



International Labor Rights Fund  
ANNUAL REPORT 2001

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## Greetings from the Executive Director

Dear Friends and Colleagues,

2001 has been an eventful and challenging year for us, both at ILRF and in the world at large, but I am pleased and grateful for all that we've accomplished. ILRF has undergone a number of changes, in part due to the retirement of our Executive Director and one of ILRF's founders, Pharis Harvey. While he will be sorely missed, we are happy to be able to continue working with him as Senior Consultant to our child labor projects, and wish him well in his other endeavors.



Thanks to the dedication and hard work of our Board, staff, and our many friends and colleagues, however, my transition to the position of Executive Director has been a smooth one; not only have we been able to continue our efforts, but we have increased our program support and have been able to expand our programs into new areas as well. We launched our new Rights for Working Women Campaign this year, to address the global problem of harassment and abuse against women in the workplace. We also expanded our legal efforts in 2001, seeking to hold corporations accountable for their abuses of workers in a number of countries. We also resumed regular publication of our newsletter, Worker Rights News, to enable us to communicate our efforts and reach out to our members.

2002 will no doubt bring continued challenges for ILRF, but I am confident that we will be able to build on our perseverance through 2001 to sustain and expand our efforts to combat worker exploitation around the world. I look forward to your continued support and collaboration in the fight for workers' rights; hopefully we can make this our year will be our most successful to date!

### TABLE OF CONTENTS

About the International Labor Rights Fund	2
2001 Activities	
Organizational Changes	3
Expanding Legal Advocacy Work	4
Continuing Trade-Related Advocacy Work	5
Defining New International Standards	6
Developing Mechanisms to Verify Corporate Labor Practices	7
Raising Awareness of Child Labor	8
China Labor Rights Advocacy	10
2001 Financial Activities / Acknowledgments	11
ILRF Board of Directors and International Advisory Council	12

In Solidarity,



Terry Collingsworth  
Executive Director

# ABOUT THE INTERNATIONAL LABOR RIGHTS FUND

The International Labor Rights Fund (ILRF) is an advocacy organization dedicated to achieving just and humane treatment for workers worldwide. 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. We are committed to ending child labor, forced labor, workplace violence and exploitation, and other abusive labor practices.

ILRF works directly to pressure corporations to end abusive labor practices, and expose companies that exploit workers. To this end, we have initiated groundbreaking litigation to hold companies such as Coke, Exxon Mobil, and Unocal accountable for their labor abuses, and developed sweatshop monitoring programs to work with NGOs in developing countries to create an independent monitoring system and train factory monitors.

We are also raising public awareness of labor abuses, and promoting solutions to various forms of worker exploitation, such as child labor and sexual harassment:

- Child Labor Media Campaign: a multimedia effort to raise awareness of child labor and promote its solutions.
- Rights for Working Women Campaign: seeks to alleviate sexual harassment and other problems affecting women in the workplace through worker education, reform of local laws, judicial advocacy and workplace monitoring.
- China Labor Rights Advocacy: a campaign to raise awareness of labor rights abuses in China and encourage human rights principles for US businesses in China.

ILRF promotes labor rights in trade and international policy, seeks enforcement of existing workers' rights laws under NAFTA and the Generalized System of Preferences, and works with trade unions and other NGOs internationally to develop consensus and strengthen efforts to protect workers in international agreements, including the WTO and FTAA.

## A FEW OF OUR ACCOMPLISHMENTS

**Global March Against Child Labor** - a worldwide campaign that mobilized millions of people in over 100 countries to promote the passage of ILO Convention 182 on the Worst Forms of Child Labor.

**World Bank** - Worked with trade unions and NGOs in Brazil and Central America to bring about the first successful efforts to demand public accountability on labor rights violations in World Bank Projects.

**Workers in the Global Economy Project** - produced ground-breaking analysis of the effects of trade rules on workers ("Developing Effective Mechanisms for Implementing Labor Rights in the Global Economy").

