



**Ahava**

**Tracking the  
Trade Trail  
of Settlement  
Products**



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Trade Trail  
of Settlement  
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The Coalition of Women for Peace was established by bringing together ten feminist peace organizations and non-affiliated activist women in Israel. Founded soon after the outbreak of the Second Intifada in 2000, CWP today is a leading voice against the occupation, committed to feminist principles of organization and Jewish-Palestinian partnership, in a relentless struggle for a just society. CWP continuously voices a critical position against militarism and advocates for radical social and political change. Its work includes direct action and public campaigning in Israel and internationally, a pioneering investigative project exposing the occupation industry, outreach to Israeli audiences and political empowerment of women across communities and capacity-building and support for grassroots activists and initiatives for peace and justice.

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Who Profits from the Occupation is a research project of the Coalition of Women for Peace. Initiated with relation to the Palestinian call for boycott, divestment and sanctions (BDS) on Israel, Who Profits is dedicated to exposing the commercial involvement of Israeli and international companies in the continuing Israeli control over Palestinian and Syrian land. The project publishes information about these companies on its website, produces in-depth reports and serves as an information center.

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# Introduction

This report investigates the business and trade of Ahava – Dead Sea Laboratories. Ahava is a private Israeli cosmetics corporation which operates from the occupied West Bank. The Ahava factory and visitors' center is located in the Mitzpe Shalem settlement, on the shore of the Dead Sea in the occupied part of the Jordan Valley. A large percentage of Ahava shares are held by two Israeli West Bank settlements. As this report exposes, the company also uses natural resources from the occupied area in its mud products<sup>1</sup>.

This study is part of a series of reports aimed to highlight various aspects of corporate activity in Israeli settlements in the occupied Palestinian territories (oPt). The report is part of the ongoing effort of Who Profits from the Occupation, a project of the Coalition of Women for Peace, to expose corporate involvement in the Israeli control of Palestinian and Syrian occupied land.

The attempt to track the trade trail of Ahava products includes an investigation of the company's supply chain and the way in which its products are exported and labeled in the US and European markets. The supply chain is a tool for understanding Ahava's commercial activity. Ahava products, much like those of other cosmetic companies, are dependent on manufacturers of basic ingredients that are mixed together

<sup>1</sup> See: <http://whoprofits.org/company/ahava-dead-sea-laboratories>.

and wrapped up in branded packaging. The purpose of this report is to explore the various companies that make up the supply chain of a company involved in the occupation as these companies are participating in practices that, on their face, are in violation of international law.

Ahava is the only company which sells Dead Sea cosmetics and is located in the occupied area of the Dead Sea. According to the Ahava's own statement, the company does not supply ingredients to or manufactures for other companies. All of the products that the company produces are sold under the brand name Ahava<sup>2</sup>. In some of its products, the company uses mud from the Dead Sea. This report will show that Ahava extracts the mud from occupied Palestinian territory, thereby exploiting Palestinian natural resources.

According to the Israeli Civil Administration, the military administrative governance in charge of the West Bank, Ahava is the only company with an excavation license from the Israeli authorities for operating a site for collecting mud from the occupied area of the Dead Sea for commercial uses<sup>3</sup>.

On December 2nd 2011, the Israeli High Court of Justice (HCJ) endorsed the exploit of natural resources by dismissing a petition filed by Yesh Din – Volunteers for Human Rights in 2009, challenging the legality of the Israeli quarries in the occupied West Bank. The court's ruling contradicts International Humanitarian Law (the law governing military occupation) and overlooks the continuing exploitation of Palestinian natural resources for the sole benefit of the Israeli industry<sup>4</sup>.

Since 2009, there has been a growing international campaign against Ahava in the United States, France, the UK, Austria, the Netherlands, South Africa, Australia and Canada. These campaigns led to the removal of Ahava products from a Sephora store in Mulhouse, France and the decision not to renew the lease for the Ahava store in Covent Garden, London<sup>5</sup>.

Since Ahava products are manufactured in the West Bank, the company's product labeling as "product of Israel" is misleading. Currently, Ahava's mislabeling is being investigated in the UK and the Netherlands. The South Africa Police and the Western Cape Consumer Protector also investigate

- <sup>2</sup> Telephone conversation conducted between an Ahava representative and a Who Profits researcher on March 25, 2012. On record with Who Profits.
- <sup>3</sup> A formal response from the Israeli Civil Administration office to a request for information under Israel's Freedom of Information Act, May 17, 2011, on file with Who Profits.
- <sup>4</sup> Yesh Din's response to the HCJ Ruling in the Organization's petition challenging the legality of Israeli quarrying activities in the Occupied West Bank (HCJ 2164/09), January 3, 2012, <http://bit.ly/w06hfZ>
- <sup>5</sup> UK issues new guidance on labelling of food from illegal West Bank settlements, Ian Black and Rory McCarthy, guardian.co.uk, 10 Dec 2009, <http://bit.ly/5MmNFj>; Lobbyists challenge 'made in Israel' moniker, Bekezela Phakathi, Business day, 1 Dec 2010, <http://bit.ly/fidq8m>.

Ahava for violating South Africa's trade law. Recently, South Africa's Minister of Trade and Industry stated that his ministry is considering labeling products manufactured in settlements, such as Ahava, under a different label<sup>6</sup>.

# Methodology

The research for this report was conducted using both desk studies and field research. The desk studies included a collection and analysis of information from various public sources, including the Israeli Registrar of Companies, newspaper articles and information from the Civil Administration, obtained through a request for information under Israel's Freedom of Information Act. Information was also received from the company itself, through talks with company representatives and information published by the company on its website. The history of land confiscation is based primarily on the Spiegel Report, an internal document commissioned by former Israeli Prime Minister Ariel Sharon, in order to assess the status of construction and land in the settlements. The report was classified until it was leaked to the press in 2009.

The field research included a visit to the Ahava factory in the Mitzpe Shalem settlement. The information on mislabeling is based mostly on the evidence collected by activists from Code Pink's Stolen Beauty Campaign. Additional information on trade and labeling was obtained through a visit to a retail store in the Netherlands. Prior to its publication, we sent this report to all of the mentioned companies and asked for their response. None of the companies chose to respond.

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<sup>6</sup> Wellness Warehouse stop selling Ahava or face criminal charges, Marcy Newman, October 3, 2010, <http://bit.ly/JJC5IZ>. accessed on February 2, 2012.

# Chapter 1: Ahava at a Glance

**Full name:** Ahava – Dead Sea Laboratories.

**Ownership:** 37% of the company's shares are held by the West Bank settlement of Kibbutz Mitzpe Shalem, 37% by Hamashbir Holdings<sup>7</sup> (B. Gaon Holdings<sup>8</sup> investment fund and the Livnat family), 18.5% are held by the American Shamrock Holdings<sup>9</sup> and 7.5% by the West Bank settlement of Kibbutz Kalia.

**Annual revenue:** 142 million USD (as to 2007)<sup>10</sup>.

**Brands and trademarks:** All company products are sold under the Ahava brand. The company does not manufacture for other companies or markets under other brands.

**Export markets:** Albania, Australia, Austria, Azerbaijan, Belgium, Canada, Croatia, Cyprus, Czech Republic, Estonia, Finland, France, Germany, Georgia, Greece, Hong Kong, Hungary, Italy, Japan, Kyrgyzstan,

<sup>7</sup> See: <http://whoprofits.org/company/hamashbir-holdings>.

<sup>8</sup> See: <http://whoprofits.org/node/22409>.

<sup>9</sup> See: <http://whoprofits.org/company/shamrock-holdings>.

<sup>10</sup> Ahava Dead Sea Products, PrivCo, The Private Company Financial Data Authority, <http://bit.ly/lhF6pC>, accessed Nov 11, 2011.

Lithuania, Mauritius, Netherlands, Norway, Russia, Slovenia, Switzerland, Singapore, UK, Ukraine, US, South Africa, Philippines, .

**Israeli Subsidiaries and major holdings:** New Masada (Ahava Stores), Ahava Holdings, HMS Ahava Holdings.

**International subsidiaries:** The company fully owns three international subsidiary companies under the name of Ahava in Germany, the UK and NY.

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# Chapter 2: Profile of Ahava

Ahava – Dead Sea Laboratories is a cosmetics company that manufactures its products in kibbutz Mitzpe Shalem, an Israeli settlement in the occupied Jordan Valley, on the shores of the Dead Sea. In addition to the factory, the company operates a visitor center for tourism and sales promotion.

The company was founded in 1988 by the settlements of Mitzpe Shalem and Kalia, which are kibbutzim on the northern and central shores of the Dead Sea. These two West Bank settlements are located on occupied land, beyond the internationally recognized borders of Israel. Another co-founder of Ahava was Ein Gedi, a Kibbutz within Israel's boundaries (or within "the Green Line"). In June 2008, Ein Gedi sold all of its Ahava shares to Gaon Holdings.



Image No. 1: A part of the Ahava visitor center in the Mitzpe Shalem settlement | Photographed by CODEPINK

## 2.1 Ownership: Tangled Web of Links with the Occupation

Ahava is a private company. At present, 44.5% of the company shares are held by two settlements: 37% by Mitzpe Shalem and 7.5% by Kalia. Another 37% is held by Hamashbir Holdings, a subsidiary of the Gaon family's B. Gaon Holdings. Approximately 18.5% of Ahava is held by Shamrock Holdings (California US), the Disney family's investment fund.

