sex or geographical location of the person, and includes the race, creed, colour, nationality, ancestry, place of origin, sex or geographical location of a person connected with the person or of nationals of a country with the government of which the person conducts, has conducted or may conduct business;
- (b) “engaging in business” includes selling goods or services to or buying goods or services from, and “engage in business” has a corresponding meaning;
- (c) “refusal” includes agreement to refuse.

5. (1) No person in Ontario shall engage in a discriminatory business practice.

(2) No person shall seek or agree to seek from a second person and no person shall provide or agree to provide to a second person any designated information in respect of any person for the purpose of engaging in or assisting in engaging in a discriminatory business practice as defined in section 4.

(3) Where designated information is sought or agreed to be sought from a second person or is provided or agreed to be provided to a second person, the designated information shall be deemed to be sought, agreed to be sought or to be provided or agreed to be provided, as the case may be, for the purpose of engaging in or assisting in engaging in a discriminatory business practice unless the person that so acted establishes that it is sought, agreed to be sought or is provided or agreed to be provided for another purpose.

(4) No person in Ontario shall seek or provide a statement, whether written or oral, to the effect that any goods or services supplied or rendered by any person or government do not originate in whole or in part in a specific location, territory or country for the purpose of engaging in or assisting in engaging in a discriminatory business practice

as defined in section 4, but this subsection does not prohibit a person in Ontario from seeking or providing a statement, whether written or oral, to the effect that any goods or services supplied or rendered by any person or government originate in whole or in part in a specific location, territory or country.

(5) No person in Ontario shall seek or provide information, whether written or oral, for the purpose of engaging in a discriminatory business practice, as to whether or not the person or any other person is a member of or has made contributions to or is otherwise associated with or involved in the activities of a charitable, fraternal or service organization.

(6) Where information specified in subsection 5 is sought from a person or is provided by a person to another person in response to a request, the information shall be deemed to be sought or provided, as the case may be, for the purpose of engaging in a discriminatory business practice unless the person that so acted establishes that it is sought or provided for another purpose.

(7) A person who performs one act referred to in section 4 shall be deemed to be engaging in a discriminatory business practice.

(8) Every person who receives a request, whether oral or in writing, to engage in a discriminatory business practice or to do an act that would be a contravention of subsection 2, 4 or 5 shall report the request and the response to the request within thirty days to the Director and shall provide the Director with such other information in respect of the request as the Director may require.

6. (1) Where the Director has reason to believe that a person is engaging or has engaged in a discriminatory business practice or is contravening or has contravened subsection 2, 4, 5 or 8 of section 5, the Director may order the person to comply with section 5 in respect of the discriminatory business practice or the contravention specified in the order.

(2) Where the Director proposes to make an order under subsection 1, subsections 2 to 7 of section 6 of *The Business Practices Act, 1974* apply with necessary modifications.

(3) Notwithstanding subsection 2, the Director may make an order under subsection 1 to take effect immediately where, in his opinion, to do so is necessary for the protection of the public or of any person and in such case subsections 2 to 5 of section 7 of *The Business Practices Act, 1974* apply with necessary modifications and, subject to subsections 3 and 4 of section 7 of that Act, the order takes effect immediately.

(4) Notwithstanding that, under section 9b of *The Ministry of Consumer and Commercial Relations Act*, an appeal is taken from an order of the Tribunal made under this section, the order takes effect immediately, but the Tribunal may grant a stay until the disposition of the appeal.

7. (1) Any person against whom the Director proposes to make an order to comply with section 5 may enter into a written assurance of voluntary compliance in a form that the Director may prescribe undertaking not to engage in the specified discriminatory business practice or other contravention of section 5 after the date thereof.

(2) Where an assurance of voluntary compliance is accepted by the Director or an order is made by the Director with the consent of each person to be named in the order, the

assurance or consent order has and shall be given for all purposes of this Act the force and effect, other than the disqualification provided by subsection 1 of section 10, of an order made by the Director.

(3) An assurance of voluntary compliance may include such undertakings as are acceptable to the Director and the Director may receive a bond and collateral therefore as security for the reimbursement of the Treasurer of Ontario for investigation and other costs in such amount as is satisfactory to the Director.

(4) The Director,

- (a) shall receive and act on or mediate complaints respecting discriminatory business practices and other contraventions of section 5; and
- (b) shall maintain available for public inspection a record of,
 - (i) assurances of voluntary compliance entered into under this Act, and
 - (ii) orders made under this Act, other than orders in respect of which hearings or appeals are pending, to cease engaging in discriminatory business practices or other contraventions of section 5.

8. Where, upon a statement made under oath, the Director has reason to believe that a person is contravening or is about to contravene any provision of this Act or an order or assurance of voluntary compliance made or given pursuant to this Act, the Director may by order appoint one or more persons to make an investigation as to whether or not such a contravention has occurred or is about to occur and the person or persons appointed shall report the result of the investigation to the Director and subsections 2 to 8 of section 11 of *The Business Practices Act, 1974* apply with necessary modifications.

9. (1) A person that incurs loss or damage as a result of an act that is a contravention of this Act has the right to compensation for the loss or damage and to punitive or exemplary damages from the person who committed the contravention.

(2) The right to compensation mentioned in subsection 1 may be enforced by action in a court of competent jurisdiction.

10. (1) Every person against whom an order is made under section 6 or 11 or who is convicted of an offence under clause *d* or *e* of subsection 1 of section 16 is ineligible to enter into a contract to provide goods or service to the Crown or any agency of the Crown for a period of five years from the date of the making of the order or of the conviction, as the case may be.

(2) A provision in a contract that provides for a matter that is a discriminatory business practice is a nullity and is severable from the contract.

11. (1) Where any provision of this Act is contravened, notwithstanding any other remedy or any penalty, the Minister or any person who complains of injury due to the contravention may apply to a judge of the Supreme Court by originating motion for an order prohibiting the continuation or repetition of the contravention or the carrying on of any activity specified in the order that, in the opinion of the judge, will result or is likely to result in the continuation or repetition of the contravention by the person committing the contravention, and the judge may make the order and it may be enforced in the same manner as any other order or judgment of the Supreme Court.

(2) A person against whom an order has been made under subsection 1 may apply to

a judge of the Supreme Court for an order varying or rescinding the order made under subsection 1.

12. Any notice or document required by this Act to be served or given may be served or given personally or by registered mail addressed to the person to whom notice is to be given at his last known address and, where notice is served or given by mail, the service shall be deemed to have been made on the fifth day after the day of mailing unless the person to whom notice is given establishes that he, acting in good faith, through absence, accident, illness or other cause beyond his control, did not receive the notice, or did not receive the notice until a later date.

13. Every person employed in the administration of this Act, including any person making an inquiry, inspection or an investigation under section 8, shall preserve secrecy in respect of all matters that come to his knowledge in the course of his duties, employment, inquiry, inspection or investigation and shall not communicate any such matters to any other person except,

- (a) as may be required in connection with the administration of this Act or any proceeding under or pursuant to this Act;
- (b) to his counsel or to the court in any proceeding under or pursuant to this Act;
- (c) to inform the person involved of a discriminatory business practice and of any information relevant to the person's rights under this Act; or
- (d) with the consent of the person to whom the information relates.

14. A copy of an order or assurance of voluntary compliance purporting to be certified by the Director is, without proof of the office or signature of the Director, receivable in evidence as *prima facie* proof of the facts stated therein for all purposes in any action, proceeding or prosecution.

15. (1) The Lieutenant Governor in Council may make regulations exempting any person or class of persons from any provision of this Act.

(2) A regulation made under subsection 1 shall be tabled in the Assembly as soon as practicable after the day on which it comes into force if the Assembly is in session or, if not, at the commencement of the next ensuing session.

16. (1) Every person who, knowingly,

- (a) furnishes false information in an investigation under this Act;
- (b) fails to comply with any order or assurance of voluntary compliance made or entered into under this Act;
- (c) obstructs a person making an investigation under section 8;
- (d) contravenes any provision of subsection 2, 4, 5 or 8 of section 5; or
- (e) contravenes any provision of section 13,

is guilty of an offence and on summary conviction is liable to a fine of not more than \$5,000.

(2) Where a corporation is convicted of an offence under subsection 1, the maximum penalty that may be imposed upon the corporation is \$50,000 and not as provided therein.

(3) Where a corporation has been convicted of an offence under subsection 1 or 2,

- (a) each director of the corporation; and
- (b) each officer, servant or agent of the corporation who was in whole or in part responsible for the conduct of that part of the business of the corporation that gave rise to the offence,

is a party to the offence unless he satisfies the court that he did not authorize, permit or acquiesce in the offence.

(4) No proceeding under this section shall be commenced more than two years after the time when the subject-matter of the proceeding arose.

17. The Director shall report annually to the Minister on the enforcement of this Act and on such other matters related to this Act as the Director considers advisable or the Minister may require, and the report shall set out,

- (a) the names of all persons who entered into assurances of voluntary compliance under this Act in the year with the Director;
- (b) the names of all persons against whom orders, other than orders in respect of which hearings or appeals are pending, have been made under this Act in the year to cease engaging in discriminatory business practices or other contraventions of section 5;
- (c) the number of complaints received by the Director in the year respecting discriminatory business practices and other contraventions of section 5, together with,
 - (i) the number of complaints mediated and the results of the mediations, and
 - (ii) the number of complaints acted on and the action taken;
- (d) the number and nature of the requests and responses reported to the Director in accordance with subsection 8 of section 5 in the year, the action taken thereon and the results of the action taken; and
- (e) the names of all persons convicted of offences under this Act in the year, including the offence for which each was convicted and, in each case, the penalty imposed,

and the Minister shall lay the report before the Assembly if it is in session or, if not, at the next ensuing session.

18. This Act comes into force on the day it receives Royal Assent.

19. The short title of this Act is *The Discriminatory Business Practices Act, 1978*.

APPENDIX F: KENYA'S VIEWS ON ARAB BOYCOTT

The following is the text of a press release by Kenya's ministry of foreign affairs, October 1979:

The Kenya government has learnt with dismay about the activities of the Central Boycott Office of the Arab League in Damascus directed against certain Kenya firms alleged to be trading with Israel. It is stated that these activities are co-ordinated through the Joint Economic Committee of the Arab League in Nairobi. If these allegations carried in the local newspapers are indeed correct, they constitute serious breach of diplomatic privileges and immunities enjoyed by the Arab League office in Nairobi. Such activities can hardly be considered as conforming with the main functions to promote friendly relations between the Arab League member states and the Republic of Kenya which is the primary purpose for which the League office was established in Nairobi.

The Kenya government wishes to strongly remind the League office in Nairobi of its obligations under the Vienna Convention on Privileges and Immunities as well as the well established practice of nations in conducting diplomatic relations, to respect the laws and regulations of the host state as well as to scrupulously observe the obligations not to interfere with the internal affairs of the host state. It is alleged that the Arab League Office is used as a channelling house for gathering information about the trade links of Kenya companies with Israel through agents established in various parts of the country to collect information on behalf of the Central Boycott Office. The Kenya government must express its indignation about such conduct which is completely contrary to the obligations of all diplomatic missions to conduct all official business with the host state through the ministry of foreign affairs. The Kenya government cannot remain indifferent to such serious breach of hospitality extended to the missions accredited to it.

The Kenya government has consistently supported the Arab states in their legitimate struggle to regain the rights of the Palestinian people including their right to their own state. While recognising the right of the state of Israel to exist, Kenya has always pointed out that any peace of the Middle East can never be realised without the full recognition of rights of self-determination of the Palestinian people including their right to independent existence as a sovereign state. On this, the Kenya government has never wavered in all international forums, be it at the United Nations, the Organisation of African Unity or the Non-aligned Movement.

While Kenya recognises the rights of the Arab states to pursue their goals through any legitimate means, including the severing of all trade links with Israel, the Kenya government can never accept that the Arab states or any other state for that matter, has a right to dictate to Kenya who to trade or not to trade with. This is in utter contempt of our sovereignty and independence. Any attempt therefore by the Arab League to interfere with the trading activities of Kenya companies will be vehemently resisted.

The economy of Kenya has already been seriously jeopardised by inflation, recession, breakdown in international monetary system, low prices for commodities and by the phenomenal rise in the price of oil and oil products occasioned by the all-too-frequent increases of prices of these products by the oil-producing countries, the majority of whom are Arab states. Our oil bill in 1973 was shs. 432 million. This rose sharply in 1974 to shs. 1,626 million. In 1977, the oil bill stood at shs. 2,362 million. Last year, it is estimated the bill will reach shs. 2,600 million. The oil bill for this year is bound to be even higher.

