



# INTERNATIONAL LABOR RIGHTS FUND

*"Promoting and Enforcing Rights for Workers"*



annual report 2004





## a note from the director

by Terry Collingsworth

This has been another great year of progress for the ILRF. Perhaps the biggest news is that in late December we signed an "agreement in principle" with Unocal Corporation to settle our human rights case. Pending since September 1996, the case was filed on behalf of Burmese villagers who had been forced to work on the construction of Unocal's gas pipeline in Burma. The ILRF represented one group of Plaintiffs, the "Roes". The other group of Plaintiffs, the "Does," were represented by a number of lawyers and organizations. This victory was only possible because we had an amazing group of lawyers who were willing to cooperate and fight for nearly nine years to bring this case to resolution.

This is the first human rights case against a US corporation that resulted in a victory. Under the terms of the settlement, the Plaintiffs will receive direct compensation for being forced to work on the pipeline. In addition, in a very innovative part of the settlement, the Plaintiffs agreed to the creation of a humanitarian fund for other victims of forced labor in Burma. The Plaintiffs and their representatives have yet to work out the details of how the fund will be governed and what criteria will be applied in making awards. The amazing thing is that the Plaintiffs, exiles from Burma who have been living in Thailand in and around refugee camps with little or no support, decided to share the proceeds of the settlement with other victims.

We are optimistic that the Unocal precedent will introduce enforceable human rights norms to the global economy. The ILRF has filed similar cases against Coca-Cola, Exxon Mobil, Del Monte, Drummond Coal, Occidental Petroleum, Dyncorp, and Daimler-Chrysler AG. Several others are in the pipeline. So many of these companies that we've sued claim to be good corporate citizens. They point to their "codes of conduct" purporting to provide their workers and others affected by their operations with a menu of rights. But when the ILRF and other activists point out concrete injuries that people have suffered, these companies point to the fine print and hide behind various exclusions that demonstrate the reality that the codes are nothing but a public relations ploy. The ILRF is playing a unique role in exposing this fraud and working to develop meaningful, enforceable rights for working people in the global economy. In addition to litigation, we are working on various campaigns to harness the power of the consumer to pressure companies to make good on their promises made to the public. We are also working on several initiatives to empower workers in their home countries to assert their rights under local law.

Our biggest challenge remains raising the resources necessary to do all of the projects we manage with our small staff. One key to our success is that we work with committed partners in the countries where we operate. We try to find organizations that are already concerned with worker rights issues, and work with them to develop an international strategy. The ILRF's presence helps to raise the profile of various problems workers face at the hands of multinational companies and local governments that are willing to turn a blind eye to abuse for profit. While this approach allows us to avoid having numerous offices around the world staffed with ILRF employees, we still must get resources to our partners, who, in addition to needing funds to operate, also require funds to ensure their basic security. Many activists in places like Colombia and Indonesia, where we have major projects, face concrete threats of death on a daily basis.

With your continued support, we will have a very productive 2005 in our effort to assist workers in the global economy realize their basic rights. Make sure to check our improved website, [www.LaborRights.org](http://www.LaborRights.org) for frequent updates of our progress.

Thanks for your support,



## **about the International Labor Rights Fund**

Founded in 1986, ILRF serves a unique role among human rights organizations as advocates for and with the working poor around the world. We believe that all workers have the right to a safe working environment where they are treated with dignity and respect, and where they can organize freely to defend and promote their rights and interests. Moreover, we believe the rights enshrined in international conventions and covenants are meaningless without effective enforcement mechanisms. We have been in the forefront of organizations working to develop practical and effective new tools to assist workers in winning enforcement of protections for their basic rights.

In the past few years, ILRF has expanded its work in important new directions, including raising global awareness of the problem of sexual harassment in the workplace, and seeking new ways to hold corporations accountable for labor and human rights violations in developing countries. ILRF is unique among human rights and sweatshop-oriented NGOs working to promote economic and social rights, as we are the only such organization to have utilized the full range of mechanisms listed below to promote labor rights. With a staff of only seven, working with partners worldwide, ILRF has worked directly to promote labor rights through:

- Research and publication
- Public campaigning and media outreach
- Promoting new ILO Conventions and their ratification
- Promoting reform of US legislation
- Advising multinational corporations on issues of corporate social responsibility
- Using litigation to hold corporations accountable
- Using trade-related complaints processes to hold governments accountable

ILRF has been experimenting for years with different strategies to develop a framework for making worker rights enforceable in the global economy. Our work in Bangladesh, Indonesia, Colombia, Guatemala and even China is coming together in a way to allow us to suggest that success is possible. In all these countries, and elsewhere, there is a lack of political will to protect the rights of workers. Indeed, even at the multilateral level, there are serious problems with the political will of key actors and organizations. There is no question that we face a huge challenge.