Interestingly, all Ahava's owners are further involved in the occupation, in addition to their holdings in the company. Mitzpe Shalem and Kalia are a part of an exploiting mechanism of Israeli settlements which clearly profits from the occupation of Palestinian territory. The Ahava factory is an asset to these settlements. First of all, Ahava is renowned for its quality Dead Sea products and Ahava's visitor center in Mitzpe Shalem attracts tourists to the area. In addition, the factory offers employment possibilities which, combined with the substantial benefits given by the government, helps to attract new settlers<sup>11</sup>.

Shamrock Holdings is a shareholder of several companies which are involved in the occupation, including the Orad Group<sup>12</sup>, a manufacturer of electronic detection systems. Orad supplies sensors which are installed on the Separation Wall and Siemens traffic control systems for Apartheid roads (roads on which Palestinians are not allowed to travel). Shamrock is also the major shareholder of Teva Naot<sup>13</sup> (manufacturer of Naot Shoes), which operates an outlet store in the settlement of Kfar Etzion.

Another major shareholder of Ahava, Hamashbir Holdings, is also a significant investor in Arava Export Growers<sup>14</sup>, which exports agricultural products from the settlements. Hamashbir Holdings is the investment fund of B. Gaon Holdings and the Livnat family. B. Gaon Holdings controls the Israeli franchise of the US Ace Hardware chain (through Ace Auto Depot), which includes a store in the Ma'aleh Adumim settlement<sup>15</sup>.

11 The Israeli government declares certain areas and towns as ones of 'national priority', and awards financial incentives in order to encourage people to settle in these areas. This list, available at: <http://bit.ly/A3DFNJ> (Hebrew only), includes all the settlements in the West Bank and in the Dead Sea area, including Mitzpe-Shalem and Kalia.

12 See: <http://whoprofits.org/company/orad-group>

13 See: <http://whoprofits.org/company/teva-naot>

14 See: <http://whoprofits.org/company/arava-export-growers>

15 See: <http://whoprofits.org/company/ace-hardware>

The Livnat family controls one of the biggest and most powerful investment groups in Israel<sup>16</sup>. Its business empire includes several companies which are involved in the occupation<sup>17</sup>. For instance, the family is a major shareholder of Nesher Israel Cement Enterprises<sup>18</sup>, a cement company which has provided cement for construction projects in West Bank settlements and the light rail project in Jerusalem, connecting the illegal settlement neighborhoods of the city with its center<sup>19</sup>. Since Nesher sells over 85% of all cement in Israel, it is safe to assume that the separation wall, checkpoints and terminals were all built using the company's cement. The Livnat family is also a major shareholder of Cellcom, an Israeli provider of cellular phone services<sup>20</sup>. Cellcom provides cellular communication services to the settlers and to Israeli soldiers in the occupied Palestinian territory, and has assembled 241 antennas and telecommunication infrastructure facilities on occupied land in the West Bank and the Golan Heights<sup>21</sup>.

The web of connections shows the multiple avenues of involvement of the different parent companies of Ahava in other companies that have commercial investments in the Israeli occupation. These connections demonstrate, once again, the depth and extent of the Israeli business community, as well as of international corporations invested and operating in Israel, in the economy of the occupation. It is therefore difficult, if not impossible, to differentiate between the economy of the occupation and the Israeli market in its entirety.

16 These companies include the Clal Group, see: <http://whoprofits.org/company/clal-group>; the IDB group, see: <http://whoprofits.org/company/idb-group>; Shufersal, see: <http://whoprofits.org/company/shufersal>.

17 A full list of the Livnat family's holdings can be found in an article published in Calcalist on Nov. 4, 2010, 'That's What My Father Wanted', by Hadas Sheffer (in Hebrew, translation by authors): <http://www.calcalist.co.il/local/articles/0,7340,L-3425292,00.html>.

18 See: <http://whoprofits.org/company/nesher-israel-cement-enterprises>

19 For further information on the light rail project and the international BDS campaign against it, see: <http://www.palestinemonitor.org/?p=1725>. See the Who Profits website for information on Veolia, which was contracted to operate the light rail: <http://whoprofits.org/company/veolia-environment>.

20 See: <http://whoprofits.org/company/cellcom-israel>

21 For a detailed analysis of the involvement of the Israeli cellular companies in the occupation and the structural advantages of Israeli cellular service providers over Palestinian competitors on the Palestinian market, see Who Profit's report, "The Cellular Companies and the Occupation", August 2009. The report can be accessed online, at <http://whoprofits.org/content/cellular-companies-and-occupation>.

## 2.2 Trade and Commercial Activity

Ahava is a company that relies heavily on export. 40% of its products are sold overseas, to more than 25 countries<sup>22</sup>. The company also operates four Ahava stores outside of Palestine/Israel: in London, Berlin, Budapest and Singapore. The products of the company are sold in branded Ahava stores as well as in pharmacies, department stores and retail chain stores, such as Sephora (Europe and the US), Bloomingdale's and Saks (US), Printemps (France), Boots (UK), and Piper (Germany).

In July 2009, Ahava and the Israeli pharmaceutical company Teva, the biggest generic drug manufacturer worldwide, signed an agreement according to which Teva Holland, a Dutch subsidiary of Teva, would exclusively distribute the products of Ahava in the Netherlands. In 2010, Teva and Ahava embarked on another cooperation to launch a new joint dermo-cosmetic line. It is estimated that Ahava invested approximately 5 million NIS (approximately 1.4 million USD) in the development of these products and an additional 2 million NIS (approximately 560,000 USD) in launching the products<sup>23</sup>.



Image No. 2: Clinalin products, the new Teva-Ahava dermo-cosmetic line | Sep. 2011 | Photographed by Who Profits

22 Out of a 66,962,000 USD sales profit made by the company in 2008, 17,000,000 USD were gained from export. Ahava Dead Sea Laboratories, D&B Directors' site, <http://bit.ly/ly0p7x>, accessed Nov. 11, 2011.

23 The information on Ahava's commercial activity is mainly derived from records of the Israeli Registrar of Companies; BDI Coface; Dunsguide, accessed on Jan 15, 2011; The Israeli Export and International Cooperation Institute, Ahava Launches New Clinalin Line with Teva, July 19, 2010, see: <http://bit.ly/wyTSA2>; In Three Years We Will Triple Ahava's Sales, Gali Berger, Calcalist, Oct 4, 2009: <http://bit.ly/ytA3j9> (Hebrew).



The Israeli cosmetics company Careline also plays a part in Ahava's manufacturing process. Ahava packages some of its creams in Careline's factory in the Israeli city of Yeruham<sup>24</sup>. Careline also manufactures Ahava's sun lotion (see image no. 3).



Image No. 3: Ahava sun lotion, manufactured by Careline | Photographed by CODEPINK

## 2.3 Participation in EU Funded Research Projects

In 2011, Israel has been the most active non-European participant in the EU multi-annual program for research<sup>25</sup>. Ahava takes part in several EU funded research projects:

Skin Treat is a 5.4 million Euro collaborative development project of customized skin treatments and services, funded under the EU's FP7 (Seventh Framework Program). The project is coordinated by Ahava, aiming to use Ahava products to test the efficacy of Dead Sea minerals in comparison to conventional drugs. The project began in September 2008 and is due to end late-August 2012. Other Israeli participants in

24 Telephone conversation held between a Who Profits researcher and an Ahava representative, June 16, 2011. On record with Who Profits.

25 Silence over EU Science Grants to Israel's War Machine, David Cronin, June 8, 2011, <http://bit.ly/kwDogy>, accessed Nov 20, 2011.

the project are OSM-DAN, Winzsoft, Afcon Industries<sup>26</sup> and the Hebrew University of Jerusalem. The project also involves the Spanish Gaiker Foundation, the Italian University of Pisa and companies from France, Norway, UK and Belgium<sup>27</sup>.

Ahava is a partner in the NanoReTox Project, researching the risks of nanoparticles to the environment and its effects on human health. The 5.19 million Euro project is funded under the EU's FP7 through the Natural History Museum in London. The project began in December 2008 and is due to end in November 2012. The US Department of Interior, the Belgian JRC (Joint Research Center) and the British King's College also take part in this project<sup>28</sup>.

Another EU funded project Ahava is involved in is NanoTher, a large-scale project for the integration of nanoparticle based technology for the diagnosis of cancer. The 11.68 million Euro project, also funded under the EU's FP7 program, began in September 2008, and is due to end in August 2012. Tel Aviv University also participates in the project, organized by the Spanish Gaiker Foundation. Other participants are companies from the Netherlands, France, Italy, UK and Slovakia<sup>29</sup>.

Between 2001 and 2004, Ahava took part in the 3.5 million Euro CELLAGE Project, a research consortium focused on skin cell aging. The project was funded under the EU's FP5 program and coordinated by the Austrian Academy of Sciences<sup>30</sup>. Ahava coordinated another project in CELLAGE, funded under FP6, developing a screening system for the evaluation of cellular senescence for skin product testing. The million Euro project was carried out between 2003 and 2005. Other Israeli participants were Pharmasense and the Hebrew University of Jerusalem. The project also involved a faculty of the Belgian Notre-Dame, the University of Paris and companies from Belgium, France and Germany<sup>31</sup>.