This has caused a major economic crisis in the country. Hopes that the Arab states, to whom most of this money has been paid, would invest in this country have not been realised. Instead of engaging in economic sabotage against Kenya, the office of the League of Arab States should concentrate more on enhancing economic and financial co-operation, trade, tourism, social and cultural projects already initiated between Kenya and several of its member states.

Source: The Weekly Review, Nairobi, November 2, 1979.

APPENDIX G: NATIONAL ANTIBOYCOTT MEASURES

United States

Export Administration Act—June 22, 1977.

Tax Reform Act—Oct. 4, 1976.

Sherman Act—Jan. 16, 1976.

Legislation in 13 states—1975-78

Municipal action by Boston, Brookline and New York—1976-78.

Canada

Withdrawal of export financing, insurance and market development support—Oct. 21, 1976.

Discriminatory Business Practices Act of Ontario—Nov. 7, 1978

France

Loi Generale sur Diverses Dispositions Economiques et Financieres—June 7, 1977.

Netherlands

Prohibition against negative certificates of origin—Nov. 1979.

Amendment to Penal Code outlawing racial discrimination in business—June 29, 1981.

Legislation mandating reporting and review of boycott requests—Jan. 1984.

West Germany

Government refusal to authenticate negative certificates of origin—1975.

Norway

Withdrawal of export guarantees and credits—1977.

Kenya

Monitoring of boycott activities of Arab League office—1979.

Australia

Same as for Kenya—1983.

APPENDIX H:

CHRONOLOGY OF MAJOR BOYCOTT DEVELOPMENTS

1891 — Arabs request Ottoman rulers of Palestine to halt Jewish immigration and land sales to Jews.

1908 — Jaffa newspaper *al-Asmai* advocates boycott of Jewish goods.

1911 — Najib Nassar, editor of Haifa newspaper *al-Karmil*, urges Arabs not to rent homes to Jews nor to trade with them.

1922 — Fifth Palestine Arab Congress calls on Arabs to boycott Jewish businesses.

1929 — Jerusalem Arab students propose cessation of all commercial relations with Jews; pickets prevent Arabs from entering Jewish stores; Arab congress vows to compel Arabs to boycott Jewish merchandise; Syria prohibits imports from Jewish Palestine.

1931

Dec. 11 — World Islamic Congress passes resolution requesting Moslem countries to boycott trade with Jewish Palestine.

1932 — Arab youth groups boycott Tel Aviv-Levant Fair.

1933 — Arab Executive Committee resolves to boycott British and Zionist goods.

1934 — Arab Labor Federation pickets Jewish enterprises.

1937 — Pan-Arab Congress at Bludan demands boycott against Jews as a patriotic duty.

1945

Dec. 2 — Arab League Council passes resolution urging both member states and other Arab territories to prohibit the importation and use of “the products of Jewish industry in Palestine.”

Jan. 23 — Jewish Agency protests to UN over Arab economic warfare.

June 12 — Arab League Council adopts Resolution 70 recommending that all Arab states establish national boycott offices.

1946–54 — Arab states enact administrative and legislative measures to apply the boycott against imports from and exports to Jewish Palestine with penalties for violators varying from imprisonment with forced labor to capital punishment; Saudi Arabia orders foreign petroleum companies not to employ Jews on its territory.

1947 — Arabic newspapers in Palestine publish names of Arabs shopping at Jewish stores; underground organization *al-Houriah* bombs five Arab stores for selling Jewish products.

1948

May 14 — Creation of State of Israel leads to Arab League ban on all commercial and financial transactions between Israel and the Arab states: postal, radio, and telegraphic communications are cut off; land, sea, and air blockades are imposed.

July — Egypt sets up Prize Court in Alexandria authorizing seizure of cargoes destined for Israel through Suez Canal.

1950

Feb. 6—Egyptian decree establishes search and confiscation procedures for Israel-bound and Israeli-origin goods on ships and airplanes; commencement of ship blacklisting and seizures, including oil tankers.

1951

May 19—Arab League Council adopts Resolution 357 to appoint boycott commissioner assisted by liaison officers appointed by member states; Central Boycott Office set up in Damascus with branch offices in each state.

Sept. 1—UN Security Council resolution demands Egypt terminate its restrictions on navigation through international waterways.

1951–56—Egypt fires upon and seizes foreign vessels travelling through Gulf of Aqaba carrying goods to Israeli port of Eilat.

1952

Jan.—Saudi Arabia issues boycott regulations requiring importers to discontinue all business relations with firms abroad owned or controlled by Jews.

Sept. 10—Arab League threatens to sever economic relations with West Germany and to blacklist firms participating in commodity aid program with Israel following conclusion of Luxembourg Treaty.

1953

Sept.—Arab League warns international airline companies that they will not be allowed to operate in Arab countries if they service Israel.

Nov. 30—Egypt's Embargo Act amended to include foodstuffs and all other commodities as war contraband and subject to confiscation if destined for Israel; foreign ships calling at Israeli ports blacklisted.

1954—Arab boycott extended globally against secondary and tertiary targets.

1956—U.S. Senate adopts resolution opposing attempts by foreign nations to discriminate against U.S. citizens.

1957—Royal Dutch Shell and British Petroleum terminate operations in Israel.

1959

Oct.—French motor vehicle producer Régie Renault ceases shipments of Dauphine autos for assembly in Israel following its blacklisting.

1960

Feb.—U.S. Navy terminates Haifa Clause stipulation in its chartering contracts, which discriminates against ships serving Israel; U.S. Commodity Credit Corporation removes shipping condition requiring food aid to be transported only on U.S. vessels not having called on Israeli ports.

May—U.S. Mutual Security Act amended by Congress requiring government to deny foreign aid to nations maintaining boycotts and blockades.

July—Arab League proclaims boycott against Iran for according Israel *de facto* recognition.

1961—Hilton Hotel chain successfully rebuffs boycott threats after announcing plans to construct hotel in Tel Aviv; Arabian-American Oil Company (Aramco) ordered by New York State to cease employment discrimination against Jews; Congress adds preamble to Foreign Assistance Act calling on U.S. government to support principle of freedom of navigation in international waterways.

1963

Dec.—Jewish peer Lord Mancroft of Britain forced to resign from London board of Norwich Union Insurance Society because of anti-Semitic boycott pressure.

1964—Two French oil companies reject Arab pressure to dismiss their Christian Zionist president Gen. Pierre Koenig.

1965

Jan.—CBO backs down from threat to blacklist Chase Manhattan Bank because it acted as sales agent for Government of Israel bonds; Israeli Ministry of Commerce and Industry issues regulations obliging importers to obtain special approval to purchase goods from foreign firms refusing to conduct open business relations with Israel.

June 30—U.S. Export Control Act amended to record opposition to foreign boycotts against friendly nations, to encourage and request U.S. firms not to comply with such boycotts and to report receipt of boycott demands.

1966

Nov.—Coca-Cola blacklisted by CBO for opening plant in Israel and all Coke plants in Arab world shut down; Ford Motor Company and RCA also blacklisted and their products banned from Arab markets.

1967

June—Arab oil exporters embargo shipments to U.S., Britain, and West Germany, accusing them of contributing to Israel's victory in the Six-Day War.

1973

Oct. 17—Organization of Arab Petroleum Exporting Countries embargoes oil shipments to the U.S., the Netherlands, Canada, and other states during the Yom Kippur War, citing their friendly ties with Israel. Production cuts applied to Japan because of its neutrality in Arab-Israeli conflict. Crude oil prices quadrupled across-the-board from \$2.59 to \$11.65 per barrel.

1975

Feb.—International banking scandal involving Arab discrimination against Jewish banks in Britain and France triggers outcry for antiboycott measures.

Sept.—Sinai disengagement agreement between Egypt and Israel permits non-military cargoes destined for or originating from Israel to pass through the Suez Canal for the first time since 1948.

1975–78—Six congressional committees in the United States undertake investigation into impact of Arab boycott on domestic policies; 20 congressional bills introduced and 13 states enact antiboycott legislation.

1976

Jan. 16—U.S. Justice Department files antitrust suit against Bechtel Corporation, one of world's largest construction firms, for refusing to deal with blacklisted U.S. companies and requiring the same of its subcontractors.

Oct. 4—Enactment of Tax Reform Act containing provisions changing the Internal Revenue Code to reduce tax credits and deny tax deferrals to U.S. firms complying with foreign boycotts.

Oct. 6—Arab boycott issue assumes prominent role in American presidential election campaign.

Oct. 21—Canada announces antiboycott policy entailing withdrawal of export financing and marketing support for boycott-tainted transactions.

1977

Feb.—British food packaging firm Metal Box Limited forced to withdraw its investment in the Israel Can Company due to Arab boycott threats against Metal Box's customers.

Mar. — Barclays Bank of London successfully resists CBO blacklisting by maintaining its presence in Israel.

June 7 — French Parliament amends penal code to prohibit any action impeding commerce on the basis of national origin, race, religion, or ethnic group. Export credit insurance and guarantee agency COFACE denies services to exporters complying with negative certificates of origin.

June 22 — U.S. President Jimmy Carter signs comprehensive antiboycott bill into law.

July 12 — Private member's bill entitled — the Foreign Boycotts Bill — introduced in House of Lords by Liberal Party leader Lord Byers to prohibit secondary and tertiary boycott compliance in Britain.

July 24 — French Prime Minister Raymond Barre signs decree removing export financing agency from scope of law against discrimination.

Oct. — Norwegian Trade Minister Hallvard Bakke forces shipyards to delete boycott clause in contract with Egypt stipulating they would do no business with Israel during the life of the contract; cites such trade conditions as incompatible with GATT and orders export guarantee institute not to finance transactions in compliance with foreign boycotts.

1978

July — Select Committee of British House of Lords concludes hearings on antiboycott legislation; rejects this option but recommends cessation of government authentication of negative certificates of origin and encouragement of firms not to sign anti-Israel contracts.

Nov. 7 — Ontario, Canada's largest province, enacts antiboycott legislation in form of Discriminatory Business Practices Act.

1979

Feb. — Dutch parliamentary committee finds widespread boycott compliance in the Netherlands.

Mar. 26 — Treaty of Peace between Egypt and Israel provides rights of free passage for Israel through Suez Canal and Gulf of Aqaba and termination of Egyptian participation in the Arab boycott; boycott of Egypt instituted by several Arab states.

Oct. — Kenya accuses Arab League mission in Nairobi of spying on companies trading with Israel and affirms it will resist any interference in its trade; Arab League forces Canada to abandon plans to relocate Canadian embassy to Jerusalem by threatening economic reprisals.

Nov. — Dutch Foreign Affairs Ministry ceases authentication of negative certificate of origin.

1980

Sept. — Trans World Airlines blacklisted because of joint venture with El Al Airlines of Israel in Nairobi Hilton Hotel.

Dec. — 12 other countries maintaining embassies in Jerusalem agree to remove them to Tel Aviv in the face of possible Arab sanctions.

1981

Jan. — At Islamic Summit Conference in Taif, Saudi Arabia endorses resolution to create Islamic Office for the Boycott of Israel.

June 29 — Dutch Parliament amends penal code to ban non-Jewish declarations by firms seeking Arab business; bill also tabled by government to require mandatory reporting of boycott requests received.

July 17 — New Mitterrand government of France rescinds Barre decree of July 24, 1977.

July 20—Japanese auto firm Toyota bows out of joint venture with Ford Motor Company to produce cars in the United States due to Arab boycott threats.

Dec. — Renault re-blacklisted because of its 46 percent equity in blacklisted American Motors Corporation.

1982

May — Costa Rica reverses its position and re-opens its embassy in Jerusalem.

Dec. — Almost 50 U.S. firms fined over \$500,000 for violating American antiboycott laws in 1982.

1983

Jan. — Lebanon threatened with economic reprisals if trade with Israel normalized.

Aug. — Swiss Aluminium (Alusuisse) and 108 subsidiary and associated companies blacklisted for maintaining sales agency in Israel.

Sept. 2 — Malta's UN ambassador walks out of UN Conference on Palestine in Geneva in protest over Arab boycott of Maltese companies trading with Israel.

Sept. 9 — Citibank of New York City agrees to pay \$323,000 civil penalty for alleged violations of the U.S. Export Administration Act's antiboycott provisions, the largest fine ever imposed under these rules.

Dec. 20 — UN General Assembly votes 84 to 24, with 31 abstentions, exhorting all countries to sever contacts with the Jewish state and isolate it totally in all fields, including diplomatic, cultural, military, trade, and financial relations.

Dec. 31 — Over \$1.2 million in fines levied against U.S. firms in 1983 for violating American antiboycott laws.

1984

Jan. — Dutch Parliament approves legislation requiring mandatory reporting of boycott requests.