**Trade Policies** - created the first ever social clause in US trade legislation (Generalized System of Preferences), and used this example to add labor rights conditionality to several subsequent US trade laws.

**RUGMARK** - established RUGMARK in the US, an innovative program which moves child laborers in the carpet industry from work to school, and helped create a system of international governance for RUGMARK. To date, the program has certified over two million child labor-free carpets.



## Organizational Changes

In mid-2001, ILRF bid farewell to one of its founders and its longstanding Executive Director, Pharis Harvey, who retired after fifteen years of service to the organization and decades of work as a human rights activist. Harvey will continue to work with ILRF as a consultant and advisor. In January 2001, the Board of Directors commenced a search for a new Executive Director. After a three-month search process, the Board offered the position to Terry Collingsworth, who has served as ILRF's General Counsel since 1988. Collingsworth officially took over the position on August 1, 2001. The transition has been a smooth one, and the organization has been able to expand its major programs and develop work in new areas.

\* ILRF was also able to strengthen its institutional capacity in the development and public relations areas in 2001. ILRF enlisted the aid of a development consultant in December 2000 - January 2001, who worked closely with Deputy Director Bama Athreya to develop a fundraising plan. This enabled ILRF to successfully increase its operating and program budget in 2001, and to secure important new sources of funding. ILRF was also able to expand its media work in consultation with New Economy Communications, a nonprofit public relations firm headed by former US Congressman Tom Andrews and Ira Arlook, an experienced campaign organizer. To supplement our outreach and membership development efforts, we also resumed regular publication of Worker Rights News, which will continue to be distributed on a biannual basis.

2001

## ACTIVITIES

### Expanding Legal Advocacy Work

Legal advocacy is one of several areas where ILRF is making a unique contribution to enforcing labor rights standards in the global economy. Currently, ILRF has four active cases using the Alien Tort Claims Act (ATCA) to hold multinational corporations (Unocal, Exxon Mobil, The Coca-Cola Company, and Del Monte) accountable for their human rights violations abroad. A brief description of these cases is provided below.

Since mid-1996, ILRF has served as lead counsel in a lawsuit brought in Los Angeles by numerous 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, SLORC. This lawsuit challenges Unocal's, and in turn other US corporations' inclination to seek competitive advantage through conducting business with governments that oppress their populations. The Plaintiffs seek compensatory and punitive damages, including divestment of Unocal's Yadana Project profits, to send a strong message to the business community that it is simply unacceptable to profit from human rights violations.

Unocal argued that it should not bear any financial responsibility for the undisputed human rights violations suffered by Plaintiffs, and in September 2000, won their motion for summary judgement. ILRF appealed the ruling to the Court of Appeals for the Ninth Circuit, arguing that there was sufficient evidence of Unocal's participation with and control over the military security forces to raise material questions of fact and avoid summary judgment. The Ninth Circuit argument was held on December 3, 2001, and a decision should be issued within the next several months. In the meantime, ILRF has re-filed their state law claims in the California Superior Court for the County of Los Angeles. In a ruling dated August 20, 2001, Judge Victoria Chaney set a trial for the state law claims beginning September 26, 2002.



ILRF filed another claim against Exxon Mobil Corporation in US Federal Court in June 2001 on behalf of villagers from Aceh, Indonesia. The case implicates the oil giant in paying and directing Indonesian security forces who committed atrocities including murder, torture, crimes against humanity, sexual violence, and kidnapping in the course of protecting the company's liquefied natural gas facilities. Exxon Mobil apparently provided logistical and material support to the Indonesian troops, including the construction and provision of buildings and supplies for military barracks for the troops, and the provision of heavy equipment to help the military to dig mass graves to bury their Acehnese victims. Exxon Mobil filed a routine motion to dismiss, and ILRF filed a response against this motion on December 14, 2001.