26 See: <http://whoprofits.org/company/afcon-industries-group>

27 Novel Approaches for the Development of Customized Skin Treatments and Services (Test Case: Dead Sea Minerals and Conventional Drugs) (SKIN TREAT), European Commission, CORDIS FP7, Jan. 28, 2011, <http://bit.ly/z44yPE>, accessed July 25, 2011.

28 The Reactivity and Toxicity of Engineered Nanoparticles: Risks to the Environment and Human Health (NANORETOX), European Commission, CORDIS, FP7, January 7, 2011, <http://bit.ly/whTF5N>, accessed July 25, 2011.

29 Integration of Novel Nanoparticle Based Technology for Therapeutics and Diagnosis of Different Types of Cancer (NANOTHER), European Commission, CORDIS, FP7, June 14, 2011, <http://bit.ly/wOByFw>, accessed July 25, 2011.

30 Molecular Mechanisms of Senescence and Ageing (CELLAGE), European Commission, CORDIS (only found in the search results since the item is archived), <http://bit.ly/yW2gt1>, accessed July 25, 2011.

31 Development of a Screening System Enabling the Routine Evaluation of Cellular Senescence for Skin Product Testing, European Commission, CORDIS (found in search results since the item is archived), <http://bit.ly/zNoexe>, accessed July 25, 2011.

By funding research conducted by Ahava – a company whose head office is located in the occupied Palestinian territories and using the natural resources of an occupied territory for the benefit of the occupier – the European Union is funding research conducted by a company which participates in apparent violations of international law. The company itself benefits from the research and its association with the EU. These research projects validate the company's activities, raise its prestige and create a platform for international commercial and business connections, insuring further profit for the company and the occupation industry.

## Chapter 3: Production in a Settlement

The Ahava factory is located in the settlement of Miztpe Shalem, in the occupied part of the Jordan Valley. The Jordan Valley settlements were established in 1967 as part of the Alon Plan, according to which the occupied valley would be emptied of its Palestinian residents, while the settlements would serve as a barrier between the West Bank and Jordan<sup>32</sup>. Although the Alon Plan was not fully implemented, there is an ongoing process of displacement in the occupied Jordan Valley. A detailed overview and up-to-date information on the creeping ethnic cleansing can be found on the websites of the Jordan Valley Solidarity Campaign and the Popular Struggle Coordination Committee<sup>33</sup>. Additionally, an extensive account of the exploitation mechanisms of the Israeli authorities in the Jordan Valley can be found in a report published in May 2011 by B'Tselem, the Israeli Information Center for Human Rights in the Occupied Territories<sup>34</sup>.

<sup>32</sup> Background information About the Alon plan can be found in: <http://bit.ly/wxunpk>

<sup>33</sup> The Jordan Valley Solidarity Campaign: <http://www.jordanvalleysolidarity.org/>; Popular Struggle Coordination Committee, <http://www.popularstruggle.org/content/eye-jordan-valley>. See a report published by MA'AN Development Center and the Jordan Valley Popular Committees in 2010, Eye on the Jordan Valley: <http://bit.ly/ILf7FZ>

<sup>34</sup> Dispossession and Exploitation: Israel's Policy in the Jordan Valley and Northern Dead Sea, B'tselem, May 2011, <http://bit.ly/zbVLe1>.

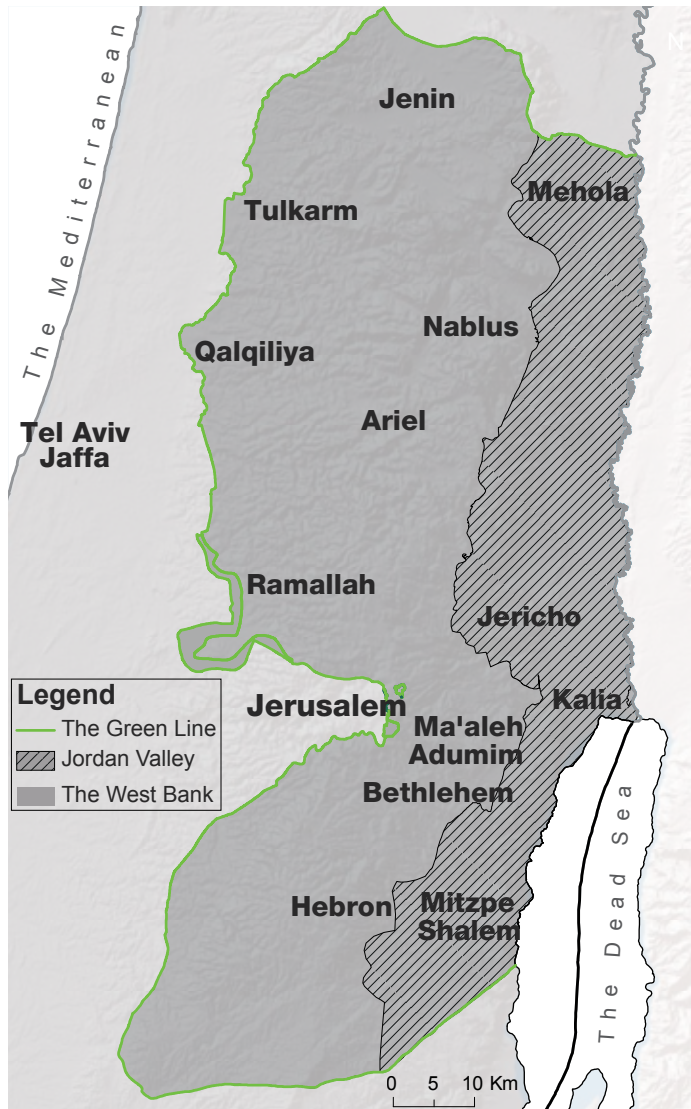


Image No. 4: A map of the occupied territories in the Jordan Valley area. The Ahava factory and visitor center are located in the settlement of Mitzpe Shalem (starred). Mitzpe shalem and the settlement of Kalia (starred) are two of Ahava's owners | Copyright: © 2009 ESRI

### 3.1 The Land

The settlement of Mitzpe Shalem was founded as a part of the consistent efforts made by the Israeli governments to complete the de facto annexation of the occupied Jordan Valley, which constitutes the most significant land reserve in the West Bank. The main purpose of the Israeli control of the Jordan valley is disrupting the development of a Palestinian territorial continuum and the possible creation of a Palestinian state from both sides of the Jordan River. Thus, the Israeli settlements in the Jordan valley create constant economic and demographic pressure which will affect the stability of every future agreement. As part of these efforts, Israel began to establish settlements in the Jordan Valley immediately after its occupation of the West Bank. Throughout the years, Israeli governments used the settlements in order to create “facts on the ground”, thus re-setting Israel’s borders and ensuring that any future agreement would leave the Jordan Valley under Israeli control<sup>35</sup>.

The Jordan Valley and the northern Dead Sea areas stretch over 2,400 km<sup>2</sup> (approx. 600,000 acres) and constitute 28.8% of the West Bank area. Despite its vast territory, the valley is the least populated area in the West Bank, with approximately 60,000 Palestinian residents in 2012, constituting 2.6% of the Palestinian population in the West Bank<sup>36</sup> and 90% of the residents in the Jordan valley<sup>37</sup>. The vast majority of the Jordan Valley’s Palestinians residents – between 50,000 and 200,000 persons – were expelled by the Israeli army during the 1967 war and became refugees, mainly in Jordan<sup>38</sup>. The Jordan Valley also inhabits dozens of small Bedouin communities that are prevented from establishing permanent residence and their shacks are frequently demolished by the Israeli authorities. These communities are thus deprived of infrastructure and proper housing<sup>39</sup>.

<sup>35</sup> Kahaner, Lee, Sofer Arnon and Kna'an Yuval, 2006, The future of the Jordan Valley: leaving it under Israeli rule – the considerations pro and con, Haifa University, <http://bit.ly/J8YlrG>, p. 33-42. (in Hebrew, translation by author)

<sup>36</sup> Fathy Khdir, The “Eastern Border”: Palestinians of The Jordan Valley, February 15, 2009, <http://bit.ly/yEdYDI>, accessed July 25, 2011.

<sup>37</sup> ACRI Presents: Five Facts about the Jordan Valley, August 23, 2011, <http://bit.ly/K31Wl6>

<sup>38</sup> The Israeli annexation of the Jordan Valley, march 2012, <http://bit.ly/JMjBwd>

<sup>39</sup> Eye on the Jordan Valley, Ma'an Development Center and the popular struggle, 2010, <http://bit.ly/ILf7FZ>, p. 28-31. See also:

Demolitions: Israel's path of destruction through the Jordan Valley, March 28, 2012, Occupied Palestine, <http://bit.ly/Hk2gug>; Tubas: Israel robs the Jordan Valley dry, February 8, 2012, Jonas Weber, International Solidarity Movement, West Bank, <http://bit.ly/AcUA0D>. In 2011, the Israeli government approved the Prayer Plan, a draft law through which Israel seeks to regulate Bedouin settlement in the Negev' by

Over the years, Israel took control of large swaths of land in the Jordan Valley and northern Dead Sea and continuing to do so<sup>40</sup>. 77% of the lands were declared closed military areas, nature reserves and state land<sup>41</sup>. Israel prohibits Palestinians from staying in these areas, even if they have been living there for generations<sup>42</sup>.