Mar. — U.S. District Court orders permanent injunction prohibiting Baylor College of Medicine from discriminating against its Jewish faculty in assigning personnel to rotation program at King Feisal Hospital in Saudi Arabia.

June 24 — Israeli Ministry of Finance estimates Arab boycott cost the country \$6 billion in lost exports during the period 1972–83.

Aug. 10 — The New York Philharmonic Orchestra cancels its concert tour of Malaysia following demand by the Islamic nation that it delete from the program a cello rhapsody by a Jewish composer.

Dec. 31 — Almost 60 firms fined \$1.6 million for violating U.S. antiboycott laws.

NOTES

Introduction

1. Christopher C. Joyner, "The Transnational Boycott as Economic Coercion in International Law: Policy, Plan and Practice," *Vanderbilt Journal of Transnational Law*, Spring 1984, 216.

Chapter 1

1. Gen. 12:7, 13:14-17, 15:18, 17:8, 26:3-4, 28:13-15, 35:12, *Holy Bible: Revised Standard Version* (Cleveland and New York, 1962).
2. For a full account, see Neville J. Mandel, *The Arabs and Zionists Before World War I* (Berkeley, 1976).
3. Cf. Agreement Between Emir Feisal and Dr. Chaim Weizmann, January 3, 1919, and Feisal-Frankfurter correspondence, March 3, 1919 cited in Walter Laqueur, ed., *The Israel-Arab Reader* (New York, 1970), 18-22.
4. Quoted in F. H. Kisch, *Palestine Diary* (London, 1938), 268.
5. *New York Times*, 28 Oct. 1929.
6. *Ibid.*
7. *New York Times*, 16 Dec. 1929.
8. Menahem Mansoor, *Political and Diplomatic History of the Arab World, 1900-67: A Chronological Study*, vol. 1 (Washington, D.C., 1972).
9. Esco Foundation for Palestine Inc., *Palestine: A Study of Jewish, Arab, and British Policies* (New Haven, 1947), 766, 769.
10. William Ziff, *The Rape of Palestine* (New York, 1938), 535.
11. Esco Foundation, note 9 *supra*, 860.
12. E. Vitta, "The Boycott of 'Zionist Goods' by the Arab League," in *The Jewish Yearbook of International Law 1948* (Jerusalem, 1949), 253.
13. Esco Foundation, note 9 *supra*, 1205.
14. B. Y. Boutros-Ghali, "The Arab League: Ten Years of Struggle," *International Conciliation* (May 1954), 408.
15. *Ibid.*, 409.
16. Vitta, note 12 *supra*, 254-56.
17. Mansoor, note 8 *supra*.
18. Hussein A. Hassouna, *The League of Arab States and Regional Disputes* (New York, 1975), 274.
19. *Ibid.*, 270.
20. Boutros-Ghali, note 14 *supra*, 421.

Chapter 2

1. Howard M. Sachar, *A History of Israel* (New York, 1976), 451. See also Eugene M. Fisher and M. Cherif Bassiouni, *Storm Over the Arab World* (Chicago, 1972), 307.

2. *Journal Officiel du Gouvernement Egyptien*, no. 98, 7 Dec. 1953, quoted in Simcha Dinitz, "The Legal Aspects of the Egyptian Blockade of the Suez Canal," *Georgetown Law Journal*, Winter 1956-57, 171.
3. Abba Eban, *Voice of Israel* (New York, 1957), 257.
4. Dinitz, note 2 supra, 172, and Leo Gross, "Passage through the Suez Canal of Israel Bound Cargo and Israel Ships," *American Journal of International Law* 51 (1957):538.
5. Dinitz, note 3 supra, 172; Eban, note 3 supra, 260-61; Menahem Mansoor, *Political and Diplomatic History of the Arab World, 1900-67: A Chronological Study*, vol. 5 (Washington, D.C., 1972); *New York Times*, 2 June and 18 Sept. 1959; and 5 Aug. 1966; *Times* (London), 13, 19 March, 21 May, and 18 Dec. 1959.
6. L. M. Bloomfield, *Egypt, Israel and the Gulf of Aqaba in International Law* (Toronto, 1959), 8.
7. Eban, note 3 supra, 261.
8. Walter Eytan, *The First Ten Years: A Diplomatic History of Israel* (New York, 1958), 100.
9. See Article V of the Treaty in *Department of State Bulletin*, May 1979, 4.
10. Good accounts are provided by Frederick Honig, "The Reparations Agreement between Israel and the Federal Republic of Germany," *American Journal of International Law* 48 (1954); and Inge Deutschkron, *Bonn and Jerusalem: The Strange Coalition* (Philadelphia, 1970).
11. Deutschkron, note 10 supra, 89.
12. U.S. Senate, *Congressional Record*, 17 July 1957, 13692-94.
13. *Ibid.*, 13689.
14. *Ibid.*, 13691.
15. *Ibid.*, and testimony by Col. William L. Durham, Deputy Director of Military Construction, U.S. Army Corps of Engineers, 26 Feb. 1975, contained in U.S. Senate, *Multinational Corporations and United States Foreign Policy: Hearings before the Subcommittee on Multinational Corporations of the Committee on Foreign Relations*, Part 11, 94th Cong., 1st sess., 1975, 207-8.
16. *Citizen* (Ottawa), 29 June 1978. One of the rare Jews to be permitted entry into Saudi Arabia had been former U.S. Secretary of State Henry Kissinger, whom the Saudi government considered a non-Zionist.
17. *Near East Report*, Special Survey, May 1965.
18. *Ibid.*
19. *New York Times*, 25 July 1957.
20. Mansoor, op. cit., vol. 1.
21. *Canadian Jewish Chronicle Review*, 19 May 1967.
22. *New York Times*, 21 Feb. 1965; Dan S. Chill, *The Arab Boycott of Israel: Economic Aggression and World Reaction* (New York, 1976), 14, and *8 Days Magazine*, 13 Dec. 1980.
23. *The Jewish Press*, 1 May 1981.
24. As quoted in *Near East Report*, note 17 supra.
25. Sylvia K. Crosbie, *A Tacit Alliance: France and Israel from Suez to the Six Day War*, (Princeton, N.J., 1974), 133. See also *Times*, 29 July 1959.
26. *Times*, 18 Oct. 1959.
27. *Times*, 19 Feb. 1960.
28. *New York Times*, 2 Dec. 1960.
29. Both this letter and the previous one from the Arab American Association appeared in the *Near East Report*, Special Survey, May 1965.
30. *Ibid.*
31. *Times*, 4 Dec. 1963.
32. *Times*, 7 Dec. 1963.
33. United Kingdom, Parliament, House of Commons, *Parliamentary Debates*, 10 Dec. 1963, 225.
34. *Ibid.*, 2 Dec. 1963, 551.

35. *Times*, 7 Dec. 1963.
36. *New York Times*, 19 July 1964.
37. *New York Times*, 4 Jan. 1965.
38. *Times*, 14 Dec. 1964.
39. *New York Times*, 14 Jan. 1965.
40. *New York Times*, 13 Apr. 1966.
41. *Middle East Economic Digest*, 16 Sept. 1977.
42. Letter to the author from James Griffith, Public Affairs Director, Pepsico, 17 Apr. 1985.
43. *Middle East Economic Digest*, 21 Nov. 1966.
44. *Business Week*, 23 Aug. 1969.
45. *Business Week*, 19 Sept. 1968.
46. *Daily News Record* (New York), 4 Dec. 1972.
47. *Wall Street Journal*, 13 May 1968.
48. *New York Times*, 28 May 1973.
49. *New York Times*, 11 Apr. 1973.
50. *Business Week*, 17 Feb. 1975.
51. *Business Week*, 24 Feb. 1975.
52. *Times*, 18 Feb. 1975.
53. *Financial Times* (London), 5 Feb. 1977.
54. House of Lords, *Report of the Select Committee on the Foreign Boycotts Bill*, vol. 2, London, 28 July 1978, 74.
55. *Middle East Economic Digest*, 1 July 1977.
56. Statement by Arab Petroleum Ministerial Council, 17 Oct. 1973, Kuwait.
57. A good account is contained in Michael A. Lundy, *The Arab Boycott of Egypt*, Research Report no. 15, Institute of Jewish Affairs (London, Oct. 1980).
58. See Charles Lynch's column in *The Gazette* (Montreal), 30 Oct. 1979.
59. *Middle East Economic Digest*, 26 Sept. 1980.
60. *Globe and Mail* (Toronto), 29 Jan. 1981.
61. *Treaty of Peace Between the Arab Republic of Egypt and the State of Israel*, Annex III, March 26, 1979.
62. U.S. Dept. of Commerce, *Export Administration Annual Reports FY 1980-83* (Washington, D.C., 1981-84).
63. *The Jewish Press*, 10 Apr. 1981. Egypt's ambassador to the United States, Ashraf Ghorbal, subsequently explained that insertion of these clauses in the company's tenders was due to "human error" in translating the Arabic into English.
64. This document was reported during the third quarter of 1981 and is available from the public inspection facility of the U.S. Dept. of Commerce.
65. Yoel Cohen, "Restarting the Autonomy Talks," *The Israel Economist*, Sept. 1981, 7.
66. *Times*, 2 May 1966.
67. *New York Times*, 1 Oct. 1966.
68. The 1971 Lebanese blacklist with amendments to the end of 1974 is contained in *Firmes et Navires Boycottés Pour Trafic Avec Israël*, published by Victor Michel Bendaly of Beirut, extracts of which appeared in U.S. House of Representatives, *Extension of the Export Administration Act of 1969: Hearings before the Committee on International Relations*, 94th Cong., 2d sess., pt. 1, 1976, 78-125. The 1970 Saudi Arabian blacklist is quite similar and is contained in *Directory of Boycotted Foreign Companies and Establishments* published by the Chamber of Commerce and Industries, Jeddah, and partly reprinted in U.S. House of Representatives, *Arab Boycott: Hearings before the Subcommittee on Monopolies and Commercial Law of the Committee on the Judiciary*, 94th Cong., 1st and 2d sess., 1976, 118-85. Additional blacklists from Kuwait and Bahrain with amendments to the end of 1976 are found in Edward Hotaling, *The Arab Blacklists Unveiled*, 1977, issued by Landia Publishing Co.,

an American firm believed to be based in Berkeley, Calif. (The foregoing are hereinafter cited as Lebanese, Saudi Arabian, Kuwait and Bahrain blacklists.)

69. Amer A. Sharif, *A Statistical Study on the Arab Boycott of Israel* (Beirut, 1970), 3.

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1. See *Fajr al-Jadid*, Baghdad, 29 Feb. 1961, as cited in *Middle East Record* 1961, vol. 2 (Tel Aviv, 1966), 209.

2. Dan S. Chill, *The Arab Boycott of Israel: Economic Aggression and World Reaction* (New York, 1976), 34.

3. *Business America*, 16 July 1979, 40. Publication of this notice in the official journal of the U.S. Dept. of Commerce violated the provisions of the 1977 American antiboycott law. Similar stipulations by Bangladesh and Malaysia are noted in U.S. Department of Commerce, *Export Administration Report*, (Washington, D.C., Oct. 1978–March 1979), 68.

4. *Wall Street Journal*, 29 Jan. 1981.

5. *U.S. Export Weekly*, 24 May 1977.

6. *U.S. Export Weekly*, 13 Nov. 1979.

7. *Times* (London), 20 June 1980.

8. See for example "Unified Law on the Boycott of Israel," Egyptian Law no. 506, 19 Oct. 1955; Law no. 10 of Jordan, 1958; Law no. 34 of Iraq, 1956; Royal Decree no. 27 of Saudi Arabia, 23 Nov. 1962; and Hussein A. Hassouna, *The League of Arab States and Regional Disputes* (New York, 1975), 270–71.

9. Central Office for the Boycott of Israel, *General Principles for the Boycott of Israel* (Damascus, June 1972). The text of the regulations has been reprinted in a number of publications, including U.S. Senate, *Multinational Corporations and United States Foreign Policy: Hearings Before the Subcommittee on Multinational Corporations of the Committee on Foreign Relations*, 94th Cong., 1st sess., 1975, 442–76.

10. James H. Bahti, *The Arab Economic Boycott of Israel*, unpublished study (Washington, D.C., 1967), 5. Available from U.S. Department of State.

11. *Arab Economist*, Feb. 1977.

12. *1980 Exporters' Encyclopaedia*, New York, 2–886.

13. See U.S. Department of Commerce, *Report of Request for Restrictive Trade Practice or Boycott* (hereafter *Report(s)*), no. 462381, Washington, D.C., 1978. Also, Mohamed Wahby, "Understanding the Modern Arab World," in *The Arab Business Yearbook*, (London, 1976), 18.