ILRF and the United Steelworkers Union filed suit on July 20, 2001 (Colombian Independence Day) against The Coca-Cola Company and PanAmerican Beverages, Inc., at the request of the Colombian trade union, Sinaltrainal. The lawsuit charges that the companies maintain open relations with murderous death squads as part of a program to intimidate trade union leaders. Employees and agents of Coca-Cola ordered trade union leaders to be subjected to kidnapping, torture, and/or unlawful detention to encourage them to cease their trade union activities, according to Sinaltrainal.



In July 2001, ILRF filed a case on behalf of the five former Guatemalan trade union leaders seeking damages from Del Monte Corporation for torture and unlawful detention. Fresh Del Monte Produce (Del Monte) is one of the world's largest producers of fresh fruit products. In Guatemala, Del Monte is a successor to the notorious United Fruit Company, and it owns and operates several banana plantations there. These plantations have long been unionized by SITRABI, one of the most respected and professional unions in Guatemala. In 1999, just before a planned work stoppage, Del Monte employees organized a violent group of local thugs and abducted the five key leaders of SITRABI. They were taken to their own headquarters and tortured with guns and threats of death. The Del Monte case is somewhat unique in that there should be no question of the parent company's legal liability because Del Monte is structured to ensure that the parent retains control and ownership of local operations. SITRABI is seeking to hold Del Monte liable for violations of the fundamental rights to associate, organize and bargain collectively - rights that are central to trade unionism.

## Continuing Trade-Related Advocacy Work

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 program and the investment guarantees provided by the Overseas Private Investment Corporation. A new global focus on multilateral bodies, particularly the World Trade Organization, 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 global trade framework. Our monitoring of the GSP and OPIC programs continues, and in 2001 we completed an assessment of labor rights in Equatorial Guinea for use by OPIC as they concluded an overall assessment of that country's eligibility under the program.

In 2001 ILRF staff continued with numerous writing and public speaking efforts to explain and promote a labor rights clause, and participated in numerous Washington, DC-based working groups on labor and trade. In July, general support from the Ford Foundation enabled us to convene the first-ever meeting of our International Advisory Council. Representatives from Indonesia, Thailand and Mexico were present for a discussion of new directions for work on this topic.

## Defining New International Standards

The year 2001 marked the launch of ILRF's Rights for Working Women Campaign, a global campaign which seeks to alleviate workplace sexual harassment and other oppressive labor conditions that disproportionately impact working women in developing countries. The goal of this initiative is to promote increased awareness of sexual harassment in the workplace and thereby build the international consensus necessary for a global campaign toward its eradication, including the development of a new labor convention



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2001

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## ACTIVITIES

specifically prohibiting sexual harassment at the International Labor Organization (ILO). ILRF began work with local partners in Kenya, Indonesia, Thailand, Haiti and the Dominican Republic in 2001 to develop comprehensive assessments of the sexual harassment problem in each country, and the legal and informal mechanisms being used to combat it in each country. The assessments are fundamental to the development of a global campaign, and will also assist in the development of local efforts to raise awareness and combat sexual harassment.

Through collaboration with local project partners, ILRF was also able to successfully begin both the worker and legal assessments in Kenya. To date, no documentation exists in Kenya regarding sexual harassment experienced by women workers in the identified sectors; nor has there been a thorough assessment of the Kenyan legal system as it pertains to sexual harassment. The research being conducted is truly groundbreaking in all respects, and is no doubt a significant step in addressing this critical problem facing women workers.

In Indonesia, ILRF has been able to successfully undertake a preliminary worker assessment of 100 women workers in textile factories. The assessment includes individual interviews and in-depth case studies, and is being conducted in collaboration with the Indonesian Women's Association for Justice. The purpose of this assessment was to develop additional country data and to determine whether Indonesia was a feasible location for implementation of a full project to combat workplace sexual harassment.