Image No. 5: Vast closed military areas near the Dead Sea | Oct. 2010 | Photographed by Who Profits

From 1967 to 2011, the various Israeli governments established 37 settlements in the Jordan Valley and northern Dead Sea area<sup>43</sup>. These governments implemented policies to encourage Jewish Israelis to move to the illegal settlements, among which were subsidies of utilities and housing costs and further tax benefits<sup>44</sup>. After the Oslo agreements of the mid-1990s, Israeli settlements significantly expanded in size and number. A further increase followed the 2005 Israeli “disengagement” from Gaza, in which a number of Gaza settlers were relocated to the Valley. As of the end of 2009, 9,600 settlers (10.5% of the area’s population) were living in the Jewish-only settlements in the Jordan Valley and the northern Dead Sea area, directly controlling half (1200 km<sup>2</sup> approx. 300,000 acres) of the

displacing more than 30,000 people. See more about the Praver plan in: Joseph, Dana, Israel approves plan to uproot 30,000 Bedouins, September 11, 2011, <http://bit.ly/mTo594>

40 Israeli Occupation Forces Level tens of Dunums in the Jordan Valley, 22, March, 2012, The Land Research Center - LRC, <http://bit.ly/ICPXdY>

41 Dispossession and Exploitation, 2011, B'Tselem.

42 How Israel has secured the Jordan Valley, Silvia Boarini, January 31, 2012, <http://www.palestinemonitor.org/?p=3789>

43 The UN Office for the Coordination of Humanitarian Affairs (OCHA), Humanitarian fact sheet on the Jordan Valley and Dead Sea area, February 2012, <http://bit.ly/GUKfpx>. In this fact sheet, OCHA warns that thousands of Palestinians in the Jordan Valley and the Dead Sea area risk forced displacement.

44 The benefits are part of this area being declared a ‘national priority’ area by the Israeli governments.

most fertile and resource-rich land in this strategically important territory<sup>45</sup>.

As of 2011, there were at least 11 checkpoints in the Jordan Valley<sup>46</sup>, restricting the daily movement of the Palestinian residents in the area<sup>47</sup>. These areas are also a part of the separation wall<sup>48</sup>. The Association for Civil rights in Israel wrote a letter to Ehud Barak, the Israeli Minister of defense in June 15, 2011, demanding the removal of the checkpoints due to a violation of the basic human right for freedom of movement<sup>49</sup>.



Image No. 6: A direction sign to Ahava’s visitor center in the Mitzpe Shalem checkpoint | March 2011 | Photographed by Keren Manor, ActiveStills

In 2004, the internal report dubbed the “Spiegel Report” was commissioned by then Prime Minister Ariel Sharon. Brig. Gen. (Ret.) Barukh Spiegel compiled it between 2004 and 2007. The purpose of the report was to assess the status of construction and land in the settlements. The document was classified until it was leaked to the press in 2009. The Spiegel Report documents how Israel took over Palestinian land to establish the settlement of Mitzpe Shalem, among others<sup>50</sup>.

45 PLO Negotiations affairs department, The Jordan Valley: A Microcosm of the Israeli Occupation, Factsheet, December 2011, <http://bit.ly/KcfwU>

46 Eye on the Jordan valley, p. 12-13.

47 Movement & access restrictions, Ma'an Development Center, Spotlight 3, 2011, <http://bit.ly/lz9jvu>

48 About the wall and its effect on the Jordan valley, see: stop the wall - Palestinian Grassroots Anti-Apartheid Wall Campaign, Apartheid Wall: land theft and forced expulsion, <http://bit.ly/9zfyEf>

49 Movement restrictions in the Jordan valley, a letter from the Association for Civil rights in Israel to Ehud Barak, the Israeli Minister of defense, June 15, 2011, <http://www.acri.org.il/he/?p=17975>, (Hebrew, translated by author). In 2008, ACRI also filed a Petition to High Court against Dead Sea Roadblocks, see: ACRI's Petition to High Court against Dead Sea Roadblock, June 10, 2008, <http://bit.ly/IQubho>

50 The Spiegel Report, see government decision 569 (נח/1), May 5, 1970 and נח/9, April 19, 1977.

According to the Spiegel Report, Mitzpe Shalem was established through a procedure in which areas are declared “State Land”. This is the main legal mechanism which the Israeli authorities have been using to take over land in the West Bank. It is based on a manipulative interpretation of the Ottoman Land Law of 1858, which often leaves Palestinians with no plausible legal recourse to protect their ownership of the land<sup>51</sup>.

Mitzpe Shalem was founded by the Israeli government on May 5, 1970, on the land of the Bedouin village of Eyn Treibah, and was claimed to serve as an “agricultural observatory”. According to the government decision, the observatory would be populated with NAHAL soldiers (NAHAL is an infantry brigade of the Israeli army), “who would be engaged in security roles and would conduct tests on the ground concerning the conditions and possibilities of creating a permanent settlement there”. On April 19, 1977, the government approved the conversion of the military NAHAL settlement into the “civil” settlement of Mitzpe Shalem<sup>52</sup>.



Image No. 8: The Ahava factory in Mitzpe Shalem | Oct. 2010 | Photographed by CODEPINK

The construction of settlements required the appropriation and destruction of private Palestinian land<sup>53</sup>. Settlements themselves are prohibited as illegal transfer of civilians from the occupying power into the occupied territory, under Article 49(6) of the Fourth Geneva Convention of 1949<sup>54</sup>.

51 Land Grab: Israel's Settlement Policy in the West Bank, May 2002, B'Tselem, <http://bit.ly/weoTqg>, accessed Nov 20, 2011.

52 The Spiegel Report, see government decision 569 (נח/1), May 5, 1970 and נח/9, April 19, 1977.

53 Israel effectively annexes Palestinian land near Jordan Valley, November 18, 2011, Akiva Eldar, Haaretz, <http://bit.ly/sl3574>

54 The Hague Regulations, Art. 49, <http://bit.ly/nkTCH9>

According to article 46 of the Hague Regulations, the occupying power must respect private property<sup>55</sup>. Destruction of existing infrastructure of the occupied population is also prohibited under article 23(g) of the Hague Regulations<sup>56</sup> and Article 53 of the Fourth Geneva Convention<sup>57</sup>, unless the destruction is of absolute military necessity.

The establishment of the Ahava plant in the occupied part of the Jordan Valley is a violation of international law. According to International Humanitarian Law (IHL), particularly Article 43 of the Hague Regulations, the occupying power is prohibited from constructing permanent infrastructure in occupied territory, unless it serves military purposes or advances the interests of the occupied population. According to article 55 of the Hague Regulations, the occupying power should only function as a temporary administrator and usufructuary (limited beneficiary) over the property and capital located in the occupied territory<sup>58</sup>.

Evidently, the operation of a commercial factory does not serve military purposes, and the taxes and revenues paid by the company do not benefit the local Palestinian population in any way. Moreover, as stated in section 2.1, the plant is used by the Mitzpe Shalem and Kalia settlements to draw new Jewish Israeli residents. Ahava receives numerous tax benefits from the Israeli government, most of them are granted by law to companies located in settlements<sup>59</sup>.

In addition to the employment of settlers from Kalia and Mitzpe Shalem, Ahava also gives work to some Palestinians. In the past, Ahava employed Palestinians from Jericho, but all were dismissed in 2001, following the outbreak of the Al-Aqsa Intifada. The company currently employs several Palestinian workers from East Jerusalem who hold an Israeli residency card.

## 3.2 Natural Resources

The Jordan Valley is the most fertile region in the Occupied Territories, with its mineral-rich agricultural land. Since 1967, Israel has been utilizing the resources of the Jordan Valley and northern Dead Sea for

55 The Hague Regulations, Art. 46, <http://bit.ly/wSKiZX>.

56 The Hague Regulations, Art. 23(g), <http://bit.ly/yb7M3S>.

57 Fourth Geneva Convention, Art. 53, <http://bit.ly/zaQcgK>.

58 Arts. 43 and 55, Convention (IV) Respecting the Laws and Customs of War on Land and its annex: Regulations Concerning the Laws and Customs of War on Land, The Hague, 18 Oct 1907, <http://bit.ly/wTVVsi>, accessed Nov. 20, 2011.

59 Benefits for the Settlers of Megilot Local Council (which includes all the settlements in the Dead Sea area), <http://bit.ly/xQWDn1> (Hebrew), accessed Nov. 22, 2011.

its own benefits, assuming control of its fertile land, water sources, mineral resources, tourist sites, and the cheap labor provided by the local population<sup>60</sup>. Israel also uses this occupied territory for agricultural purposes, benefiting only the Israeli citizens of Israel. More than 80% of the agricultural products grown in the occupied part of the Jordan valley are designated for export<sup>61</sup>.

The settlements as well as Israel's usage of natural resources permanently affect the natural assets of the occupied Palestinian territory and harm the environment. This violates article 55 of the Hague Regulations, among other provisions of International Humanitarian Law, the Geneva Convention and Customary International Law. Although International law prohibits Israel from exploiting the resources of the occupied territory, since its occupation of the West Bank in 1967, Israel has systematically exploited the resources of the Jordan Valley and the northern Dead Sea area to a greater extent and more intensively than elsewhere in the West Bank. Israel has controlled the area's major tourist sites and natural resources, including its minerals, fertile land, and water sources<sup>62</sup>.