14. *New York Times*, 23 July 1975, reported that U.S. exporters had been requested by Jordan's Ministry of National Economy to provide information on any Jews on their boards of directors. Similarly, *Times*, 28 Mar. 1980, quoted letters sent to Finnish firms by the Iraqi Ambassador to Finland in which it was asked: "Is there any person in the above who is Zionist or a Jew?"

15. *Report*, no. 463409, Washington, D.C., 1978, on boycott request from Kuwait. A contract stipulation required by Jordan in 1978 states: "Vendor shall have nothing to do with Israel," contained in *Report*, 14 Aug. 1978.

16. *Reports*, nos. 331286, 332294, 332459, Washington, D.C., 1978, containing letters of credit issued by Qatar National Bank, the Bank of Kuwait and the Middle East K.S.C., and the Gulf Bank of Kuwait K.S.C. respectively. See also *Annex to the Letter of Credit No. 94171/78* issued by Commercial Bank of Syria, 26 Oct. 1978, available from U.S. Department of Commerce, Washington, D.C., and letter of credit issued by the Central Bank of Libya, 14 July 1972, contained in Andreas F. Lowenfeld, *Trade Controls for Political Ends* (New York, 1977), 513.

17. *1980 Exporters' Encyclopaedia*, op. cit., 2–1564, and *Report*, no. 333180, Washington, D.C., 1978.

18. 1977 *Exporters' Encyclopaedia*, 2-1250.
19. *Report*, no. 465761, Washington, D.C., 1978.
20. Lowenfeld, note 16 *supra*, 517.
21. *Aqaba Project General Purchase Terms*, Tender JS-1310-01, 13 Nov. 1978, 15/37, available from U.S. Department of Commerce, Washington, D.C.
22. *Globe and Mail* (Toronto), 5 July 1979.
23. *Times*, 24 June 1966.
24. The Jewish organizations concerned include B'nai B'rith, a social service group; Association of Jewish Organizations of Argentina; Argentine Institute for Hebrew Culture; Jewish Youth Federation of Argentina; Jewish Board of Deputies of Australia; Jewish Student's Union of Belgium; United Jewish Appeal, a social welfare organization in America; National Federation of Jewish Veterans of Belgium; World Jewish Congress; American Joint Distribution Committee, a refugee relief organization; Organization for Rehabilitation Through Training; United Jewish Welfare Fund of Canada; American Jewish Committee; United Hebrew Immigrant Aid Services of the United States; Workmen's Circle of the United States, a fraternal labor group; U.S. Anti-Defamation League of B'nai B'rith; American Jewish Congress; Encyclopedia Judaica Research Foundation of New York; Jewish War Veterans of the United States; National Council of Jewish Women of the United States; National Jewish Welfare Board of the United States; National Council for Jewish Education of the United States; United Synagogues of America; Union of American Hebrew Congregations; Yeshiva University of New York; and the Federation of Jewish Philanthropies of New York. See Lebanese and Saudi Arabian blacklists.
25. *Times*, 11 Aug. 1975. The document is reproduced in *The Arab Boycott in Canada: Report of the Commission on Economic Coercion and Discrimination* (Montreal, 11 Jan. 1977), app. 3, which contains the conditions for an agency registration in Saudi Arabia. See also *U.S. Export Weekly*, 13 Nov. 1979, regarding Caterpillar Tractor.
26. *Near East Report*, Special Supplement, May 1965, and U.S. Senate, *Congressional Record*, 17 July 1957, 13693.
27. Oded Remba, "The Arab Boycott — A Study in Total Economic Warfare," *Midstream*, Summer 1960.
28. 1980 *Exporters' Encyclopedia*, New York, 2-1328.
29. Remba, note 27 *supra*.
30. U.S. Department of Commerce, *Export Administration Report*, April-Sept. 1977; also *New York Times*, 22 Mar. 1982.
31. *Business America*, 4 Dec. 1978.
32. Lowenfeld, note 16 *supra*, 103.
33. *New York Times*, 11 May 1976.
34. Walter Henry Nelson and Terence Prittie, *The Economic War Against the Jews* (New York, 1977), 47.
35. A preliminary attempt by the Arab states to accomplish this goal failed in August 1980 during the UN debate on Israel's formal designation of Jerusalem as its capital, when majority support from the Security Council did not materialize.
36. *Tidens Tegn*, Oslo, 24 Jan. 1939, cited in "The Nazi Pattern of the Boycott," *Patterns of Prejudice*, Mar./Apr. 1975.
37. *UN Monthly Chronicle*, Apr. 1976.

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2. *Globe and Mail* (Toronto), 10 June 1977.
3. *Jewish Press*, 18 Sept. 1981.

4. CBO, *General Principles for the Boycott of Israel* (Damascus, June 1972).
5. *New York Times*, 18 Dec. 1959.
6. *New York Times*, 21 Jan. 1960.
7. *Middle East Record*, 1960, (Tel Aviv, 1964), 206.
8. *Ibid.*
9. *Ibid.*
10. *Near East Report*, Special Survey, May 1965.
11. *New York Times*, 16 July 1963.
12. *New York Times*, 27 Jan. and 26 Feb. 1965.
13. *Journal of Commerce*, 14 Apr. 1978.
14. *Times*, 24 June 1966.
15. *Newsweek*, 5 Dec. 1966.
16. Saudi Arabian blacklist. See also *New York Times*, 22 June 1969.
17. Bahrain and Kuwait blacklists.
18. *Citizen* (Ottawa), 4 Apr. 1979.
19. *Times* (London), 26 Oct. 1981.
20. *Boycott Report*, 8:1 (Jan. 1984), 9.
21. *Jewish Press*, 8 Dec. 1978.
22. *Publishers Weekly*, 8 Aug. 1977.

Chapter 5

1. Julius Stone, *Legal Controls of International Conflict* (London, 1954), 291.
2. Derek W. Bowett, "International Law and Economic Coercion," *Virginia Journal of International Law* 16, no. 2 (1976):253. Article 2(7) of the charter excludes action taken on matters essentially within the domestic jurisdiction of any state.
3. J. Dapray Muir, "The Boycott in International Law," *The Journal of International Law and Economics*, August 1974, 203.
4. See UN General Assembly Resolutions 2131, 2625, and 3281 in Docs. A/6014 (1965), A/RES/2625 (1970), and A/9631 (1974).
5. Yehuda Z. Blum, "Economic Boycotts in International Law," *Texas International Law Journal*, Winter 1977, 13.
6. E. Vitta, "The Boycott of 'Zionist Goods' by the Arab League," in *Jewish Yearbook of International Law 1948* (Jerusalem, 1949), 257.
7. *Ibid.*
8. *Ibid.*
9. Jon Kimche, "The Arab Boycott," *Midstream*, Sept. 1964, 5. The Arab League was successful in expunging any reference to boycotts in the draft ITO Charter. See William Adams Brown, Jr., *The United States and the Restoration of World Trade* (Washington, D.C., 1950), 106.
10. *Supplementary Memorandum by the Government of Palestine, Including Notes on Evidence Given to the United Nations Special Committee on Palestine up to the 12th July, 1947*. Cited in Vitta, note 6 *supra*, 260. See also Mansoor, *Political and Diplomatic History of the Arab World: A Chronological Study*, vol. 1 (Washington, D.C., 1972).
11. See for example *General Armistice Agreement Between Israel and Egypt*, 24 Feb. 1949, 42 U.N.T.S., 1949.
12. UN Doc. S/2047, 29 Aug. 1949.
13. *Security Council Resolution Concerning the Passage of Israeli Shipping Through the Suez Canal*, UN Doc. S/2322, 1951.
14. Department of State, *Selected Documents*, no. 4, Washington, D.C., 1976.
15. "Treaty of Peace Between the Arab Republic of Egypt and the State of Israel," *Department of State Bulletin*, May 1979, 4. The treaty cites the Constantinople Convention in support of free passage for Israeli ships.

16. International Chamber of Commerce, *Statements and Resolutions of the ICC, 1967-1969* (Paris, 1969), 23-24.

17. Articles I, III, V, VIII, XI, and XIII apply. See the discussion contained in the Working Party report on Egypt's accession in GATT, *Basic Instruments and Selected Documents*, 17th supp. (Geneva, 1970), 37-41.

18. See Ze'ev Sher, "Government of Israel Policy in the United States on the Arab Boycott," speech delivered to Conference on Transnational Boycotts in Austin, Texas, 19 Feb. 1976, 4. Available from Embassy of Israel, Washington, D.C.

19. Article 51 of the UN Charter prohibits any use or threat of force by states in their international relations, subject to the preservation of the right of self-defense in the event of an armed attack and to the right of the UN itself to organize collective security measures. Article 53 of the charter goes on to proscribe the enforcement of aggressive measures by regional organizations such as the League of Arab States without prior authorization from the Security Council. The initiation of the war against Israel in 1948 by five Arab states and the accompanying enforcement of economic warfare measures by the Arab League without Security Council approval thus violated the basic provisions of the charter.

20. GATT, *Inventory of Non-Tariff Measures by Type: Specific Limitations*, Doc. MTN/3B/4, 15 Feb. 1974.

21. United Nations, *The Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices*, (New York, 1980).

22. United Nations, *The Universal Declaration of Human Rights*, 10 Dec. 1948.

23. United Nations General Assembly Resolution 2106A (xx), 1965.

24. A thorough treatment of the Rhodesian case is contained in Donald L. Losman, *International Economic Sanctions: The Cases of Cuba, Israel and Rhodesia* (Albuquerque, 1979).

25. Further details on the U.S. primary boycott of communist countries are available in Losman, note 24 *supra*, and Margaret P. Doxey, *Economic Sanctions and International Enforcement* (London, 1971).

26. U.S. House of Representatives, *The Arab Boycott and American Business: Report by the Subcommittee on Oversight and Investigations of the Committee on Interstate and Foreign Commerce*, 94th Cong., 2d sess., Sept. 1976, xiii.

27. Letter to President Carter signed by Irving S. Shapiro, Chairman of The Business Roundtable, and Burton M. Joseph, National Chairman of the ADL, 3 Mar. 1977.

28. See statement of Stanley J. Marcuss, Senior Deputy Assistant Secretary for Industry and Trade, Department of Commerce, in U.S. House of Representatives, *Extension and Revision of the Export Administration Act of 1969: Hearings and Markup before the Subcommittee on International Economic Policy and Trade of the Committee on Foreign Affairs*, pt. 1, 96th Cong., 1st sess., 1979, 111.

29. Charlotte A. Phillips, *The Arab Boycott of Israel: Possibilities for European Cooperation with U.S. Anti-boycott Legislation* (Washington, May 1979), 106-7.

30. The Office of the U.S. Trade Representative cites the lack of legislative action to oppose foreign boycotts in other industrialized countries as a major factor in its position.

31. Speech by Assistant Attorney General Philip B. Heymann, "The Justice Department's Proposed Program to Provide Advice to Businesses in connection with Foreign Payments," New York, 8 Nov. 1979.

Chapter 6

1. As quoted in Jebran Chamieh, ed., *Record of the Arab World: June-Sept. 1969* (Beirut, 1970), 2883.

2. Mohammed Mahmoud Mahgoub, "Nature of the Arab Boycott of Israel," Enclosure 4 to letter of April 15, 1978, contained in House of Lords, *Report of the Select Committee on the Foreign Boycotts Bill*, vol. 1, 69.
3. B. Y. Boutros-Ghali, "The Arab League: Ten Years of Struggle," *International Conciliation* (May 1954), 421.
4. See statement by Mahgoub in BBC, *Summary of World Broadcasts: The Middle East and Africa* (London, 22 Oct. 1976), A/3.
5. *Middle East Economic Digest*, 23 Sept. 1977.
6. Yaacov Herzog, *A People that Dwells Alone* (New York, 1975), 67.
7. Donald L. Losman, *International Economic Sanctions: The Cases of Cuba, Israel and Rhodesia* (Albuquerque, 1979), 71.
8. E. Davrath, "Economic Developments in Israel and the Boycott," paper presented to the Seminar on Freedom of Trade with Israel in Brussels, 24–25 June 1984; available from Economic Warfare Authority, Ministry of Finance, Jerusalem.
9. *Ibid.*, 54.
10. Walter Eytan, *The First Ten Years: A Diplomatic History of Israel* (New York, 1958), 100.
11. On this, see generally CBO, *General Principles for the Boycott of Israel*, Articles 37–40. Further information is contained in Chamieh, *Record of the Arab World: April 1970* (Beirut, 1971), 2254, and *Business Week*, 9 July 1979.
12. Approximately 90 percent of imports into Judea and Samaria are of Israeli origin and include refrigerators, air conditioners, tires, poultry, eggs, citrus products, and other foodstuffs. Other Arab countries have banned re-imports of these products from Jordan. See *Arab Report and Record*, 16–30 Nov. 1969.
13. *Middle East Record* 1961, vol. 2 (Tel Aviv, 1966), 209.
14. *Middle East Economic Digest*, 14 Jan. 1983.
15. *New York Times*, 13 Mar. 1983.
16. *Business Week*, 23 Aug. 1969. See also letter from Kawasaki Dockyard Company Ltd. in Dan S. Chill, *The Arab Boycott of Israel: Economic Aggression and World Reaction* (New York, 1976), app. C, 88–89.
17. U.S. House of Representatives, *Effectiveness of Federal Agencies' Enforcement of Laws and Policies Against Compliance by Banks and Other U.S. Firms with the Arab Boycott, Part 2: Hearings before a Subcommittee of the Committee on Government Operations*, 94th Cong., 2d sess., 20 Oct. 1976, 64.
18. A. Dagan, "The Arab Boycott," in *The Israel Yearbook* (Jerusalem, 1966), 251.
19. *Middle East Record* 1960 (Tel Aviv, 1964), 188.
20. *Journal of Commerce*, 8 Mar. 1977.
21. *MER* 1960, 188.
22. *Ibid.*
23. *Ibid.*; as quoted in the Beirut newspaper *Anwar*, 25 Nov. 1960.
24. *New York Times*, 21 Nov. 1966.
25. *Arab Report and Record*, 16–30 Apr. 1967.