## Developing Mechanisms to Verify Corporate Labor Practices

In the past few years, ILRF has worked to develop industry-wide codes of conduct, and, most importantly, has worked to ensure that NGOs and trade unions in producer countries are fully integrated into voluntary processes to ensure that codes of conduct are enforced. In conjunction with this work, former ILRF Executive Director Pharis Harvey has served on the Board of Directors of the Fair Labor Association (FLA) since its inception in 1998, and co-chaired an FLA committee to develop accreditation procedures and monitoring protocols. However, in



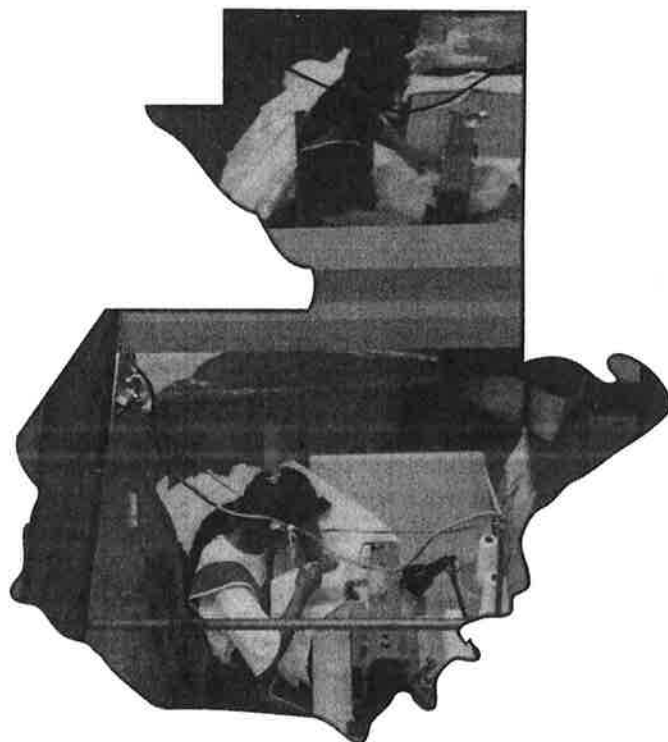
2001

ACTIVITIES

2001, following the transition in ILRF's leadership, ILRF's Board of Directors decided to reevaluate the organization's overall role in the monitoring debate. It was agreed that Harvey will continue to serve on the FLA's Board of Directors in his individual capacity until the expiration of his term in 2002.

ILRF also broadened its ties to other monitoring efforts rather than focus exclusively on the FLA. In 2001, Deputy Director Bama Athreya participated in a WRC investigation of a factory in Buffalo, NY producing university-licensed apparel. Also in 2001, Executive Director Terry Collingsworth gave presentations at programs organized by the Rockefeller Foundation and the US Department of State. Overall, ILRF's objective is to serve as a resource for organizations seeking to improve their capacity to conduct independent monitoring.

ILRF continued its work to train NGO monitors in select apparel-producing countries in Asia and Latin America on codes of conduct and monitoring standards. The first trainings in Guatemala were coordinated by the Commission to Verify Corporate Codes of Conduct (COVERCO). ILRF staff developed and shared training materials providing an overview of the monitoring process. A program in El Salvador was sponsored by the Independent Monitoring Group of El Salvador (GMIES) with coordination and support provided by Guatemala's COVERCO. Participants in the first program included the El Salvador Ministry of Labor, trade union federations, academic institutions, and women's organizations that provide assistance to workers in the maquiladoras.



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## Raising Awareness of Child Labor

In late 1999, with primary support from the US Department of Labor, ILRF launched a new project to look more deeply into the causes of child labor, and provide possible solutions and examples of successful efforts to combat child labor that are already being implemented around the world. The project will feed into a campaign, to be launched in 2002, to target actions to the American public, as well as appropriate bodies: policy makers (both domestic and international), companies, and organizations that are working to combat the problem of child labor.



Further, the film and the campaign are designed to back legislation. A comprehensive child labor bill is currently being drafted that deals with all the elements for a complex solution. It will include a primary education component, modification to US child labor laws, stiffer requirements for importers to demonstrate that their products aren't made with child labor, and better conditionality for US support of world programs. Finally, the film and campaign will enable people to learn more about child labor via a web site that allows them access to information to be better informed consumers and citizens.