According to a report published by the national economy in the PA and the Applied Research Institute Jerusalem (ARIJ), the Palestinian economy loses potential profit from natural resources used by Israel as well as from resources that Israel prevents Palestinians from developing, such as Dead Sea minerals. These lost profits are estimated at 1.83 billion USD. The authors of the report calculated, for example, the losses inflicted by Israel's control of the Dead Sea: 144 million USD per year<sup>63</sup>.

According to this report, Israel's discriminatory water distribution policy costs the Palestinian agriculture approximately two billion USD. The Oslo Agreements perpetuated a state of unequal water distribution between Israel and the Palestinians pertaining to the water extracted from the West Bank (80:20). In addition, Israel is over-extracting water from the western aquifer. The Israeli control of water and land prevents the development of Palestinian irrigated agriculture<sup>64</sup>.

60 PLO Negotiations Affairs Department Factsheet, esp. pp. 2-3. The exploitation of the area's natural resources by Ahava is also indicated in a video report published by B'Tselem. See: <http://bit.ly/om24tz>

61 Agriculture in the Valley, Research and development in the Jordan valley (Hebrew only – translation by author), [http://www.mop-bika.org.il/130651/haklout\\_babika](http://www.mop-bika.org.il/130651/haklout_babika), accessed on March 11, 2012.

62 Akiva Eldar, Haaretz, November 18, 2011; Jillian Kestler-DAmours, In the Jordan Valley, existence is resistance, 29 Jul 2011, <http://aje.me/JeOfhC>

63 The economic cost of the Israeli occupation for the occupied Palestinian territory, A bulletin published by the Palestinian Ministry of National Economy in cooperation with the Applied Research Institute-Jerusalem (ARIJ), September 2011, <http://bit.ly/JMAQ0e>

64 Ibid.

Israel uses the Jordan Valley for the disposal of environmental nuisance. In the central Jordan Valley, Israel built the Tovlan waste disposal facility<sup>65</sup>. Waste disposed from settlements in the area and from elsewhere in the West Bank, such as Ariel and the Barkan industrial area, is buried there. Wastewater from occupied East Jerusalem and from the Adumim Settlement Bloc flows to two facilities in the northern Dead Sea. There, the wastewater undergoes initial or partial treatment and is then transported to the settlements for irrigation purposes<sup>66</sup>.

Israel has caused damage to the aquifer by establishing over 200 illegal Israeli settlements and outposts in the West Bank and allowing them to discharge large quantities of untreated domestic and industrial sewage over the recharge area of the aquifer<sup>67</sup>. Israel's Water Authority stated in an official report that the lack of waste management in the West Bank is creating a health and environmental hazard and polluting the water resources. Rivers and streams have turned into sewerage channels<sup>68</sup>. The sewage maltreatment in the West Bank caused water drilling contaminations, which eventually led to the closing of drilling sites, such as Mitzpe Yeriho and Na'aran in the Jordan Valley<sup>69</sup>.

Approximately 10.5 MCM of raw sewage flows along the Kidron stream to the Dead Sea, causing environmental damage to the soil and water resources and posing a public health threat for the Palestinian communities along the route. 7.5 MCM of sewage flows to the Og reservoir north of the Dead Sea, where the wastewater receives partial treatment prior to its reuse in the irrigation of date trees and crops in Israeli settlements north of the Dead Sea and in the Jordan Valley. According to the Israeli nature and gardens authority, sewage maltreatment was found in 24 Israeli settlements in the West Bank, usually amounting to the absence of any treatment. Among them, the settlements of Ma'ale Efraim, Yafit and Argaman in the Jordan Valley area, Kfar Adumim and Metzokey Dragot in the Judean Desert, Sansana in the northern Negev near the Dead Sea, the settlements of Almog and Avnat and the nature resort of Ein Fash'ha to the north of the Dead Sea<sup>70</sup>.

65 See: Who Profits, <http://bit.ly/LmNTHB>

66 Ariel Cohen, Dina Fienman, Avi Ztipori and Yuval Sever, Sewage Disposal and Wastewater in the Streams of Judea and Samaria: An Evaluation on the Basis of Monitoring, The Environmental Unit, Authority of Nature and Gardens (Hebrew only), Ecology and the Environment, 2(2), May 2011: 133-126, <http://bit.ly/INUX0j>, P. 127.

67 Troubled Waters: Palestinians Denied Fair Access to Water, Amnesty International, Oct 2009, <http://bit.ly/1mhMQx>, pp. 77-78.

68 The Water Dispute between Israel and the Palestinians (Hebrew only), The Israeli Water Authority, March 2009, <http://bit.ly/yxUZyR>.

69 Cohen et al., p. 127.

70 Sewage Treatment in Judea and Samaria – A Situation Report (Hebrew only), The Knesset Center of Research and Information, Apr 7, 2011, p. 12-13, <http://bit.ly/ypDuyj>, accessed Nov 20, 2011.

Although Ahava's activities in the occupied territories are an obvious and blunt exploitation of Palestinian natural resources – these activities were validated by the Israeli High Court of Justice's (HCJ) ruling in December 26, 2011. This ruling dismissed the 2009 petition filed by the Israeli organization Yesh Din – Volunteers for Human Rights, challenging the legality of the Israeli quarries in the occupied West Bank. In its ruling, the HCJ concluded that the Israeli quarries in the occupied West Bank are legal and do not violate international law. The HCJ also noted in its ruling that the Israeli quarries provide employment for Palestinian workers<sup>71</sup>. Yet, as written in Yesh Din's response to the ruling from January 3, 2012, "The granting of mining concessions to Israeli and international companies "in exchange" for the creation of a few jobs for Palestinians enables the robbery of that collective wealth, and it cannot be considered to be an act that benefits the local population"<sup>72</sup>.

On January 10, 2012, Yesh Din filed a motion requesting a further hearing by a larger panel of justices of the HCJ on the legal issues raised in the petition<sup>73</sup>. Several leading Israeli scholars submitted an expert legal opinion to the court challenging its interpretation of International Humanitarian Law in its December 26 judgment<sup>74</sup>.

### 3.2.1 The Mud

Ahava operates an excavation site in the occupied territory, on the shores of the Dead Sea, from which it extracts mud for its products. In the framework of our research of this company, we submitted an inquiry, in accordance with the Freedom of Information Act, to the Israeli civil administration on the subject of mining and quarrying in the Dead Sea region. On May 17, 2011, we received a response from the Israeli Civil Administration, the military administrative governance in charge of the West Bank, stating that Ahava has an excavation license from the Israeli authorities for operating a site for collecting mud from the occupied area of the Dead Sea, which the company uses for commercial purposes. According to the response of the Civil Administration, Ahava received this license in early 2004, and has been operating this excavation site since.

71 HCJ Judgment, December 26, 2011, [bit.ly/ymdd9O](http://bit.ly/ymdd9O).

72 Yesh Din's response to the HCJ Ruling, January 3, 2012.

73 Yesh Din requests further hearing in West Bank quarries petition, Jan. 10, 2012, <http://bit.ly/JG9ZhT>

74 Israeli international-law experts: HCJ erred in quatties ruling, January 29, 2012, <http://bit.ly/LmRYve>

The Civil Administration also confirmed that it is an active excavation site and that Ahava is the only company that has the license to operate it<sup>75</sup>.

It is important to note that since the Dead Sea area is considered a highly valuable, yet extremely sensitive ecological environment, the Israeli government poses restrictions on commercial uses and mining activities in the region. In addition to Ahava, only one other company has a license to extract natural resources from this entire Dead Sea area: Dead Sea Works. Dead Sea Works has a license for excavating minerals, and its excavation sites are in the southern part of the Dead Sea, inside Israel. That means that Ahava's quarry in the occupied territories complies for at least half of the entire natural resources extracted from the Dead Sea region. Ahava receives many of its Dead Sea minerals from Dead Sea Works (see section 4). The large scale excavations of Dead Sea Works have a detrimental environmental impact on the entire Dead Sea, including the Jordanian sections and the ones that are in the occupied Palestinian territories<sup>76</sup>.

The occupied northern shores of the Dead Sea are managed by Israeli settlements or by Israeli entrepreneurs. On these shores, bathers can enjoy the black mineral mud. Israel makes it difficult for Palestinians to develop tourism in this area<sup>77</sup>. In its use of mud which is excavated in the occupied area, Ahava is aiding and abetting the violation of international humanitarian law (the laws of occupation), which prohibits the plundering of natural resources from occupied territory<sup>78</sup>.

Despite these facts, Ahava's management has continued to deny that the company is using natural resources from the occupied area in its products. For instance, in a letter that was sent to cosmetics retailers in 2010 Mr. Ya'akov Ellis, president and CEO of Ahava, wrote: "The mud and minerals used in Ahava's cosmetic products are not excavated in an occupied area. The minerals are mined in the Israeli part of the Dead Sea,

75 The Hebrew version is on file with who profits. See the English translation at: <http://bit.ly/Jp72EI>

76 The Privatization of Natural Treasures (Hebrew), June 2011, Adam Teva VaDin, <http://bit.ly/Jp7bbf>, accessed Nov. 2011.

