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**INTERNATIONAL LABOR RIGHTS FUND**

*"Promoting and Enforcing Rights for Workers"*

annual report 2003

# A Note from the Director

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Dear Friends and Colleagues:



With great appreciation for your support and cooperation, I submit to you the ILRF's 2003 Annual Report. It is a testament to the tremendous dedication of ILRF's small group of full-time staff that I often am asked how is it that ILRF can do so much in a year. In putting together our annual report and reflecting on the last year,

I am proud to be part of this group. This year, Bama Athreya, our Deputy Director, continued her work on our China project, which is focused on introducing the rule of law to China's millions of workers toiling in sweatshops. Bama is also a major contributor to our overall trade and labor programs that continue to press for meaningful labor regulation in trade agreements. Along with Jeff Vogt, ILRF's Assistant General Counsel, Bama prepared a successful proposal for a grant from the Department of Labor to conduct field research to identify the practical barriers to labor law enforcement in Central America. Bama and Jeff both have responsibility for implementing this program, which will ultimately include pilot programs to improve labor law enforcement. Bama is also our primary coordinator of fund-raising activities, and she handles much of the administration for ILRF.

Natacha Thys is ILRF's Associate General Counsel, and she is the Director of our Rights for Working Women Campaign. These dual responsibilities have Natacha spending about half of her time coordinating research around the world to identify the very real problems that women workers face in the global economy, from poverty to sexual harassment. She is working with local unions and NGOs to develop advocacy campaigns to achieve concrete improvements for these workers. Natacha also works closely with me on our litigation, and played a major role in our Unocal trial, which finally started in December, and should be concluded by the summer of 2004 (the court has broken the trial into discreet phases).

Jeff Vogt, in addition to his work on our Department of Labor Project, also spends a significant amount of his time working on our litigation. Several of our cases brought under the Alien Tort Claims Act and the Torture Victims Protection Act are now in the discovery phase, and we filed numerous briefs this year on various legal issues, many of them questions of first impression. Jeff also has a great interest in bringing labor issues to the Inter-American Commission on Human Rights and other

multilateral bodies, and has been working with lawyers from Colombia to explore legal options for the many Colombian trade union leaders that face unspeakable violence in their country.

Our two Program Officers, Ther Wint Aung and Nora Ferm, are both handling major programs and also keep ILRF running on a day to day basis. Ther has been working on child labor issues, and is researching multinationals involved in commodities production, such as cotton, coffee, and cocoa, which still exploit child labor. She also follows labor related issues in China. Nora has started a new program involving the hazardous conditions women workers face in the cut flower industry in Colombia and Ecuador. Many of the flowers produced in these countries are exported to the US and Europe, but the horrific conditions the workers face remain unknown to consumers. Nora is going to change that. Both Ther and Nora administer the small grants program for the Child Labor Action Fund.

Most of my work this year has been focused on litigating our various human rights cases around the country, and meeting with our clients and counterparts around the world. I am also working on trying to build on the codes of conduct movement to develop an effective enforcement process so that the rights enshrined in the various codes are more than a mere public relations tool for multinational companies.

While ILRF staff is incredibly dedicated and hard working, much of our success is owed to the cooperation and support of our Board of Directors, our Advisory Council, numerous volunteers, and our partner organizations in the Global South. ILRF strives to be a model for solidarity in action.

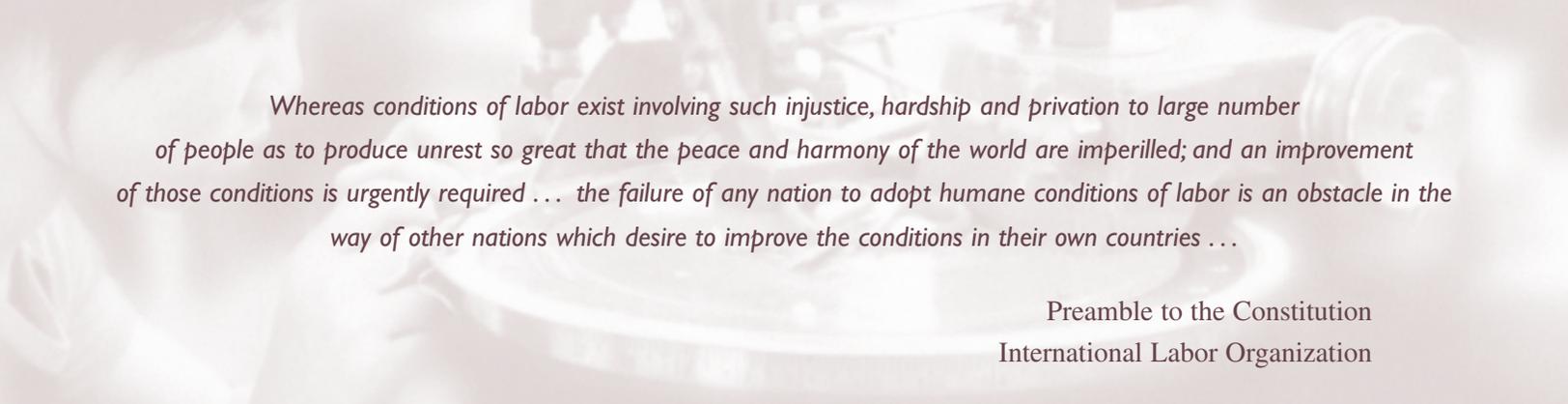
The biggest problem we face in this coming year will be to raise funds sufficient to meet our objectives. Like many small non-profits, we have been hit hard by cut-backs in foundation grants attributable to the declining economy. We need to make this up with a growing pool of active members who want to be a part of our work and who can help support it. I look forward to the next year of working with all of you to make 2004 a year of growth and progress for ILRF.