Based on initial country research and discussions with potential project partners in target countries, ILRF selected the following five countries in which to focus this project: Brazil, India, Kenya, Mexico, and Indonesia. This group of countries offers a diverse look at the different major contexts of child labor, as well as offering examples of the major sectors where the most abusive child labor is prevalent. ILRF has completed initial field research and developed partnerships with NGOs in each of these countries. Our NGO partners are working not only to expose the problems, but also to develop programs to provide opportunities to move children from work to school.

2001

ACTIVITIES

## China Labor Rights Advocacy

In 1999, ILRF launched an effort to advocate for a set of human rights principles for US businesses in China, and convened a working group consisting of human rights organizations and businesses that had agreed to adopt these principles. In 2001, the initial working group evolved to an independent entity, the China Business Principles Working Group. The working group completed research on worker recruitment fees and deposits in China, a common labor problem in China, and worked to develop a campaign for the release of Chinese labor dissident Liu Jingsheng.

ILRF continued to work with local experts and NGOs in China to promote labor rights on local and national levels. In mid-2001 ILRF completed a report analyzing China's labor laws and agreements with international bodies and assessing possibilities for legal reform, and project partners have begun discussing steps for reform based on the report's recommendations.

ILRF has also been working with an NGO based in south China (Shenzhen) to provide workers in South China's manufacturing industries with information about issues such as occupational health and safety, common wage and hour problems and legal protections, and sexual harassment and discrimination. The group is one of the few true NGOs able to work openly in China, and operates both a walk-in center and a mobile center. Their estimated outreach in 2001 was approximately 300 new workers per month.



## FINANCIAL ACTIVITIES 2001

UNRESTRICTED NET ASSETS	2001	2000
<b>PUBLIC SUPPORT AND REVENUE</b>		
Churches	\$ 5,000	\$ 4,200
Corporations	-	2,000
Foundations	318,066	562,527
Individuals	43,920	61,126
Trade Unions	500	2,897
Government	505,750	379,884
Honoraria	150	3,650
Universities	258,026	12,180
In-Kind Contributions	76,000	-
Interest	784	313
Reimbursements	4,426	23,056
Other	-	440
<b>Total Public Revenue and Support</b>	<b>\$ 1,212,622</b>	<b>\$ 1,052,273</b>
<b>EXPENSES</b>		
Program Services	\$ 949,870	\$ 772,288
Supporting Services		
Management and General	180,565	120,311
Depreciation	7,233	5,281
Fundraising	7,126	109
<b>Total Expenses</b>	<b>\$ 1,144,794</b>	<b>\$ 898,009</b>
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	<b>\$ 67,828</b>	<b>\$ 154,264</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>\$ 301,021</b>	<b>\$ 146,757</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 368,849</b>	<b>\$ 301,021</b>