77 Kalia Journal, As It Shrinks, the Dead Sea Nourishes Promises of an Economic Bloom, Isabel Kershner, August 4, 2010, <http://nyti.ms/lziJau>; Ze'ev Ma'or, Yigal Henis, Yaacov Alon, Elina Orlov, Ketil B. Sorensen and Aharon Oren, Antimicrobial properties of Dead Sea black mineral mud, Dead-Sea and Arava Science center, under the auspices of Ben Gurion University of the Negev, <http://bit.ly/IQxwx2>

78 Gamal Abouali, Natural Resources under Occupation: The Status of Palestinian Water under International Law, *Pace International Law review*, 2(3), Fall 1998: 411-574. Available at: <http://bit.ly/ID6mPJ>, pp. 461-480.

which is undisputed internationally<sup>79</sup>. In February 2010, we sent a letter to Ahava, asking the company to respond to the claim that the mud for its products is derived from occupied land. Until April 2012, no response was received from the company.

Not Classified

**Israeli Defense Force  
The Civil Administration  
Judea and Samaria Region  
Public Inquiries**  
symbol)  
**Tel.: 02-9977771  
Fax: 02-9977341  
KSM - 1938**

(the Civil Administration's

22nd Nisan 5771 (Hebrew date)  
26th April 2011

**Subject: Your inquiry according to the Freedom of Information Law on the subject of mining and quarrying in the Dead Sea region**

1. I hereby confirm the reception of your inquiry in question. Following is our reply to the articles mentioned in your inquiry.
2. Concerning your request in paragraphs a. and b. I wish to inform you that in the jurisdiction of the Megilot Dead Sea Regional Council there is only one site that practices mining or quarrying. In this site, mud mining permissions were given to the company "Dead Sea Laboratories Ltd." as of 13/10/2004.
3. Regarding paragraph c. of your letter, I wish to emphasize that the mining is only of mud. Regarding the quantities destined to be extracted in this location, we do not hold this information.
4. Regarding paragraph d. of your letter I should mention that the mentioned site is operational today, and is used, as said, for the mining of mud.
5. For your information.
6. Respectfully,

**Amos Wagner, Second Lieutenant  
Public Inquiries Officer  
The Prime Minister's Office**

Image No. 9: The Israeli civil administration's response to a query from Who Profits.

<sup>79</sup> The letter is available at: <http://bit.ly/xMNB1C>.

## Chapter 4: The supply chain

Like other cosmetic companies, Ahava manufactures its products using industrial ingredients which are produced by other companies, and brands them in a marketable packaging. It is important to trace the supply chain of Ahava as the suppliers which constitute this chain are a vital and critical part of the company's production. Ahava's production is dependent on the companies that supply these raw materials.

On October 7, 2010, our researchers went to the Ahava factory in Mitzpe Shalem and took pictures of the containers of raw materials in the factory's yard. These pictures reveal, for the first time, the suppliers of the raw materials used in Ahava products.

### 4.1. Lonza (also known as the Lonza Group)

Lonza is a global supplier of raw materials and services for the pharmaceutical, cosmetics and life science industries. The group supplies basic ingredients, manufactures custom made chemical and biological materials and supplies testing and research for other companies. Lonza is registered in Switzerland and its headquarters are located in Basel. The company's shares are traded on the SIX Swiss Exchange (symbol: SWX). In 2009, the annual sales of the company reached CHF



2.69 billion (approximately 2.77 billion dollars).

The company was established in 1897 and presently operates 26 research and development centers in USA, France, Switzerland, United Kingdom, Belgium, Germany and China. In addition, the company holds 29 sales offices in Europe, North America, South America, Asia and Australia<sup>80</sup>.

**Address:**

Münchensteinerstrasse 38  
CH-4002 Basel  
Switzerland  
Tel: 41-61-316-8111  
Email: info@lonza.com  
Website: www.lonza.com

#### 4.1.1. Lonza's Role in Ahava's Supply Chain

Lonza supplies Glydant to Ahava. Glydant, or DMDM hydantoin, is a preservative used in cosmetics. The substance releases formaldehyde, a microbicide agent which constitutes a popular preservative in personal care products such as shampoos, hand soaps and face creams.

According to Lonza's catalogue, the company's headquarters in Allendale, New Jersey, USA, markets the Glydant. The label on the barrels found at the Ahava plant further confirm Lonza's center in New Jersey as the source of the product, as shown in image no. 10.



Image No. 10: One of Lonza's Glydant containers at the Ahava plant in Mitzpe Shalem | Oct. 2010 | Photographed by Who Profits

80 Lonza's website (<http://www.lonza.com/group/en/company/about.html>) and Lonza's activity report for 2009, <http://bit.ly/x6dujC>.

## 4.2. Zschimmer and Schwarz Italiana S.p.A

Zschimmer and Schwarz Italiana S.p.A is an Italian manufacturer of raw materials for the cosmetics, cleaning, ceramic, fiber, leather, fur, and textile industries. The company is part of the Zschimmer and Schwarz Group, a family owned chemical company which was founded in Germany in 1894. The group is composed of 22 companies in Germany, France, Spain, Russia, Italy, US, Brazil, Mexico, Argentina, Hong Kong, China and Egypt, with over 800 employees in Europe, Asia and America<sup>81</sup>.

**Address:**

Via A. Ariotto 1/C  
I - 13038 Tricerro, Italia  
Tel: 39-0161-808111  
Email: info@zsi.it  
Website: www.zsi.it

#### 4.2.1. Role in Ahava's Supply Chain

Zschimmer and Schwarz Italiana S.p.A supplies raw materials to Ahava. Image no. 11 shows a container shipped from Zschimmer and Schwarz Italiana S.p.A to Ahava. The label on the container reads "C formula for liquid soap". The print on the label is: "Miscela Ahava" (Ahava), indicating that the formula is especially prepared for Ahava, according to the company's requirements.



Image No. 11: A container of Zschimmer and Schwarz special Ahava mixture, shipped to the Mitzpe Shalem factory | Oct. 2010 | Photographed by Who Profits

81 For further information on the company see: <http://www.zschimmer-schwarz.com> and <http://www.zsi.it>.

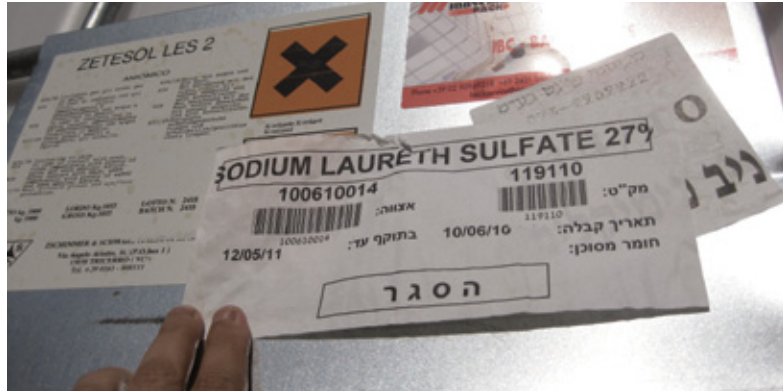


Image No. 12: A container of Zetesol Les 2, sent to Ahava from Zschimmer and Schwarz | Oct. 2010 | Photographed by Who Profits

As shown in images no. 11 and 12, Zschimmer and Schwarz Italiana S.p.A also supplies Ahava with Zetesol Les 2, also known as sodium laureth sulfate, a foaming agent commonly used in soaps and shampoos, and Zetesol MGS, also known as magnesium laureth sulfate, used mainly in shampoos and shower gels<sup>82</sup>.

## 4.3. Eigenmann and Veronelli S.p.A.

Eigenmann and Veronelli is a distributor and producer of chemicals. The company supplies chemicals for different industries, including the cosmetics, detergents, building, agrochemical, paper, leather, textile, food, coating and plastic industries.

Eigenmann and Veronelli is a private company with approximately 200 employees. The company's main market is Italy, but it has presence in approximately 30 countries, and, as stated on the company's website, it "looks with particular interest at those emerging countries in the Mediterranean (...) area"<sup>83</sup>. This includes sales in Iran, Turkey, Morocco, Tunisia, Jordan and Lebanon.

<sup>82</sup> Company catalogue, <http://bit.ly/wBtJ0z>, accessed Nov. 22, 2011.

<sup>83</sup> International Presence, company website: <http://bit.ly/xg8nrg>, accessed Nov. 22, 2011.

### Address:

Main Office:

6 Via della Mosa

I-20017 Rho (MI)

Italy

Tel: 39-02-935391

Email: [info@eigver.it](mailto:info@eigver.it)

Website: <http://www.eigver.it>

### 4.3.1. Role in Ahava's Supply Chain

Image no. 13 shows that Eigenmann and Veronelli are the source of a raw ingredient called Lincol 40, also known as ethylhexylpalmitate, used in Ahava products. Ethylhexylpalmitate has several uses in cosmetics, including as a solvent, fragrance fixative and emollient. As shown in Image no. 13, the address of Eigenmann and Veronelli's main office in Rho, outside Milan, appears on the upper part of the label.