Below we detail some of the new work we undertook in 2004

## **organizational changes**

Our ability to succeed in our work is greatly enhanced by several recent additions to our staff. Derek Baxter, an experienced labor lawyer, has joined us to work on our numerous human rights cases. Brian Campbell, a recent law school graduate who worked with us as a law clerk during his last two years of school has also joined our staff. In addition to working on our cases, he is working on various legal programs, including our China Rule of Law initiative. Eryn Schornick has joined us as our first-ever legal assistant, which has greatly increased the capacity of our litigation group. Finally, Trina Tocco has joined us as a Program Assistant, and will focus primarily on our campaign work, using her previous experience working with United Students Against Sweatshops and the Service Employees International Union.







## fairness in flowers campaign



ILRF launched a Fairness in Flowers Campaign on Mother's Day in 2003, a holiday that accounts for a large part of the cut flower sales in the United States. The Campaign highlights labor rights violations and health and safety problems in the cut flower industry in Ecuador and Colombia, and seeks improvements through action in the US and Latin America.

Nearly all the roses and carnations sold in the United States originate in Ecuador and Colombia. A survey of 8000 workers in plantations in Colombia found that workers were exposed to 127 different pesticides, three of which are considered extremely toxic by the World Health Organization. In addition, 20% of these pesticides are banned or not registered for use in the US or Canada because they are extremely toxic and carcinogenic. Two-thirds of Colombian and Ecuadorian flower workers suffer from work-related health problems, including headaches, nausea, impaired vision, conjunctivitis, rashes, asthma, stillbirths, miscarriages, congenital malformations and respiratory and neurological problems.

Over 70 percent of Ecuadorian and Colombian flower workers are women, and there are reports of illegal pregnancy tests for new workers. Women are often fired if they become pregnant. Before Mother's Day, workers work 50-60 hours per week and are often not paid overtime. Workers are also unjustly dismissed for trying to organize unions.

The Fairness in Flowers Campaign continued in 2004 to raise awareness among consumers, companies and legislators of these ongoing abuses. ILRF coordinated a photography project with workers in each country, to raise awareness among US consumers about working conditions in the industry, and organized a workshop for Colombian and Ecuadorian workers to share their experiences and begin developing strategies for cross-border solidarity. ILRF also continued to seek a dialogue with US flower retailers and US-based multinational companies, urging them to adhere to labor and health standards in flower production. At the end of 2004, ILRF worked with a local Ecuadorian NGO partner to establish a new legal support center for flower workers whose rights have been violated, and it will begin to offer services in early 2005.