Chapter 7

1. See U.S. Senate, *Congressional Record*, 17 July 1957, 13691; Robert H. Lande, "Arab Boycott," *Harvard Civil Rights – Civil Liberties Law Review*, Winter 1977, 199–200; and Charles Sporn, "Complicity With the Arab Blacklist: Business Expedience Versus Abridgement of Constitutional Rights," *Brooklyn Journal of International Law* 2, no. 2 (1976):230–35.

2. *Congressional Record*, note 1 supra, 13689-92.
3. *Ibid.*, 13693.
4. *Foreign Commerce Weekly*, 5 Mar. 1956.
5. Senate Resolution 323, 84th Cong., 2d sess., 1956.
6. *Near East Report*, Special Supplement, Oct. 1965, B-17. See also *Business Week*, 7 May 1960.
7. *Near East Report*, Special Supplement, Oct. 1965, B-19.
8. *Ibid.*, C-12.
9. *Middle East Record 1961* (Tel Aviv, 1966), 196.
10. *New York Times*, 22 Dec. 1963.
11. U.S. House of Representatives, *Continuation of Authority for Regulation of Exports and Amending the Export Control Act of 1949: Hearings Before the Committee on Banking and Currency and the Subcommittee on International Trade of the Committee on Banking and Currency*, 89th Cong., 1st sess., 1965, 36. See also U.S. Senate, *Amend Section 2 of the Export Control Act of 1949: Hearings on Bill S. 948 Before a Subcommittee of the Committee on Banking and Currency*, 89th Cong., 1st sess., 1965, 2-3.
12. Statement by Congressman James Roosevelt in *Continuation of Authority for Regulation of Exports and Amending the Export Control Act of 1949*, note 11 supra, 31-32.
13. *Ibid.*, 62-81.
14. U.S. Senate, *Report to accompany H.R. 7105*, Calendar no. 352, 89th Cong., 1st sess., 23 June 1965. See also *Congressional Quarterly Almanac* 21, 89th Cong., 1st sess., 1965, 502.
15. U.S. Department of Commerce, *Export Control Regulations*, S.369.2 (b)(ix), Washington, D.C., 1 June 1969. As the *Near East Report* Supplement of Aug. 1967 noted: "One does not "encourage and request" by sending out a form which emphasizes that the recipient is completely free to do as he pleases and which does not require him to tell what he did or to explain why he did it."
16. See U.S. Senate, *Export Expansion and Regulation: Hearings Before the Subcommittee on International Finance of the Committee on Banking and Currency*, 91st Cong., 1st sess., 1969, 71.
17. *Ibid.*, 75.
18. *Ibid.*, 77.
19. *Ibid.*, 70.
20. U.S. Senate, *Multinational Corporations and United States Foreign Policy: Hearings Before the Subcommittee on Multinational Corporations of the Committee on Foreign Relations*, 94th Cong., 1st sess., 1975, 207-8.
21. *Wall Street Journal*, 4 Mar. 1975.
22. ADL press release of 10 June 1975.
23. ADL press release of 21 July 1975. One of the applicants was rejected because his wife was Jewish even though she would not be accompanying him overseas. Conciliation agreements signed by these firms with the ADL in 1976 resulted in pledges not to discriminate in future and, in some cases, monetary settlements for aggrieved individuals.
24. *New York Times*, 24 July 1975.
25. U.S. House of Representatives, *Arab Boycott: Hearings Before the Subcommittee on Monopolies and Commercial Law of the Committee on the Judiciary*, 94th Cong., 1st and 2d sess., 1976, 24.
26. ADL press release of 11 Aug. 1975.
27. ADL press release of 10 Sept. 1975.
28. *United States of America v. Bechtel Corporation, et al.*, Civil no. C-76-99, U.S. District Court, Northern District of California, 16 Jan. 1976.
29. *United States of America v. Bechtel Corporation, et al.*, Civil No. C-76-99 (GBH), U.S. District Court, Northern District of California, 10 Jan. 1977.

30. *SEC v. General Tire and Rubber Company*, Civil no. 76-0799, U.S. District Court, District of Columbia, 10 May 1976.

31. U.S. House of Representatives, *Effectiveness of Federal Agencies' Enforcement of Laws and Policies Against Compliance by Banks and Other U.S. Firms With the Arab Boycott: Hearings before the Subcommittee on Commerce, Consumer and Monetary Affairs of the Committee on Government Operations*, pt 1, 94th Cong., 2d sess., 1976, 45.

32. *Ibid.*, 48.

33. U.S. House of Representatives, *The Arab Boycott and American Business: Report by the Subcommittee on Oversight and Investigations of the Committee on Interstate and Foreign Commerce*, 94th Cong., 2d sess., Sept. 1976, ix.

34. *Ibid.*, 15, note 48.

35. For text, see U.S. House of Representatives, *Discriminatory Arab Pressure on U.S. Business: Hearings Before the Subcommittee on International Trade and Commerce of the Committee on International Relations*, 94th Cong., 1st sess., 1975, 145.

36. *Department of State Bulletin*, Apr. 1975, 70.

37. Text is reproduced in U.S. House of Representatives, *Discriminatory Overseas Assignment Policies of Federal Agencies: Hearings Before the Subcommittee on Government Information and Individual Rights of the Committee on Government Operations*, 94th Cong., 1st and 2d sess., 1976, 24-25.

38. Office of the White House Press Secretary, Statement by the President, 20 Nov. 1975, reprinted in *Business Lawyer*, Mar. 1976, 1418-21.

39. U.S. Securities and Exchange Commission, *Securities Exchange Act Release*, no. 11860, Washington, D.C., 20 Nov. 1975.

40. See 12 Dec. 1975 letter from Theodore E. Allison, Secretary, Board of Governors of the Federal Reserve System, to the presidents of all Federal Reserve Banks.

41. Letter of 20 Jan. 1976 from Allison.

42. *Export Administration Bulletin*, no. 149, 20 Nov. 1975, 3.

43. See U.S. House of Representatives, *Contempt Proceedings Against Secretary of Commerce Rogers C. B. Morton, Including Hearings and Related Documents before the Subcommittee on Oversight and Investigations of the Committee on Interstate and Foreign Commerce*, 94th Cong., 1st sess., 1975.

44. *Ibid.*, 160.

45. See for example testimony by Joseph Greenwald, Assistant Secretary of State for Economic and Business Affairs, in U.S. House of Representatives, *Extension of the Export Administration Act of 1969: Hearings Before the Committee on International Relations*, pt 1, 94th Cong., 2d sess., 1976, 9; also letter of Charles Walker, Assistant Secretary of the Treasury, to Senator Russell Long in *supra*, 803.

46. This was the contention of Treasury Secretary Simon in his testimony contained in *supra* (note 45), 44.

47. Statement by James Baker III, Under Secretary of Commerce, in *Discriminatory Arab Pressure on U.S. Business*, note 35 *supra*, 115.

48. *Ibid.*, 120.

49. Gerald Parsky, Assistant Secretary of the Treasury for Trade, Energy and Financial Resources Policy Coordination, made this point several times during congressional hearings. See U.S. Senate, *Foreign Investment and Arab Boycott Legislation: Hearings Before the Subcommittee on International Finance of the Committee on Banking, Housing and Urban Affairs*, 94th Cong., 1st sess., 1975, 106.

50. Again, Parsky made these tendentious assertions. See *Extension of the Export Administration Act of 1969*, note 45 *supra*, 66. Similar unsupported assertions were made by Sidney Sober, Deputy Assistant Secretary for Near East and South Asia Affairs, Department of State, in *ibid.*, 29; Charles Hostler, Deputy Assistant Secretary for International Commerce, Department of Commerce, in *Discriminatory Arab Pressure on U.S.*

Business, note 35 *supra*, 78; and John Tabor, Under Secretary of Commerce, in *Foreign Investment and Arab Boycott Legislation*, note 49 *supra*, 9.

51. Scalia's testimony is featured in *Arab Boycott*, note 25 *supra*, 38-39.

52. *Discriminatory Arab Pressure*, note 35 *supra*, 110.

53. *Ibid.*, 96.

54. *Extension of the Export Administration Act of 1969*, note 45 *supra*, 346-47.

55. *Ibid.*, 201.

56. *Ibid.*, 197.

57. *Ibid.*, 194.

58. This change of policy was largely at the urging of Commerce Secretary Elliott Richardson who advocated support for S.3084 as early as April 1976. See *Effectiveness of Federal Agencies' Enforcement*, note 31 *supra*, 66.

59. Letter from Charles Walker, note 45 *supra*.

60. P.L. 94-455, 4 Oct. 1976.

61. *Public Papers of the Presidents of the United States: Gerald R. Ford, 1976-77*, vol. 3 (Washington, 1979), 2417-18, 2433-34.

62. U.S. Senate, *Arab Boycott: Hearings Before the Subcommittee on International Finance of the Committee on Banking, Housing and Urban Affairs*, 95th Cong., 1st sess., 1977, 476-85.

63. Letter of Ad Hoc Committee of ADL and the Business Roundtable, 3 Mar. 1977.

64. *Arab Boycott*, note 62 *supra*, 448.

65. U.S. House of Representatives, *Export Administration Amendments of 1977: Report of the Committee on International Relations together with Additional Views on H.R. 5840*, Report no. 95-190, 95th Cong., 1st sess., 1977, 23.

66. U.S. Senate, *Export Administration Amendments of 1977: Report of the Committee on Banking, Housing and Urban Affairs to Accompany S.69 together with Additional Views*, Report no. 95-104, 95th Cong., 1st sess., 1977, 43.

67. Report no. 95-190, note 65 *supra*, 24.

68. Report no. 95-104, note 66 *supra*, 63.

69. *Ibid.*, 47.

70. *Ibid.*, 79-82.

71. U.S. House of Representatives, *Export Administration Amendments of 1977: Conference Report*, Report no. 95-354, 95th Cong., 1st sess., 1977, 26-28.

72. White House Press Release, 22 June 1977.

73. Public Law 95-52: Export Administration Amendments of 1977, 22 June 1977.

74. See, for example, statements by New York Assemblyman Joseph F. Lisa, 19 July 1976, and Francis B. Burch, Attorney-General of Maryland, 22 Feb. 1977.

75. The Assembly, State of New York, *The Arab Boycott* (Albany, 10 June 1976), 9.

76. *Ibid.*, 5-10.

77. *New York Times*, 10 June 1977.

78. James V. Feinerman, "The Arab Boycott and State Law: The New York Anti-Boycott Statute," *Harvard International Law Journal*, Spring 1977, 354.

79. *Journal of Commerce*, 8 June 1976.

80. *Economist*, 4 Dec. 1976.

81. *Wall Street Journal*, 16 Aug. 1978, and *Jewish Press*, 24 July 1981.

82. *Journal of Commerce*, 20 May 1977.

83. *Journal of Commerce*, 24 Feb. 1977.

84. *The Harris Survey* 31 Jan. 1977. The AFL-CIO voted to support legislation to forbid corporate compliance. Cf. *Journal of Commerce*, 4 Mar. 1977.

85. *New York Times*, 16 Sept. 1976.

86. *Effectiveness of Federal Agencies Enforcement*, note 31 *supra*, 31.