**Many Thanks to the Following Donors for Your Generous Support of ILRF in 2001:** Ken Abeywickrama • Robert Ahrens • Maan Barcelo • Sally Benson • Peggy Billings • Barbara Bordwell McGrew • Robin Broad • Charles Brown • Garrett Brown • Molly Brown • Sam Brown • Holly Burkhalter • Doug Cahn • The Calvert Group • Ron Carver • Ron and Ardis Caudle • John Cavanagh • Ji Hoon Cha • Anita Chan • Noam Chomsky • Lynda Clarizio • Daniel Clifton • Stephen Coats • Lance Compa • Ruth Compton • Connemara Fund • Larry Cox • Paul Crost • Reggie and Nancy Cude • Jesse DeWitt • Muriel Dierks • Robert Drinan • Cameron Duncan • Bob Durkee • Joe Eldridge • Kimberly Elliott • Rol Fessenden • Brad Figel • Food and Allied Service Trades • Heather Foote • Ford Foundation • Randy Gardner • Brent Garren • General Service Foundation • Linda Golodner • David Gordon • Hugh and Sarah Hammett • Jaydee Hanson • Harvard Trade Union Program • Jane Hull Harvey • Jeff Harwood • Francis James • James & Hoffman • Alan Howard • The Jesuit Conference • Doug Johnson • Kathryn Johnson • David Karliner • Roberta Karp • Mark King • Karl Klare • Bernice Klosterman • Mary Kraus • Virginia Lapham • Virginia Leary • Thea Lee • Theresa Lee • Max and Anna Levinson Foundation • Karen Loew • John D. and Catherine T. MacArthur Foundation • Shawn MacDonald • Ray Marshall • Elisa Massimino • Gay McDougall • Mary Jo McPherson • Barby and Howard Morland • Stephen Murdoch • Amy Newell • Jeff Newman • Randolph Nugent • Alice O'Brien • Stephanie Odegard • George Ogle • Melanie Oliviero • Open Society Institute • Sharon Phillipps • Sandra Polaski • Cynthia Pomeroy • Michael Posner • Mo Rajan and Colleagues • Caroline Ramsay • Pat Rengel • Retail, Wholesale and Department Store Union • Anna Rhee • Harold and Margaret Rickard • Ian Robinson • Jack Robinson • Rockefeller Foundation • Robin Romano • Sonia Rosen • Jon Rosenblum • Richard Rothstein • Kwang Wook Rowe • Samuel Rubin Foundation • Len Rubenstein • Kathleen Ruff • Andrew Samet • Gary Scapellati • Eric Schwartz • Robert Senser • Mike Sheehy • Eileen Silverstein • Gare Smith • Nina Smith • Russell Smith • Gail Stern • Bruce Stokes • Kenneth Tiven • George Todd • Chris Townsend • Rutledge Tufts • United Electrical, Radio, and Machine Workers (UE) • United Methodist General Board of Global Ministries • United Methodist General Board of Church and Society • USAID • US-China Legal Cooperation Fund • US Department of Labor • University Consortium • Walden Asset Management • Peter Weiss • Wellspring Foundation • Jeff Wheeler • Jim Winkler • Yang-Ro Yoon • Chong Yu

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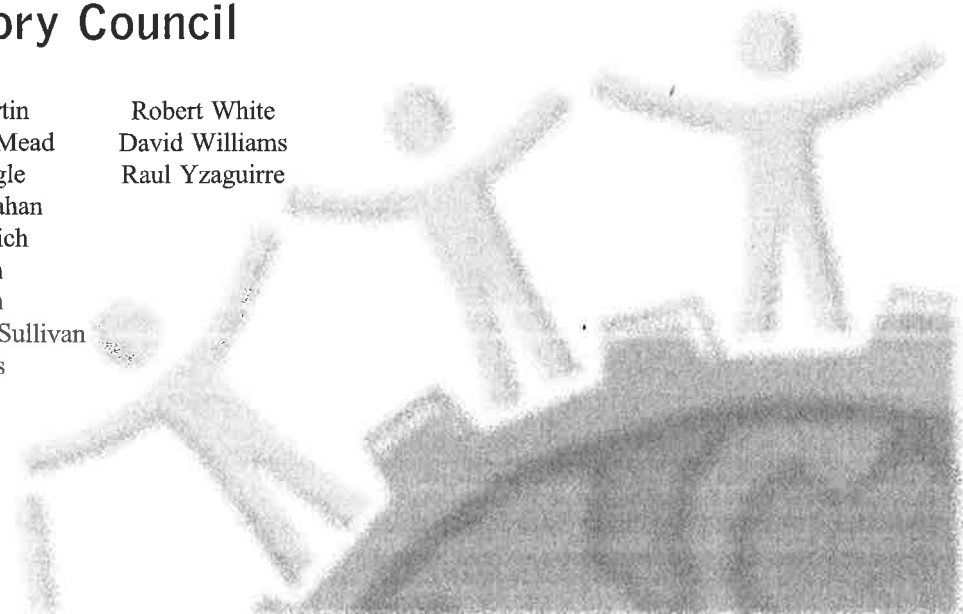
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