

AB 2941 (Koretz)

As Introduced 02/24/06

CalPERS/STRS Divestment: Sudan

FACT SHEET

PURPOSE

The divestment of interests in companies doing business in Sudan will fuel corporate pressure on the Sudanese government to end practices that violate human rights of their citizens.

SUMMARY

AB 2941 would prohibit investments in entities doing business with the government of Sudan by the Public Employees' Retirement System and the California State Teachers' Retirement

COMMENTS

A History of Violence

The US Congress, the former US Secretary of State Colin Powell and Human Rights groups have all agreed that genocide is taking place in the country of Sudan. An estimated 200,000 to 400,000 people have been killed in Sudan's Darfur region, victims of ethnic cleansing by an Arab-dominated government against black African villagers. Over 2 million have been forced to flee their homes and many have been forced into neighboring Chad, deepening one of the world's worst refugee

crises. Experts say that 25% of children in Southern Darfur die before they reach the age of five and to make matters even worse, there is only one doctor for every 100,000 people. Millions of Sudanese still live in fear of violence, despite the peace deal which ended 21 years of war between the north and the south.

There is voluminous evidence of widespread rape, which is done in groups to ensure pregnancy and murder by Sudanese government troops and government-armed militias. Villages have been burned to the ground and a child orphaned or mutilated and little is done to stop it. Despite the scale of the genocide, the international community continues to stand by, virtually inactive.

UC Regents Vote to Divest

The University of California Regents, citing the continuing genocide in Darfur, voted unanimously on Thursday, March 16, 2005, to divest UC of tens of millions of dollars of securities from nine foreign companies doing business with Sudan. The regents' decision represents a significant step because the university plans to shed both its direct and indirect holdings in nine publicly traded firms.

The last time the Regents voted to remove university funds from businesses in South Africa was in 1986 to protest the nation's Apartheid policy.

Western Presence In War **Torn Sudan**

Several major companies including ChinaPetrol, ABB, Ltd., Alcatel and Siemens AG all have business ties with the Sudanese government and all government-controlled entities. These companies present a financial risk and a moral threat to their shareholders. With record assets topping \$207 billion, CalPERS is the largest pension system in the nation, CalSTRS is the second largest and owns 19.9 million shares of PetroChina, worth about 15.5 million. Both CalPERS and CalSTRS are in unique positions to put pressure on the Sudanese government to stop supplying arms to the Janjaweed militia. By divesting our western interests, we encourage the government to act responsibly and not take actions that promote or otherwise enable human rights violations.

It is the moral obligation of the state to denounce a government that perpetrates attacks against its own people, rather than allowing our pension systems to invest in companies that support them.

STATUS

- Assembly Appropriations Committee: Do pass as amended; refer to Assembly Floor – 5/25/06

SUPPORT

- Sacramento Committee on Conscience (Sponsor)
- Sudan Divestment Task Force (Sponsor)
- California Federation of Teachers
- CA State Treasurer Phil Angelides
- American Federation of State, County & Municipal Employees (AFSCME)
- Faculty Association of California Community Colleges

OPPOSITION

VOTES

Assembly Appropriations Committee – Ayes 13. Noes 0.

Assembly Public Employees, Retirement and Social Security Committee – Ayes 6. Noes 0.

Assembly Judiciary Committee – Ayes 6. Noes 0.

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