## Linking Trade and Labor Standards





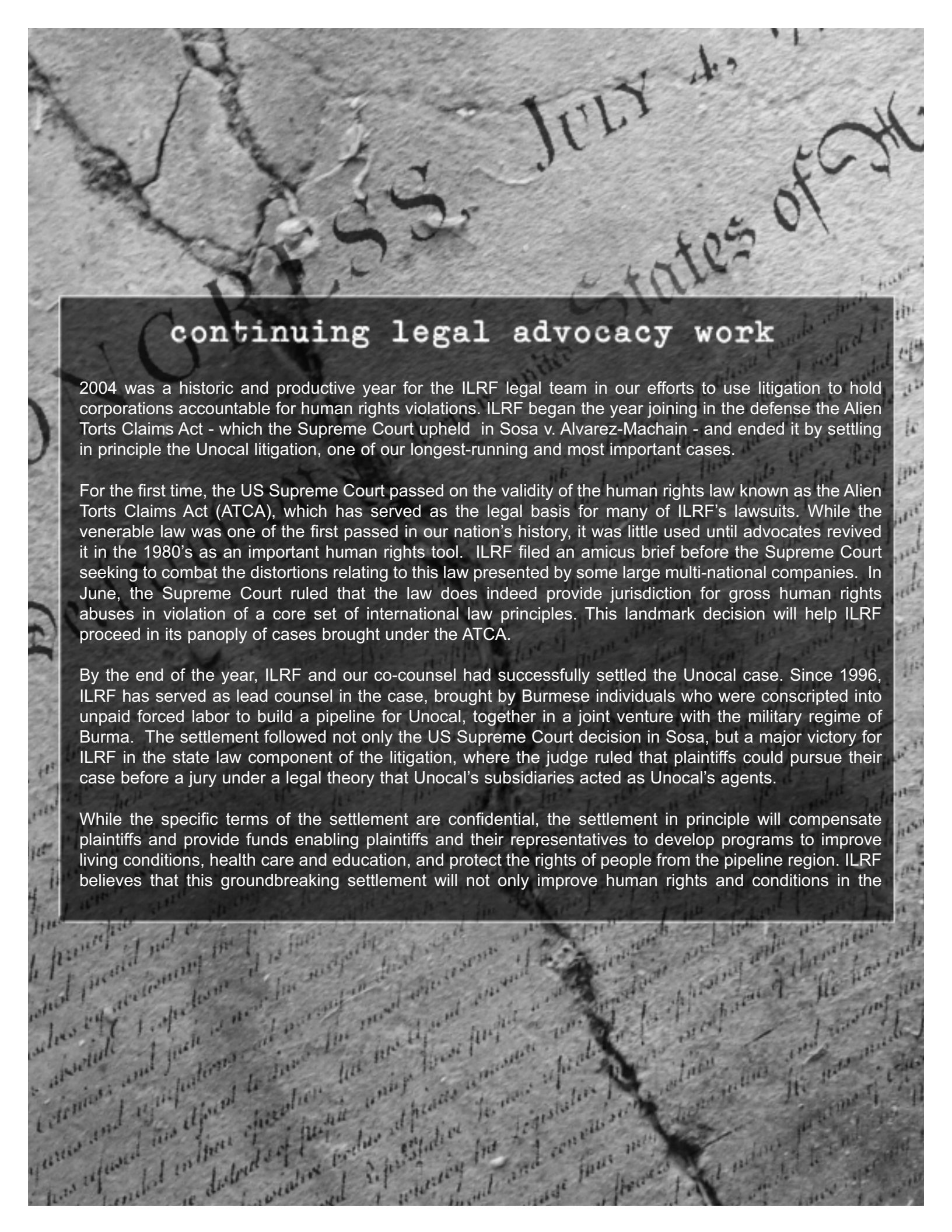
## Linking Trade and Labor Standards

Throughout its history, one of ILRF's core activities has been providing in-depth and credible research on working conditions and obstacles to labor rights enforcement in developing countries. Protecting the rights of workers within the global trading system has long been ILRF's main priority, and one longstanding vehicle has been the promotion of labor rights clauses in bilateral and multilateral trade initiatives. In the past we have focused heavily on bilateral initiatives such as the Generalized System of Preferences (GSP) program; however, new global focus on multilateral bodies, such as the proposed Free Trade Area of the Americas (FTAA) and the World Trade Organization (WTO), has led us to enter a new phase of joint research and public dialogue in partnership with representatives from developing countries to promote non-protectionist mechanisms to safeguard worker rights within the multilateral trade framework.

In 2004 we chose to focus strategically on Central America, recognizing that ongoing negotiations over the Central America Free Trade Agreement (CAFTA) and the concurrent stalling of multilateral discussions in the FTAA and other fora meant that work on Central America would necessarily have a broader impact on the trade debate within the US. In late 2004, in partnership with a regional Costa Rica-based labor rights NGO, ASEPROLA, we filed new GSP petitions on Honduras, El Salvador, Guatemala, Panama and Costa Rica. We also joined with advocates throughout North and Central America in demanding a full investigation into the murder of Gilberto Soto, a US citizen and labor rights activist who was murdered in El Salvador in 2004.

Recognizing the need for reliable information to enable policymakers to implement change, we continued a research project funded by the US Department of Labor in 2004. ILRF worked with local labor rights organizations throughout Central America to research working conditions in the agricultural sector. In particular, researchers focused on the sugar industry in Guatemala, Honduras, Panama, Costa Rica, El Salvador, and the Dominican Republic. Their results expose the exploitation of migrant workers; the increasing use of subcontractors, who do not pay the legally-mandated bonuses nor social security; repression of workers' attempts to unionize; and health and safety problems resulting from pesticide exposure. We expect to release the final reports in early 2005.