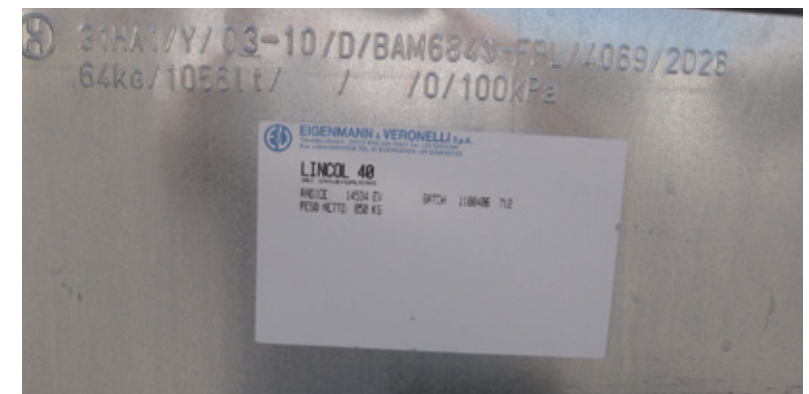


Image No. 13: Eigenmann and Veronelli's Lincol 40 container at the Ahava factory | October 2010 | Photographed by Who Profits

## 4.4. Lanxess Distribution GmbH and YS Ashkenazi Agencies

Lanxess Distribution is a German company which distributes chemical products worldwide for several industries including the chemical, cosmetics, plastic and animal nutrition industries. Lanxess Distribution is

fully owned by Lanxess, a large German chemical company traded on the Frankfurt Stock Exchange (symbol: FWB).

Lanxess Distribution supplies Ahava with raw material through the private Israeli company, YS Ashkenazi Agencies. YS Ashkenazi, located in Kibbutz Netzer Sireni, within Israel's borders, imports and distributes chemicals for the cosmetics and plastic industries.

#### Address:

Lanxess Distribution  
Katzbergstr. 1  
D-40764 Langenfeld  
Germany  
Tel: 49-2173-2033-0  
Website: [www.lanxess-distribution.com](http://www.lanxess-distribution.com)

YS Ashkenazi Agencies  
Kibbutz Netzer Sireni 70395  
Israel  
Tel: 972-8- 9282580  
Email: [cohen@ys-ashkenazi.com](mailto:cohen@ys-ashkenazi.com)

### 4.4.1. Role in Ahava's Supply Chain

As shown in image no. 14, the label mentions the sender and the recipient, whereas the address of Ahava is omitted. As written on the label, Lanxess Distribution shipped a transport of isohexadecane, a substance used in body, facial or sun creams. The catalogue of Lanxess Distribution describes isohexadecane as a “clear, colour and odourless liquid for use in skin and sun care products to leave a silky and light emollient feeling on the skin”<sup>84</sup>. The transport was shipped to the Ashdod port in Israel, where it was designated to YS Ashkenazi Agencies.

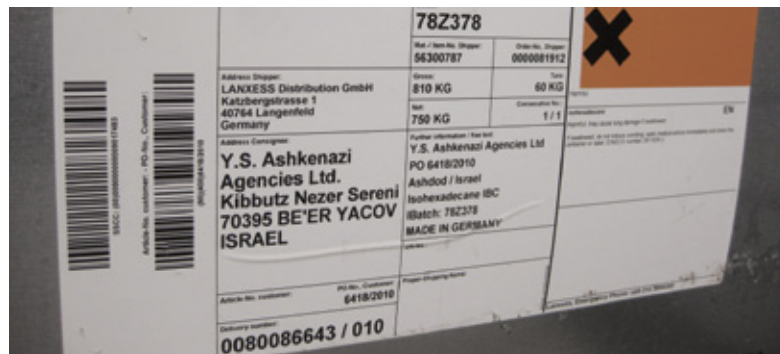


Image No. 14: A container of isohexadecane, sent from Lanxess Distribution to the Ahava factory in Mitzpe Shalem, through YS Ashkenazi Agencies | Oct. 2010 | Photographed by Who Profits

<sup>84</sup> The catalogue is available at: <http://bit.ly/wfwiai>.

## 4.5. Dead Sea Works (known in Hebrew as Mifaley Yam Hamelah)

Dead Sea Works is a privatized company, which mines minerals from the Dead Sea and is one of the main producers of potash and bromine worldwide. The company is controlled by the Ofer brothers through the chemical giant, Israel Chemicals. Israel Chemicals is traded on the Tel Aviv Stock Exchange (symbol: ICL). Another major shareholder of Israel Chemicals is PotashCorp Agricultural Cooperative Society, an Israeli subsidiary of the American fertilizers giant, PotashCorp.

Dead Sea Works is denounced by environmental groups as an offender of the Dead Sea ecosystem and as a contributor to the decline in sea level<sup>85</sup>. Dead Sea Works is further pressured by social justice organizations which criticize the low royalties the company pays for its rights to mine minerals from the Dead Sea and its bad reputation in upholding workers' rights<sup>86</sup>.

#### Address:

1 Kroitzer St.  
Be'er Sheva 84894  
POB 75, Be'er Sheva 84100  
Israel  
Office Tel: 972- 8-6465178, 972-8-6465111  
Factory Tel: 972- 8-9977511  
Email: [dsw@dsw.co.il](mailto:dsw@dsw.co.il)  
Website: [www.dsw.co.il](http://www.dsw.co.il)

### 4.5.1. Role in Ahava's Supply Chain

Dead Sea Works is the provider of Ahava's bath salts. Image no. 15 shows sacks found on October 7, 2010, in Ahava's factory yard. The caption on the sacks reads: “Dead Sea Bath Salts – Fine Grade – Product of Dead Sea Works LTD-Israel”.

<sup>85</sup> Continuing to Destroy the Dead Sea (Hebrew only), Adam Teva VaDin – Israel Union for Environmental Defence, 2008, <http://bit.ly/lzomW0>. accessed Nov. 22, 2011.

<sup>86</sup> See for example this post in the socialist blog HaOketz, published by Moti Gigi on January 20, 2010: <http://tinyurl.com/64ka9lq>, and the film White Gold, Black Labour by Tali Shemesh: This article: <http://bit.ly/bBzU9w>, published in Ha'areztz by Ora Koren on Oct. 3, 2010, discusses the political power of the owners of Dead Sea Works and Haifa Chemicals and the low royalties they pay in return for their mining franchise.



Image no. 15: Dead Sea Works bath salts in the yard of the Ahava factory in Mitzpe Shalem settlement | Oct. 2010 | Photographed by Who Profits

## 4.6. Zohar Dalia

Zohar Dalia is an Israeli company that manufactures detergents and ingredients for the cosmetics and detergent industries. The company was founded by Kibbutz Dalia near Haifa, Israel. In December 2006, an investor group led by Emilia Development<sup>87</sup> bought part of Zohar Dalia and today controls 45% of its shares. Emilia Development is traded on the Tel Aviv Stock Exchange and controlled by Oded Feller (84.87%). It is interesting to note that Emilia Development also holds 13.5% of Maxima Air Separation Center, which has a distribution center at the Mishor Edomim industrial park, a settlement in the occupied West Bank<sup>88</sup>.

### Address:

Kibbutz Dalia, 19239

Israel

Tel: 972-4-9897234

Email: [export.market@zohar.co.il](mailto:export.market@zohar.co.il) or [local.market@zohar.co.il](mailto:local.market@zohar.co.il)

Website: [www.zohardalia.com](http://www.zohardalia.com)

<sup>87</sup> See: <http://whoprofits.org/company/emilia-development-ofg>

<sup>88</sup> More information about Zohar Dalia can be found on its website: [www.zohardalia.com](http://www.zohardalia.com) and on the report presented Emilia's board of directors to its stockholders: <http://bit.ly/JGnazn>

### 4.6.1. Role in Ahava's Supply Chain

Zohar Dalia provides Ahava with the basic material for soaps. The label in image no. 16 reads: "Basis for the new Ahava soap (cube 973)". The name of the manufacturer, Zohar Dalia, appears on the upper right corner.



Image No. 16: Zohar Dalia soup base container at the Ahava plant in Mitzpe Shalem settlement | Oct. 2010 | Photographed by Who Profits

# Chapter 5: Mislabeling and Consumer Fraud

The question whether a settlement product can be labeled as a product of Israel has been hanging in the air since the establishment of most of settlements in 1976. Yet, in many countries these settlements, declared illegal by the international court of Justice in 2004, cannot be considered legitimate parts of “Israel” and therefore cannot be labeled as “products of Israel”<sup>89</sup>.

Ahava’s labels claim that its products originate from “The Dead Sea, Israel”, while in fact they are made in the settlement of Mitzpe Shalem in the occupied West Bank. This deceptive labeling raises issues pertaining to consumer deception, and may even amount to consumer fraud. Ahava’s product labeling is also illegal under European Union law<sup>90</sup>. Accordingly, UK’s Camden Trading Standards Office is investigating the legality of Ahava’s labeling<sup>91</sup>, the Dutch Ministry of Foreign Affairs launched an investigation of Ahava’s label and business methods, and in France a law suit was filed against the retailer Sephora, which sells Ahava products<sup>92</sup>.

89 Ilham Rawoot, Move to Relabel 'Israeli' Goods as Bads, Mail & Guardian, Sep. 16, 2011. <http://bit.ly/nA0ODd>, accessed Nov. 21, 2011.