87. *Extension of the Export Administration Act of 1969*, note 45 *supra*, 244-45.

88. Dresser paid for a full two-page newspaper spread outlining a disaster scenario

for the U.S. economy should antiboycott legislation be enacted. The ads took the form of an interview with Richard D. Robinson, a professor of international management at the Massachusetts Institute of Technology (see ad in *Wall Street Journal*, 14 April 1977).

89. *Arab Boycott*, note 62 supra, 308-38, 359.

90. For example RCA had lost \$10 million in annual export business with the Arab world following its blacklisting.

91. Twenty-two U.S. firms, including General Motors, Xerox, Scott Paper, Beatrice Foods, Continental Can, General Foods, Greyhound, McDonnell-Douglas, Pitney-Bowes, Textron, and Warner Communications, gave written assurances to the American Jewish Congress that they would refuse to participate in the Arab boycott. See *Journal of Commerce*, 24 Mar. 1976. General Mills, Pillsbury, Bausch and Lomb, First National Bank of Chicago and First National Bank of Minneapolis said they supported the elimination of restrictive certification requirements and would negotiate with the Arabs to eliminate them. On this, see ADL press releases, 5 Apr. and 29 May 1976. Several banks, including the Continental Bank and the Provident National Bank of Philadelphia, the Winters National Bank of Dayton, and the Dollar Savings and Trust Company of Youngstown, Ohio, refused to issue or process boycott-tainted letters of credit.

92. See in this regard Will Maslow, "How You Can Fight The Boycott," *Moment*, Dec. 1976. Many resolutions were withdrawn in return for statements of company policy sent to shareholders pledging resistance to boycott demands. Important support was also received from institutional investors such as the New York City Teachers' Retirement Board, the Pennsylvania Public School Employees' Retirement Board, and church and university groups. See *Journal of Commerce*, 28 Mar. 1977.

93. *Journal of Commerce*, 21 June 1977.

94. *Journal of Commerce*, 1 Mar. 1977.

95. *Journal of Commerce*, 12 Apr. 1976.

96. *Journal of Commerce*, 27 Apr. 1977.

97. *Journal of Commerce*, 14 June 1977.

98. U.S. House of Representatives, *Department of Commerce's Proposed Anti-Boycott Enforcement and Regulation Plans: Hearings Before a Subcommittee of the Committee on Government Operations*, 95th Cong., 1st sess., 1977, especially 85-100.

99. *Federal Register*, 25 Jan. 1978, 3508-12.

100. *Federal Register*, 5 July 1978, 29080. According to the Department of Commerce, a number of foreign policy and legal issues had to be resolved before this monitoring exercise could get off the ground.

101. *Federal Register*, 11 Nov. 1976, 49923-33, and 5 Jan. 1977, 1093-96; and *Additional Treasury Department Guidelines Concerning Boycott Provisions of the TRA of 1976*, 14 Nov. 1979.

102. *Business International*, 9 Sept. 1977; and *Revised Treasury Department Boycott Guidelines*, 20 Jan. 1978.

103. *U.S. Export Weekly*, 19 Sept. 1978.

104. *U.S. Export Weekly*, 23 Sept. 1980.

105. *MEED*, 12 Jan. 1979.

106. See *Coastal International Limited Prospectus*, 17 Mar. 1981.

107. *Business International*, 30 Dec. 1977.

108. Cf. the UK's Protection of Trading Interests Act of 1980.

109. U.S. Department of the Treasury, *The Operation and Effect of the International Boycott Provisions of the Internal Revenue Code* (Washington, D.C., 1984).

110. *Journal of Commerce*, 13 Feb. 1981.

111. The incident involved Congressman Stewart McKinney (R.-Conn.) and Metco of Britain, a subsidiary of Perkin-Elmer. Additional details may be found in *Boycott Report*, 8:9 (Nov.-Dec. 1984), 2-3.

112. *Canadian Jewish News*, 15 Mar. 1984.
113. U.S. Department of Commerce, *Commerce News*, 18 Jan. 1985.

Chapter 8

1. A similar view was expressed by Maurice Western in *The Montreal Star*, 14 Oct. 1976. See also Department of External Affairs, *Statements and Speeches*, no. 75/12, Ottawa, 30 Apr. 1975.
2. Statement by the Secretary of State for External Affairs to the House of Commons, 15 June 1981.
3. *Business International*, 12 Apr. 1968.
4. Canada, Parliament, House of Commons, *Debates*, 19 Feb. 1964, 9.
5. *Submission to the Canadian Tariffs and Trade Committee by the Canadian Manufacturers' Association*, May 1964, 38.
6. See Section 32 of the act.
7. 8-9 Elizabeth II, ch. 44, pt 1, *An Act for the Recognition and Protection of Human Rights and Fundamental Freedoms*.
8. In 1974, the Minister of Industry, Trade and Commerce termed the blockage of a Canadian subsidiary's sale of furniture to Cuba by the U.S. an "intolerable interference" in Canadian affairs. See *International Canada*, Dec. 1974, 231. Also Department of Industry, Trade and Commerce, *Some Guiding Principles of Good Corporate Behaviour*, Ottawa, 1966; and *New Principles of International Business Conduct*, Ottawa, 1975.
9. Government of Canada, *Foreign Direct Investment in Canada*, Ottawa, 1972, 253-70; and *Financial Post*, 20 Nov. 1976.
10. *Submission to the Canadian Tariffs and Trade Committee*, note 5 supra, 34.
11. *Business International*, 12 Apr. 1968.
12. *The Arab Boycott in Canada: Report of the Commission on Economic Coercion and Discrimination* (Montreal, 11 Jan. 1977), 22, 42.
13. F. Ian Wood and John Morrow, "Iraq: Demand for Essential Goods Continues," *Canada Commerce*, June 1973.
14. *The Middle East: U.S. Policy, Israel, Oil and the Arabs*, Congressional Quarterly, (Washington, Apr. 1974), 32.
15. *Financial Post*, 13 Mar. 1975.
16. *Ibid.*
17. *Ibid.*
18. *Gazette* (Montreal), 2 May 1975.
19. House of Commons, *Minutes of Proceedings and Evidence of the Standing Committee on Finance, Trade and Economic Affairs*, Ottawa, 6 May 1975, 44.
20. House of Commons, *Debates*, 8 May 1975, 5583.
21. See its valuable report *The Arab Boycott: Implications for Canada* (Montreal, 1976).
22. *Gazette*, 1 Apr. 1976.
23. *Financial Post*, 5 June 1976.
24. *Globe and Mail* (Toronto), 6 Aug. 1976.
25. *Globe and Mail*, 7 Aug. 1976.
26. *Ibid.*
27. *Toronto Star*, 7 Aug. 1976.
28. *Ottawa Journal*, 12 Aug. 1976.
29. Canadian Jewish Congress, *Inter-Office Information*, Montreal, Aug. 1976.
30. *Toronto Star*, 14 Aug. 1976.
31. *Globe and Mail*, 28 Sept. 1976.
32. Statement on Motions by the Secretary of State for External Affairs on Boycott Policy, Ottawa, 21 Oct. 1976.

33. Ibid.

34. Department of Industry, Trade and Commerce, *International Economic Boycotts*, (Ottawa, 21 Jan. 1977).

35. House of Commons, *Debates*, 21 Oct. 1976, 304. The government policy was termed a "milk and water statement" by New Democratic Party M.P. Tommy Douglas. See *Debates*, 305.

36. Ibid., 306.

37. *International Canada*, Oct. 1976, 239-40. Also *Montreal Star*, 22 Oct. 1976; *Gazette*, 23 Oct. 1976; *Toronto Star*, 30 Oct. 1976; *Financial Post*, 20 Nov. 1976; House of Commons, *Debates*, 17 Feb. 1977, 3179.

38. An example of such fears was expressed in *Heavy Construction News*, 8 Nov. 1976, 5, and confirmed by the *The Arab Boycott in Canada*, note 12 *supra*, 37-38.

39. *Financial Times of Canada*, 10 Jan. 1977.

40. Countries where economic boycotts were in effect were originally listed as follows: Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates, Yemen Arab Republic, People's Democratic Republic of Yemen, Algeria, Morocco, Sudan, Tunisia, and Mauritania. Subsequently excluded were the latter five countries, on the grounds they no longer practiced secondary or tertiary boycott activity. Moreover, the documented finding by the Commission on Economic Coercion and Discrimination that Uganda and certain other Third World nations included Arab boycott requests in their purchase orders was ignored. See Appendix 6 of the Commission's *Report*, and *Globe and Mail*, 14 Jan. 1977.

In a government trade publication, Canadian exporters were advised that insurance companies had to certify that they were not blacklisted and a steamship certificate was necessary declaring that the vessel was not Israeli-owned and was not scheduled to stop at an Israeli port. See Department of Industry, Trade and Commerce, *Markets for Canadian Exporters: Saudi Arabia* (Ottawa, 1977), 23. Protests in Parliament led the government to append its boycott policy statement to the booklet and to future tender documents.

41. The distinguished commission was chaired by Prof. Irwin Cotler of the Faculty of Law of McGill University. Other members were Prof. Leo Barry of Memorial University of Newfoundland, a former Minister of Mines and Energy in that province; Prof. Yves Caron of McGill University; Prof. Harry Crowe of York University; Yves Fortier, President of the Quebec section of the Canadian Bar Association; Herb Gray, Liberal M.P. and former Minister of Consumer and Corporate Affairs in the federal government; Emmett Hall, former Justice of the Supreme Court of Canada; Judy LaMarsh, former federal Secretary of State; and David Lewis, former leader of the New Democratic Party.

42. *The Arab Boycott in Canada*, note 12 *supra*, 87.

43. Ibid., 34.

44. Ibid., 55-59.

45. *Gazette*, 15 Jan. 1977.

46. *Citizen* (Ottawa), 18 Jan. 1977.

47. *La Presse* (Montreal), 20 Jan. 1977.

48. *Gazette*, 15 Jan. 1977.

49. *Globe and Mail*, 21 Jan. 1977.

50. *Montreal Star*, 22 Jan. 1977.

51. Ibid.

52. *Canadian Middle East Digest*, 11 Feb. 1977.

53. *Citizen*, 30 Mar. 1977, reported that the president of the Association of Consulting Engineers of Canada viewed government policy as inimical to market development in the Middle East. *Financial Times of Canada*, 18 Apr. 1977, further quoted the associa-

tion to the effect that withdrawal of government trade services could lead to a loss of \$1.2 billion of export business. However, the Consulting Engineers of Ontario dissociated itself from the ACEC position. Cf. *Globe and Mail*, 18 May 1977.

A Montreal lumber firm filed suit against the government alleging that withdrawal of government trade services because of its record of boycott compliance would considerably prejudice its sales to Iraq. *Lumber Corporation contre Sa Majesté la Reine et le Ministre de l'Industrie et du Commerce*, Division de première instance de la Cour fédérale du Canada, Province de Québec, District de Montréal, no. T-727-77, 23 Feb. 1977.

54. *Globe and Mail*, 28 Apr. 1977.

55. *Submissions to the House of Commons Standing Committee on Justice and Legal Affairs*, 29 Mar. and 28 Apr. 1977 respectively.

56. *Vancouver Sun*, 22 June 1977.

57. *Canadian Jewish News*, 24 June 1977.

58. *Montreal Star*, 29 Apr. 1977.

59. *Canadian Middle East Digest*, 2, no. 26, (28 Oct. 1977).

60. 26 Elizabeth II, 1977, 1st sess., 31st Legislature, Ontario. Mr. Grossman's bill was entitled "An Act to Prohibit Discrimination in Business Transactions," 26 Elizabeth II, 1977, 4th sess., 30th Legislature, Ontario. First reading was received on 19 Apr. 1977, but government action overtook it. The only major difference in these bills was Mr. Grossman's provision for imprisonment for a term of not more than one year for offenders.

61. *Toronto Star*, 19 Sept. 1978.

62. *Canadian Jewish News*, 16 Nov. 1978.

63. *Canadian Middle East Digest*, 29 Oct. 1978. See also Ontario Legislature, *Hearings before the Standing Administration of Justice Committee: Bill 112, The Discriminatory Business Practices Act*, Toronto, Sept. 1978.

64. Ontario Ministry of Consumer and Commercial Relations, *Annual Reports*, Toronto, 1980-84.

65. *Globe and Mail*, 20 and 21 Mar. 1979.

66. *Toronto Star*, 22 Mar. 1979.