## continuing legal advocacy work

2004 was a historic and productive year for the ILRF legal team in our efforts to use litigation to hold corporations accountable for human rights violations. ILRF began the year joining in the defense the Alien Torts Claims Act - which the Supreme Court upheld in *Sosa v. Alvarez-Machain* - and ended it by settling in principle the Unocal litigation, one of our longest-running and most important cases.

For the first time, the US Supreme Court passed on the validity of the human rights law known as the Alien Torts Claims Act (ATCA), which has served as the legal basis for many of ILRF's lawsuits. While the venerable law was one of the first passed in our nation's history, it was little used until advocates revived it in the 1980's as an important human rights tool. ILRF filed an amicus brief before the Supreme Court seeking to combat the distortions relating to this law presented by some large multi-national companies. In June, the Supreme Court ruled that the law does indeed provide jurisdiction for gross human rights abuses in violation of a core set of international law principles. This landmark decision will help ILRF proceed in its panoply of cases brought under the ATCA.

By the end of the year, ILRF and our co-counsel had successfully settled the Unocal case. Since 1996, ILRF has served as lead counsel in the case, brought by Burmese individuals who were conscripted into unpaid forced labor to build a pipeline for Unocal, together in a joint venture with the military regime of Burma. The settlement followed not only the US Supreme Court decision in *Sosa*, but a major victory for ILRF in the state law component of the litigation, where the judge ruled that plaintiffs could pursue their case before a jury under a legal theory that Unocal's subsidiaries acted as Unocal's agents.

While the specific terms of the settlement are confidential, the settlement in principle will compensate plaintiffs and provide funds enabling plaintiffs and their representatives to develop programs to improve living conditions, health care and education, and protect the rights of people from the pipeline region. ILRF believes that this groundbreaking settlement will not only improve human rights and conditions in the





## legal advocacy work . . . continued

region, but will serve as a model for encouraging corporations to comply with human rights norms and effect positive change in the countries where they operate.

ILRF also worked to advance its seven other pending federal suits based on the ATCA. ILRF had previously filed a lawsuit in 2001 against ExxonMobil Corporation, alleging that the natural gas and oil giant had supported and directed Indonesian security forces who committed atrocities against community members near its facilities in Aceh, Indonesia. ILRF legal staff traveled to Indonesia and met with Acehnese who recounted continuing stories of human rights abuses perpetrated by these Indonesian military forces. The trip occurred just before the tragic December 2004 tsunami which devastated Aceh, although thankfully sparing the lives of the ExxonMobil plaintiffs. ILRF has worked with local and international NGOs to promote human rights in the context of the recovery efforts.

ILRF has three pending cases based on human rights violations in Colombia, separately alleging that Coca-Cola Company, Drummond Coal, and Occidental Petroleum collaborated with military and paramilitary death squads in Colombia. In a suit proceeding against Coke's Colombian bottlers, in 2004 ILRF filed an amended complaint seeking to reinstate Coke in the lawsuit, following the purchase of Colombian bottlers by a key Coke subsidiary. In Drummond Coal, ILRF engaged in discovery of witnesses. In Occidental Petroleum, ILRF briefed and argued a series of legal issues before the court, including the US State Department's unsupported opinion, filed with the court at the eleventh hour, that human rights litigation could "embarrass" the US government in its dealings with Colombia.

Additionally, ILRF represents workers from Del Monte Fresh Produce's banana plantation in Guatemala who assert that they were tortured by a vigilante gang sent by the company. In 2004 ILRF briefed and argued key issues before both the federal 11th Circuit and a Florida state court.

ILRF has also pursued a case against DaimlerChrysler for arranging for its trade union leaders to be assassinated and tortured during Argentina's dirty war. Finally ILRF represents 10,000 villagers in Ecuador whose crops and livestock have been destroyed by the illegal spraying from Dynacorp's aerial fumigation program pursuant to Plan Colombia.



# combating child labor in cocoa production

The world's agricultural sector is suffering from a crisis. An increasing number of children are working in hazardous conditions in agricultural fields producing cotton, bananas, rubber, tobacco, cocoa, tea and coffee. According to the International Labour Organization (ILO), more than 211 million children between the ages of 5 and 14 work globally and about 70% of them are in agriculture.