90 Regulation (EC) No 1223/2009 of the European Parliament, 30 November 2009 on cosmetic products, <http://bit.ly/lhhqvx>

91 U.K. government urges businesses: Label products from settlements, December 12, 2009, Barak Ravid, Ha'aretz, <http://bit.ly/INFEn4>

92 Ian Black and Rory McCarthy, December 10, 2009, guardian.co.uk, <http://bit.ly/5MmNFj>

Here are a few examples from Ahava packages sold across the US and the Netherlands:

The product in picture no. 17 was sold in November 2010 at Ricky’s NY store on Broadway and 114<sup>th</sup> Street, New York, USA. The label marks that the product originates from the Dead Sea, Israel. However, the zip code provided is 86983 – the zip code for Mitzpe Shalem.



Image No. 17: The product is labeled as made in Israel, whereas the zip code is 86983, the zip code for Mitzpe Shalem | Nov. 2010 | Photographed by CODEPINK

The product in picture no. 18 was also bought in November, 2010, at Ricky’s NY, NY, US. This package is also labeled as made in the Dead Sea, Israel. While Ahava omits the zip code from the address in English, it does include it in the Hebrew address, providing the zip code of Mitzpe Shalem (86983). This photo shows Ahava uses two kinds of labels, sometimes even on the same package: one label is designed for the European and American markets and omits any trace of production in a settlement, presumably in response to the boycott campaign; the other label is intended for the Israeli public, which is mostly indifferent to the issue.

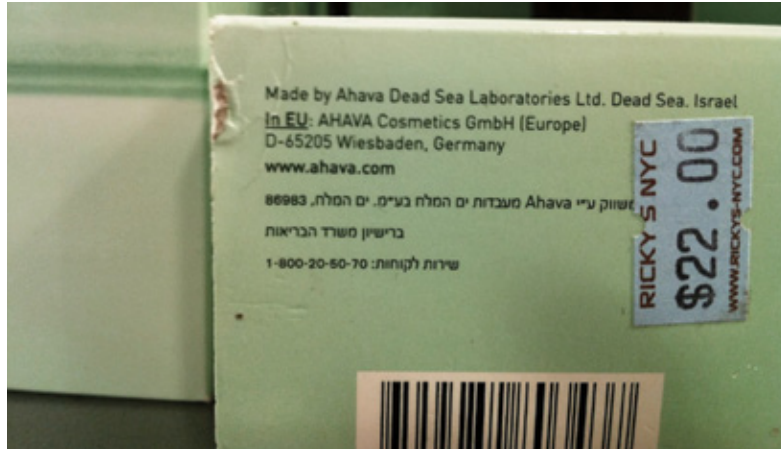


Image No. 18: One package – two labels: the English address reads: “Dead Sea, Israel”, without referring to any zip code, while the Hebrew address includes the zip code of the Mitzpe Shalem settlement, 86983 | Nov. 2010 | Photographed by CODEPINK

The Hebrew address on picture no. 19 (on the top) reads: “Made by the Dead Sea Laboratories. The Dead Sea, 86983” – the address of the Mitzpe Shalem factory. However, only the German distributor is listed in English, without any indication to the place of production. Since according to Ahava’s own statement all of its products are made by the Dead Sea, this product should also have been manufactured there. However, the information on the package does not inform the consumer that it was manufactured in a settlement. The photo was taken on November, 2010, at Schuer Linens, an independent cosmetics store in San Francisco, California, US.

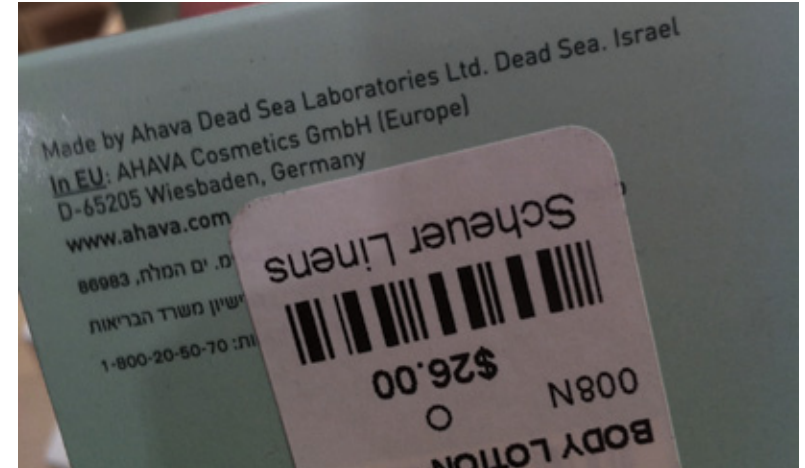


Image No. 19: The Hebrew address on the top reads: “Made by the Dead Sea Laboratories. The Dead Sea, 86983”, which is the address of the Mitzpe Shalem factory. However, in English only the German distributor is listed, but an indication of the place of production is omitted | Nov. 2010 | Photographed by CODEPINK

The practice of mislabeling is evident also in Europe. For example, a package of mineral bath salt, bought on April 12, 2012, at Salon Yvonne Alberts in Amsterdam, the Netherlands, is labeled as made in the “Dead Sea, Israel” (see picture no. 20). Here too the English label gives no indication of the product’s origin in the occupied West Bank. However, the Hebrew label provides the zip code of the Mitzpe Shalem settlement, 86983.

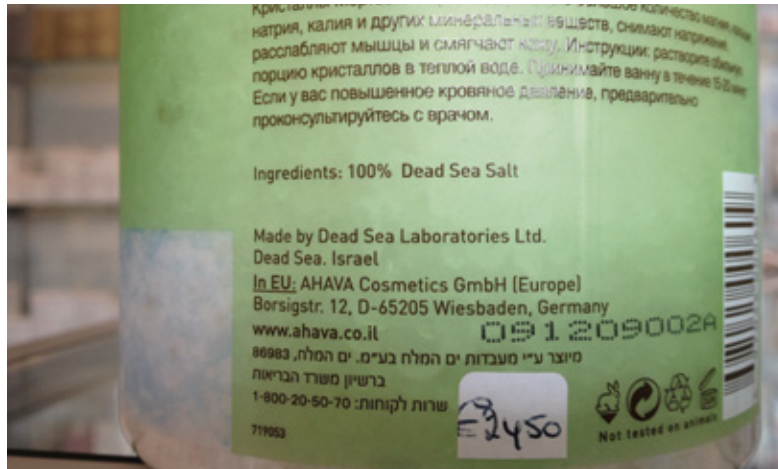


Image No. 20: This bath salt is labeled as made in the “Dead Sea, Israel”, without any reference to the settlement of Mitzpe Shalem. Only the Hebrew label hints that the product was manufactured in the West Bank as it provides the zip code of the Mitzpe Shalem settlement | Amsterdam | April 2012 | Photographed by Brechtje van Bergen

Ahava specifies its address as a city in the center of Israel, not far from the country’s international airport. However, a company representative confirmed to us in a telephone conversation that the facilities in Lod are only offices, and that the company’s only factory is in Mitzpe Shalem. Ahava’s products are manufactured, boxed, packaged and labeled at the Mitzpe Shalem factory<sup>93</sup>.

93 Telephone conversation held between a Who Profits researcher and an Ahava representative, 28 January 2010.

## Conclusion

Ahava’s trade trail passes through the Israeli occupation. This report revealed the various ways in which Ahava is involved in the Israeli occupation and participates in violations of international law.

Ahava is partly owned by two settlements, Mitzpe Shalem (in which the company’s factory and visitor center are located) and Kalia. The other owners of the company - Hamashbir Holdings (of B. Gaon Holdings) and Shamrock Holdings (the Disney family’s investment fund) – have further involvements in the occupation, in addition to their ownership of Ahava.

The exploration of Ahava’s supply chain reveals that many other companies, supplying raw ingredients to Ahava and distributing its products, are also profiting from the Israeli occupation. The Swiss company Lonza (Lonza Group), the Italian companies Zschimmer and Schwarz and Eigenmann and Veronelli, the German company Lanxess Distribution and the Israeli companies Dead Sea Works and Zohar Dalia supply Ahava with raw materials for its products. Lanxess Distribution delivers its materials to Ahava through the private Israeli company, YS Ashkenazi Agencies.

As this report clearly proves, Ahava’s involvement in the occupation of the Palestinian territories includes the exploitation of the Palestinian people’s natural resources. Ahava extracts the mud used for its products from a site located beyond the Green Line, in the occupied Palestinian Territories. The mud Ahava quarries from the occupied territories is used solely for the benefit of the Israeli settlement owned corporation and through the

market chain of Ahava to the Israeli and international cosmetic market.

The HCJ Judgment given December 26, 2011, validates the use of the Israeli occupying state of land which legally belongs to the Palestinian population, for the sole benefit of the Israeli industry. Yet, the HCJ also ruled against the mining of new quarries in occupied territory, a decision which indicates that even the HCJ regards the quarrying activity of the Israeli state as not completely viable. The HCJ ruling acknowledged the occupier's rights of use of natural resources, thereby validating exploiting activity such as Ahava's. This ruling normalizes the Israeli occupation of Palestinian land, accepting it as a matter of fact.

Not only does Ahava manufacture its products in an illegal settlement and extract mud from occupied Palestinian territories – the company also tries to cover up these facts by labeling its products as 'Made in Israel'.

Ahava is a part of a very prosperous industry which profits directly from the exploitation of Palestinian land and natural resources. Ahava and its partners, along with many other companies, help the Israeli government with its continuous effort toward economic isolation and suffocation of the Palestinian people.



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# Tracking the Trade Trail of Settlement Products

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