67. Saudi Arabia was prepared to increase purchases from Canada as part of its program of trade diversification.

68. Statement by Hon. William G. Davis, Premier of Ontario, on Discriminatory Business Practices, Toronto, June 8, 1978.

69. Secretary of State John Roberts and Defense Minister Barney Danson supported more forthcoming federal antiboycott measures such as publication of names of firms agreeing to Arab boycott participation. Industry, Trade and Commerce Minister Jack Horner was opposed to such action. Backbenchers in the Liberal Party, notably Herb Gray and Robert Kaplan, pressed their leader, Prime Minister Trudeau, to introduce antiboycott legislation. For further details, see *Canadian Jewish News*, 3 Feb. 1978; *Globe and Mail*, 25 Aug. 1978; *Gazette*, 4 Dec. 1978; and *Debates*, 30 Jan. 1979, 2740-41.

70. Department of Industry, Trade and Commerce, *International Economic Boycotts*, Ottawa, tabled in the House of Commons on 9 Feb., 30 May and 15 Dec. 1978.

71. *Toronto Star*, 1 June 1978. In a column in the *Canadian Jewish News*, 9 June 1978, a former Conservative M.P. from Toronto, Ron Atkey, called the antiboycott policy a "joke." He compared permitting the addition of nondiscriminatory declarations to boycott-tainted contracts to allowing Canadian firms to sell weapons to the Arabs as long as the Canadians unilaterally declared that their weapons wouldn't be used against Israel.

72. *Citizen*, 15 Apr. 1978, and transcript of interview with Bell Canada president in *Globe and Mail*, 10 Jan. 1979.

73. House of Commons, *Debates*, 31 May 1978, 5910.

74. *The Arab Boycott and American Business: Report by the Subcommittee on Oversight and Investigations of the Committee on Interstate and Foreign Commerce*, 94th Cong., 2d sess., Sept. 1976, 39.

75. *Bill 32, An Act to Amend the Human Rights Act*, 27 Elizabeth II, 1978, 2d sess., 31st Legislature, Manitoba.

76. *Citizen*, 29 June 1978.

77. *Globe and Mail*, 30 June 1978.

78. The motion was adopted on 21 June.

79. *Gazette*, 28 June and 13 July 1978. A case in point was Québec Telephone, whose only business was to operate a telephone system in the Gaspé area and on the lower shores of the St. Lawrence River. Since 54 percent of its shares were owned by General Telephone and Electronics of New York, which did business with Israel, the Québec firm was implicated by association.

80. See *Bill C-32, Foreign Economic Boycott Requests Reporting Act*, 4th sess., 30th Parliament, 27 Elizabeth II, 1978, and *Draft Regulations Respecting the Reporting of Information Relating to Foreign Economic Boycott Requests*, tabled in the House of Commons 19 Dec. 1978.

81. *Gazette*, 17 Oct. 1978.

82. According to press reports, officials of the Department of Industry, Trade and Commerce, including trade commissioners posted in Arab countries, and officials of the Department of External Affairs, were highly critical of any antiboycott measures, whether administrative or legal. Their views were based on: (a) exaggerated fears of loss of export trade; (b) anxiety over upsetting relations with Arab states; (c) a tendency to cater to the extreme views of the business community. See in this connection, *Toronto Star*, 22 Mar. 1979; *Ottawa Journal*, 27 Mar. 1979; and *Financial Post*, 31 Mar. 1979. The comments of the Tory Whip in the House of Commons corroborate the above; viz. *Debates*, 25 Oct. 1979, 614. For an extended discussion of the bureaucratic-corporate alliance involved on the boycott issue, see Howard Stanislawski, "Elites, Domestic Interest Groups, and International Interests in the Canadian Foreign-Policy Decision-Making Process: The Arab Economic Boycott of Canadians and Canadian Companies Doing Business with Israel," Ph.D. thesis, Brandeis University, 1981.

83. The Kaplan measure was introduced as Bill C-203. Rev. de Corneille's legislation, Bill C-225, was entitled the *Foreign Economic Boycotts Bill*, while Mr. Orlikow's proposals were contained in Bill C-288, the *Foreign Boycotts Bill*. See House of Commons, *Debates*, 25 Oct. 1979, 615-17.

84. *Canadian Jewish News*, 10 May 1979.

85. The President of the CEA said 40,000 to 80,000 "man-years of employment" were at risk (*Toronto Star*, 14 June 1979). The head of the Canadian Construction Association stated \$1.3 billion in construction contracts could be affected. See *Daily Commercial News*, 15 June 1979. Spokesmen for the Department of Industry, Trade and Commerce said Canada could lose 55,700 jobs and \$1.6 billion in oil imports; *Gazette*, 7 June 1979. See also Mark Gayn, "Canada was 'had' by the fear-mongers of the Mid-East," in *Toronto Star*, 14 Nov. 1979.

86. Arab ambassadors warned that economic reprisals could affect more than \$1 billion in trade and thousands of jobs (*Gazette*, 7 June 1979). *Le Devoir* of June 8 reported the Arab League in Ottawa as threatening the cessation of diplomatic relations and a UN veto over Canadian peace-keeping participation.

87. See for example remarks by the Minister of Industry, Trade and Commerce, Robert de Cotret, to the effect that a loss of trade was unlikely, in *Ottawa Journal*, 15 June 1979.

88. Don McGillivray, "The embassy controversy: patriotism versus petro-dollars," in *Citizen*, 22 June 1979.

89. *Citizen*, 25 Oct. 1979.

90. Office of the Prime Minister, *Final Report of the Special Representative of the Government of Canada Respecting the Middle East and North Africa*, Ottawa, 29 Feb. 1980, 18-20.
91. *Globe and Mail*, 26 Oct. 1981.
92. *Canadian Jewish News*, 9 Sept. 1980.
93. U.S. Department of Commerce, *Export Administration Annual Reports, FY 1981-83*, Washington, D.C., 1982-84.
94. A good case in point involves the Canadian Dairy Commission, which circumvented the rules in concluding a 1981 sale of evaporated milk to Libya through a private firm. See *Globe and Mail*, 2 Dec. 1982.

Chapter 9

1. Memorandum from the Commission of the European Communities, Directorate General for Development, 8 May 1978, reprinted in United Kingdom, Parliament, House of Lords, *Report of the Select Committee on the Foreign Boycotts Bill*, vol. 1, 96 (hereafter *RSCFBB*).
2. *Ibid.*, 97.
3. See for example Article 36 of the Interim Agreement between the EEC and Egypt in *Journal Officiel des Communautés Européennes*, 23 May 1977, L 126/1-12.
4. *European Community*, Feb. 1973.
5. Statement by Claude Cheysson, EEC Commissioner for Development in the European Parliament, 13 May 1977, reprinted in *RSCFBB*, vol. 1, 95.
6. A highly useful survey of EEC attitudes is contained in Phillips, *The Arab Boycott of Israel: Possibilities for European Cooperation with U.S. Anti-Boycott Legislation*, 37-40, 92-102.
7. Robert W. MacDonald, *The League of Arab States: A Study in the Dynamics of Regional Organization* (Princeton, 1965), 120.
8. Sylvia K. Crosbie, *A Tacit Alliance: France and Israel from Suez to the Six Day War* (Princeton, 1974), 133 and *Middle East Economic Digest*, 12 Mar. 1982.
9. MacDonald, note 7 supra, 121 and *MEED*, 12 Mar. 1982.
10. Jebran Chamieh, ed., *Record of the Arab World: Jan. 1970* (Beirut, 1970), 407.
11. *Le Nouvel Economiste* (Paris), 2 Sept. 1976.
12. *Time*, 24 Feb. 1975.
13. *8 Days*, 19 Apr. 1980.
14. *Near East Report*, Special Survey, May 1965, C-8.
15. For a thorough discussion of the legislation see Jean-Louis Bismuth, *Le Boycottage dans les Echanges économiques internationaux au regard du Droit*, pt 2 (Paris, 1980). Also useful is David Ruzié, "The French Anti-Boycott Law," *Patterns of Prejudice*, July-Aug. 1977.
16. *MEED*, 1 July 1977.
17. Bismuth, note 15 supra, 80.
18. *Le Monde* (Paris), 4 Aug. 1977.
19. *Le Matin* (Paris), 5 Aug. 1977.
20. *Le Monde*, 9 July 1981.
21. *Le Monde*, 25 July 1981, reporting the declaration of Aziz Al-Sakr, president of the Kuwait Chamber of Commerce.
22. *Journal of Commerce*, 24 July 1981.
23. *Boycott Report*, 5:2 (Feb. 1981), 4.
24. *Mercantilism* can be defined as economic policy based on regulating foreign trade and capital flows in such manner as to produce a surplus in a country's balance of payments, such surplus being deemed "the essence of national wealth."
25. See Articles 2 and 15 of *The Mandate for Palestine*, London, 24 July 1922, reprinted in William Ziff, *The Rape of Palestine* (New York, 1938), app. A.

26. E. Vitta, "The Boycott of 'Zionist Goods' by the Arab League," in *The Jewish Yearbook of International Law 1948* (Jerusalem, 1949), 260.

27. United Kingdom, Parliament, House of Commons, *Parliamentary Debates*, 7 Nov. 1955, 1454.

28. *Times* (London), 28 Feb. 1956.

29. House of Commons, *Parliamentary Debates*, 10 Dec. 1963, 226.

30. As Lord Mancroft put it ". . . my presence would no longer be welcomed in the presidential chair as it was thought that my previous record with the Norwich Union was bound to bring trouble to those members of the Chamber who traded with Arab countries and their trade with Arab countries was apparently much more considerable than their trade with Israel." See *RSCFBB*, vol. 2, 111.

31. See Chapter 2.

32. *Times*, 17 Feb. 1969.

33. *Jewish Observer and Middle East Review*, 6 Aug. 1971.

34. *Times*, 30 July 1974.

35. *Time*, 24 Feb. 1975.

36. *Times*, 11 Aug. 1975.

37. *Times*, 1 Sept. 1975.

38. *New York Times*, 12 Oct. 1975.

39. *Times*, 21 Apr. 1970.

40. Office Arabe de Presse et de Documentation, *Syrie et Monde Arabe*, no. 251, Damascus, Dec. 1974, 56.

41. *Financial Times*, 5 Feb. 1977. Multinational food companies were warned that without written assurances that their products were not packed in Metal Box cans, their business in Arab countries would have to cease. The affair was termed by the Israeli embassy in London as the most flagrant example of the tertiary boycott encountered in Britain. On this, see *Economist*, 12 Feb. 1977.

42. In a speech to the Anglo-Israel Chamber of Commerce on November 18, 1975, the British Secretary of State for Trade, Peter Shore, discussed the Arab boycott in the following terms:

We have made it perfectly clear on a number of occasions . . . that this Government deplores and is opposed to any boycott that lacks international support and authority. . . .

It must however be for our exporters to decide how they deal with the situation which they currently face in doing business in the Middle East. If choices have to be made then they are choices which firms must make in the light of their own commercial judgement.

The government cannot sensibly seek to direct or instruct firms to supply specific markets [italics added]. Those of you here this evening who export to various parts of the world would certainly strongly resist any such directions. Nor can we prevent exporters from providing the declarations and documents required about goods they are shipping to particular countries. These are often part of the import regulations of the countries concerned, and to direct firms not to comply — even if we had the legal right to do so — could bring to an end our export trade with those countries [italics added]. This would be dangerous for this country's future economic prospects and of course would be damaging to employment at home. I cannot ignore these realities.

See *Trade and Industry* (London), 28 Nov. 1975, 580.

43. "Foreign Boycotts Bill (H.L.)," in *RSCFBB*, vol. 1, 52–54.