One sector that has received widespread international attention in recent years is cocoa. ILRF has closely followed the issue of child slavery in Cote d'Ivoire's cocoa fields and in particular, focused on the role of multinational chocolate companies and their activities in the Harkin-Engel Protocol, industry's own voluntary initiative to solve the problem by 2005. Cote d'Ivoire, as the world's largest cocoa producer, accounts for over 40% of the world's supply. The majority of the cocoa is imported into the US and Europe by multinational companies such as Cargill, Nestle, and Archer Daniels Midland, and processed into chocolate and other cocoa products retailed by well-known firms such as Hershey and M&M/Mars.

In response to increased international attention on the issue and fearing sanctions from governments and consumers, the chocolate industry agreed in 2001 to adopt an industry-wide protocol to govern labor conditions in the growing and processing of their cocoa beans. Unsatisfied with industry's weak commitment to reform, ILRF has been monitoring industry's actions to eliminate child labor in its supply chain. ILRF conducted several field investigations in Cote d'Ivoire and in neighboring labor supply countries. By 2004, convinced that industry would fail to fulfill its promises by its self-imposed deadline of July 2005, ILRF, along with the Fair Trade Federation and Global Exchange, filed suit at the Court of International Trade to force the US Customs Service to enforce its own rules and regulations prohibiting the importation of any good produced by forced child labor.

ILRF had previously filed a petition with the US Customs Service to initiate an investigation and enforcement action under a law prohibits the importation of goods made by forced labor or child slavery. In conjunction with the filing of the CIT lawsuit, ILRF launched a Halloween campaign to demand that five multi-billion dollar MNCs, Nestle, ADM, Cargill, Hershey's and M&M/Mars, act to ensure that children are not in future enslaved on their supplier farms.







*The 2004 Annual Report for the  
International Labor Rights Fund is dedicated to  
**Richard Cornelison,***

*a person who lived a life committed to social  
justice for workers. Our community suffered a great  
loss on March 24, 2004 when Dick passed away.  
He will be remembered as a man who believed that  
every worker deserves to be treated with fairness  
and respect. One of his favorite sources for this  
concept is from the International Labor  
Organization's 1944 Philadelphia Declaration:*

*"All national and international policies and  
measures, in particular those of an economic and  
financial character, should be judged in this light  
and accepted only in so far as they may be held to  
promote and not to hinder the achievement of this  
fundamental objective; (i.e. social justice)."*

*ILRF is very grateful for the amazing support that  
Dick and his wife, Kathleen Ruff, have provided  
over the years to allow us to try to realize the vision  
of social justice for workers.*



*Our work would not be possible without the contributions of our dedicated supporters who share our belief in making social and economic justice a reality for millions of workers worldwide. We would like to express our deepest gratitude to the following foundations, institutions, organizations and individuals for their general support in 2004.*

**Foundations, Institutions and Organizations**

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## Financials

Unrestricted Net Assets	2003	2004
<b>Revenue</b>		
Churches	\$2,000.00	\$2,000.00
Foundations	\$634,235.00	\$409,138.00
Other Institutions	\$127,292.00	\$118,738.00
Individuals	\$43,419.00	\$33,333.00
Trade Unions	-	\$200.00
Government	\$328,716.00	\$507,169.00
Honoraria	\$200.00	\$1,000.00
Event, net	\$1,091.00	\$7,680.00
Interest	\$4,424.00	\$870.00
Reimbursements	\$13,159.00	\$7,177.00
In-Kind contributions	\$29,000.00	\$55,000.00
Other	\$5,789.00	\$81.00
<b>Total Revenue</b>	<b>\$1,186,189.00</b>	<b>\$1,141,338.00</b>
<b>Expenses</b>		
Program services	\$1,007,426.00	\$1,057,345.00
Supporting services		
Management and general	\$157,289.00	\$178,012.00
Depreciation	\$3,438.00	\$4,115.00
Fundraising	\$1,948.00	\$2,152.00
<b>Total Expenses</b>	<b>\$1,170,101.00</b>	<b>\$1,241,624.00</b>
Change in Unrestricted Net Assets	\$16,088.00	\$-100,286.00
Net Assets at the Beginning of Year	371,529.00	\$387,617.00
<b>Net Assets at the End of the Year</b>	<b>\$387,617.00</b>	<b>\$287,331.00</b>



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[www.laborrights.org](http://www.laborrights.org)