44. The phrase is borrowed from the *RSCFBB*, vol. 1, 31.

45. Letter from Mohammed Mahgoub to the Select Committee, 15 Apr. 1978, reprinted in *RSCFBB*, vol. 1, app. 2, 58.

46. Statement of A. K. Al-Mudaris, 21 Apr. 1978, contained in *RSCFBB*, vol. 2, 93.

47. CBI Evidence to the Select Committee, *RSCFBB*, vol. 1, app. 18, 117.
48. *Ibid.*, 118.
49. *Ibid.*
50. *RSCFBB*, vol. 1, app. 20, 121.
51. *Ibid.*, app. 22, 128.
52. *Ibid.*, vol. 2, 119.
53. See for example submission by the Liverpool Cotton Association in *RSCFBB*, vol. 1, app. 31, 144–45.
54. *RSCFBB*, vol. 1, app. 5, 76–77.
55. *Ibid.*, vol. 2, 70–71.
56. *Ibid.*, 60.
57. Memorandum from the Israeli Ministry of Finance and testimony by Dan Halperin, Director of its Boycott Affairs Office, in *ibid.*, 195–212.
58. *RSCFBB*, vol. 1, 15–17. The committee acknowledged that the figure of 1650 firms was inflated due to double-counting and erroneous entries.
59. *Ibid.*, 15; BBME memorandum in app. 21, 124, and Pirelli letter in app. 33, 147.
60. *Ibid.*, 13.
61. *Ibid.*, 16, 20.
62. *Ibid.*, 31.
63. *Ibid.*, 34–35.
64. *Ibid.*, 34.
65. *Ibid.*, 35–41.
66. This was the committee's sole substantive recommendation.
67. Department of Trade, "Arab Boycott of Israel," mimeographed, London, Mar. 1979.
68. *Financial Times*, 9 Feb. 1979.
69. *Financial Times*, 6 Feb. 1979.
70. *Boycott Report*, Sept.–Oct. 1981.
71. *Boycott Report*, Apr. 1982.
72. *Financial Times*, 27 July 1978.
73. U.S. Department of Commerce, *Export Administration Annual Report FY 1982* (Washington, D.C., 1983).
74. James H. Bahti, *The Arab Economic Boycott of Israel*, unpublished study (Washington, D.C., 1967), 61. Available from U.S. Department of State.
75. P. J. Kuyper, L. A. M. Muldus, T. P. J. N. van Rijn, "Enkele juridische aspecten van de Arabische boycot van Israël," *Nederlandse Juristen Blad*, 17 June 1978, 461.
76. *Middle East Record 1961* (Tel Aviv, 1966), 208.
77. *New York Times*, 5 Aug. 1966.
78. Dan S. Chill, *The Arab Boycott of Israel: Economic Aggression and World Reaction* (New York, 1976), 59–60.
79. R. M. Naftaniel, *Zwartboek: De Arabische Boykot en Nederland* (The Hague, Feb. 1978), 20.
80. *Ibid.*, 26.
81. *Ibid.*, 26, and Naftaniel, *Nieuwe Feiten Over de Arabische Boykot en Nederland* (The Hague, June 1979), XVIII–XIX.
82. Naftaniel, *Zwartboek*, note 79 *supra*, 18. Many of these certificates are in the form of pre-printed sheets attached to visa applications and signed by employees stating that they are of the Christian faith and have no direct or indirect financial dealings with Israel. On this see *Nieuw Rotterdam Courant Handelsblad*, 12 Jan. 1982.
83. Netherlands, Parliament, Tweede Kamer der Staten-Generaal, *De Arabische boycot en Nederland*, The Hague, 8 Feb. 1979, 37–52.

84. *Financial Times*, 15 Aug. 1979.
85. *Financial Times*, 25 Oct. 1979.
86. *Financial Times*, 9 Nov. 1979.
87. Kuyper et al, note 75 supra, 460.
88. Ministry of Economic Affairs, "Law Informing of Foreign Boycott Measures" (The Hague, 1981).
89. Lebanese and Kuwait blacklists.
90. Inge Deutschkron, *Bonn and Jerusalem: The Strange Coalition* (Philadelphia, 1970), 80.
91. *Ibid.*, 80-81.
92. *Times*, 11 Mar. 1965.
93. Abba Eban, *An Autobiography* (New York, 1977), 300.
94. *Time*, 24 July 1964.
95. A. Dagan, "The Arab Boycott," in *The Israel Yearbook* (Jerusalem, 1966), 253, and *New York Times*, 14 Jan. 1965.
96. *Arab Report and Record*, 1-15 Feb. and 1-15 June 1968.
97. *Business Week*, 24 Feb. 1975.
98. *New York Times*, 22 Aug. 1975.
99. As quoted in Canada-Israel Committee, *The Arab Boycott: Implications for Canada*, 29.
100. The Hamburg Chamber of Commerce has characterized the Arab boycott as "a particularly grotesque strain of discrimination against the freedom of trade." See Phillips, note 6 supra, 54.
101. *Canadian Middle East Digest*, Oct. 1981.
102. Saudi Arabian, Lebanese, and Kuwait blacklists. See also *Der Spiegel*, 17 Mar. 1975.
103. *MEED*, 29 May 1981.
104. *MEED*, 9 Oct. 1981.
105. Menahem Mansoor, *Political and Diplomatic History of the Arab World, 1900-67: A Chronological Study*, vol. 1 (Washington, D.C., 1972).
106. Chill, note 78 supra, 60.
107. *International Herald Tribune*, 2 Nov. 1976.
108. *Jerusalem Post*, 4 Jan. 1976.
109. *New York Times*, 6 Mar. 1973.
110. Saudi Arabian and Lebanese blacklists.
111. *MEED*, 24 Aug. 1979.
112. Federation of Bi-national Chambers of Commerce with and in Israel, *What is the Arab Boycott Against Israel?* app. F (Jerusalem, Oct. 1975).
113. Bahti, note 74 supra, 62.
114. Lebanese blacklist.
115. Walter Henry Nelson and Terence Prittie, *The Economic War Against the Jews* (New York, 1977), 141.
116. See Chapter 2.
117. See Chapter 3.
118. *Near East Report*, Special Survey, May 1965, B-20.
119. *Arab Report and Record*, 1-15 Feb. 1968.
120. *Arab Report and Record*, 1-14 Jan. 1974.
121. Lebanese, Bahrain, and Kuwait blacklists.

Chapter 10

1. *Japan in World Economy: Japan's Foreign Economic Policy for the 1970s* (Tokyo, 1972), 191.

2. Ibid., 180.
3. Ministry of International Trade and Industry, *White Paper on International Trade* (Tokyo, 1981), passim.
4. Walter Henry Nelson and Terence Prittie originated this term in *The Economic War Against the Jews* (New York, 1977), ch. 7.
5. See statement by Japanese delegate Ichiro Kawasaki in GATT, Press Release no. 425, 6 Nov. 1958.
6. The Industrial Structure Council put it this way: "The 1970s will be an era of multipolarization, and diversification for the world economy, and for the sake of its stable development, the basic principles for economic exchange should invariably be freedom and non-discrimination." See *Japan in World Economy*, note 1 supra, ii.
7. This point was aptly made by Dan S. Chill, *The Arab Boycott of Israel: Economic Aggression and World Reaction* (New York, 1976), 27.
8. *New York Times*, 17 Aug. 1969.
9. *Journal of Commerce*, 21 May 1977.
10. *Journal of Commerce*, 29 Aug. 1979.
11. *Daily News Record* (New York), 4 Dec. 1972.
12. Jebran Chamieh, ed., *Record of the Arab World: March 1970* (Beirut, 1970), 2254.
13. *New York Times*, 24 June 1981.
14. *New York Times*, 9 Nov. 1973. These demands were disclosed by Gaimusho spokesman Mizuo Kuroda.
15. *Globe and Mail* (Toronto), 16 Nov. 1973.
16. *Globe and Mail*, 23 Nov. 1973.
17. *Business Week*, 23 Aug. 1969.
18. Ibid.
19. Saudi Arabian, Lebanese, Bahrain, and Kuwait blacklists.
20. Lebanese blacklist.
21. *New York Times*, 19 Sept. 1968.
22. Samuel Spiegler, "The Arab Boycott and Israeli-Japanese Trade," *Journal of Jewish Communal Service*, Spring 1968, 287.
23. Chill, note 7 supra, 89.
24. *New York Times*, 11 Apr. 1973.
25. *Arab Report and Record*, 16–30 May 1969.
26. Susan Dworkin, "The Japanese and the Arab Boycott," *Near East Report*, Special Survey, Oct. 1968, 12, which quotes a MITI spokesman.
27. *New York Times*, 17 Aug. 1969.
28. *New York Times*, 21 Apr. 1968.
29. *New York Times*, 28 May 1973.
30. Lebanese, Bahrain, and Kuwait blacklists.
31. Lebanese blacklist.
32. A survey of these contracts is contained in the supplements on Japan produced by *Middle East Economic Digest*, 1977–1980.

Chapter 11

1. Saudi Arabian blacklist.
2. See letter of 11 May 1978 from Bakke to British M.P. Eric Moonman contained in House of Lords, *RSCFBB*, vol. 1, app. 10, 92.
3. Stockholm Home Service, 7 Aug 1976, as reported in BBC, *Summary of World Broadcasts: The Middle East and Africa*, 9 Aug. 1976, A/7.
4. Kuwait and Bahrain blacklists.

5. Communication from Ericsson Senior Vice-President Magnus Lemmel, 19 Feb. 1985.
6. *Times*, 1 May 1960.
7. Ministry of Foreign Affairs, *Documents on Swedish Foreign Policy, 1976* (Stockholm, 1978), 173.
8. Lebanese blacklist.
9. *8 Days*, 19 Apr. 1980.
10. Lebanese blacklist.
11. Ibid. The appearance of a number of Swiss watch companies on the blacklists is solely due to their use of Israeli diamonds. See Jebran Chamieh, ed., *Record of the Arab World: Jan. 1970* (Beirut, 1970), 736.
12. In 1965, Swissair was temporarily banned from flying over or landing in Arab territory because it had signed an agreement with El Al to open a route through Lod Airport to the Far East. See *New York Times*, 23 Mar. 1965.
13. The text of this letter was reprinted in *Near East Report*, Special Survey, May 1965, B-13.
14. Ibid., B-20.
15. Saudi Arabian, Lebanese, Kuwait, and Bahrain blacklists.
16. *Globe and Mail*, 2 Sept. 1983.
17. Australia, Parliament, House of Representatives, *Parliamentary Debates*, 15 Sept. 1964, 1035.
18. James H. Bahti, *The Arab Economic Boycott of Israel*, unpublished study (Washington, D.C., 1967), 60, available from U.S. Department of State; and *Globe and Mail*, 19 Oct. 1978.
19. *Times*, 19 Oct. 1978. Qantas claimed the incident exceeded the instructions to its reservations staff to merely inform Jewish passengers of Syrian policy while assuring them it was not company policy to refuse them passage. It was left to the passenger to make his own decision.
20. Ibid.
21. *Times*, 21 Oct. 1978, and *Sydney Morning Herald*, 21 Oct. 1978.
22. Department of Trade and Resources, Media Release, Canberra, 4 Jan. 1978.
23. Ibid.
24. *Canadian Jewish News*, 20 Oct. 1983.
25. Lebanese and Kuwait blacklists.

Chapter 12

1. Cairo Radio, 10 July 1967 as quoted in BBC, *Summary of World Broadcasts: The Middle East and Africa*, 12 July 1967, A/11.
2. *New York Times*, 20 Oct. 1973.
3. *Times*, 12 Mar. 1976.
4. Examples of such practices are contained in tender documents issued by Bangladesh in 1982 requiring bidders to certify "that the firm is not boycotted or blacklisted by any member state of the Organization of the Islamic Conference and that it is not an Israeli firm or an Israeli-affiliated firm." See *Boycott Report*, 7:1 (Jan. 1983), 5.
5. *Citizen* (Ottawa), 11 Aug. 1984.
6. Hotaling, *The Arab Blacklists Unveiled* (Berkeley, Cal., 1977).
7. Saudi Arabian blacklist.
8. *Middle East Record 1960* (Tel Aviv, 1966), 186.
9. Chamieh, *Record of the Arab World: June-Sept. 1969* (Beirut, 1970), 2883.
10. Saudi Arabian blacklist. Nigeria has been especially singled out for blacklisting with forty of its firms affected.

11. *New York Times*, 25 Feb. 1960.
12. A good account of Israel's foreign aid program is contained in M. Curtis and S. Gitelson, eds., *Israel in the Third World* (New Brunswick, N.J.), 1976.
13. Lebanese and Kuwait blacklists.
14. India, Parliament, *Lok Sabha Debates*, 3 Apr. 1968, 1848-52.
15. *U.S. Export Weekly*, 24 May 1977.
16. *Weekly Review* (Nairobi), 2 Nov. 1979. For the text of the ministry's statement see Appendix F below.
17. Lebanese blacklist.

Chapter 13

1. This theme, which permeates Islamic thought, is given detailed expression in Muhammad Husayn Haykal, *The Life of Muhammad* (Philadelphia, 1976).
2. Majid Khadduri, *War and Peace in the Law of Islam* (Baltimore, 1955), 251.
3. Jon Kimche, "The Arab Boycott of Israel: New Aspects," *Midstream*, Sept. 1964, 12.
4. Ze'ev Sher, "Government of Israel Policy in the U.S. on the Arab Boycott," speech delivered to Conference on Transnational Boycotts in Austin, 19 Feb. 1976, 6. Available from Embassy of Israel, Washington, D.C.
5. Eytan, *The First Ten Years: A Diplomatic History of Israel* (New York, 1958), 95.

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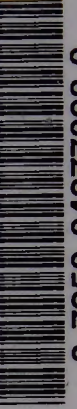
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