In Solidarity,

A handwritten signature in black ink, which appears to read "Terry Collingsworth". The signature is written in a cursive, flowing style.

Terry Collingsworth, Executive Director



A woman is shown from the side, focused on her work at a sewing machine. The machine is a vintage-style treadle sewing machine with a wooden cabinet and a large hand-cranked wheel on the side. The woman is wearing a light-colored, short-sleeved shirt. The background is softly blurred, showing what appears to be a workshop or factory setting with other machinery and equipment.

*Whereas conditions of labor exist involving such injustice, hardship and privation to large number of people as to produce unrest so great that the peace and harmony of the world are imperilled; and an improvement of those conditions is urgently required . . . the failure of any nation to adopt humane conditions of labor is an obstacle in the way of other nations which desire to improve the conditions in their own countries . . .*

Preamble to the Constitution  
International Labor Organization

## About the International Labor Rights Fund

These prophetic words written in 1919 describe with great cogency the need for the global enforcement of labor rights in the new century. Nations have long recognized, in principle, that labor laws establishing rights and standards in the workplace are essential to the promotion of social justice and the protection of human freedom. The Universal Declaration of Human Rights, referencing the International Labor Organization's (ILO) eloquent declarations, affirms for every person the right to a job, the right to form and join trade unions, and the right to an adequate standard of living.

Today, we continue to be guided by these principles to protect the rights of children, and working women and men. The International Labor Rights Fund (ILRF) was created in 1986 by a coalition of labor leaders, human rights activists, academics and religious leaders to monitor practices such as child labor, forced labor, attacks on and imprisonment of union leaders, and other violations of international labor standards, and to develop means to counter these abuses. ILRF accomplishes its goals through legal, public education and mobilization, campaigns, research, legislation and collaboration with governments, labor and business groups.

## Organizational Changes

In 2003, ILRF was fortunate to welcome four distinguished individuals to the organizational board; Bill Fletcher, President of TransAfrica Forum, Sandra Polaski, Senior Associate at the Carnegie Endowment for International Peace, Larry Cohen, Executive Vice President of Communication Workers of America, and Kjeld Jakobsen, International Secretary for the City Government of Sao Paulo, Brazil. The Board members bring their unique and valuable insights with diverse backgrounds to complement the work of ILRF.

ILRF maintained a full-time staff of six persons from 2002.

## Linking Trade and Labor Standards

In the years since its founding, ILRF has articulated a new policy perspective that, rather than simply criticizing trade liberalization, focuses on utilizing trade expansion to enhance worker rights and labor standards, and thus ultimately contribute to sustainable economic development. We coordinate with allies around the world on strategies to promote meaningful labor rights protections through proposed future trade agreements.

ILRF's advocacy work in 2003 centered around two regional trade agreements, the Central America Free Trade Agreement (CAFTA) and Southern Africa Free Trade and Development Agreement (SAFTDA), to identify barriers to full compliance with basic worker rights and use joint research to enable our advocacy with the US and concerned governments. ILRF has been working to oppose the proposed CAFTA because its current draft text reveals the agreement to be little more than a set of new protections for US investors, while doing little to foster the creation of sustainable and dignified jobs in Central America. ILRF strengthened its relationships with trade unions and NGOs in Southern Africa (South Africa, Namibia, Botswana, Lesotho and Swaziland), working together on new research to expose the labor rights problems and barriers to enforcement of labor rights in those countries. The results of the research will be released in a series of new reports in 2004 on the failure of governments throughout the region to meaningfully implement labor protections contained in national laws.



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## Women Workers

Many of the most common problems faced by working women around the world are not adequately addressed by global standards, domestic legislation, or codes of conduct. Therefore, ILRF launched the Rights for Working Women Campaign. We have worked to highlight the most common forms of discrimination and abuse suffered by working women, and have developed cross-country networks to propose solutions to these common workplace violations.

ILRF, in collaboration with Fundacion Laboral Dominicana, released a report in 2003 on situation facing women workers in export-processing industries in the Dominican Republic. This report follows similar reports and studies released in 2002 on women workers' rights violations in Kenya, Thailand and Indonesia. ILRF's goal is to build binding standards to protect women workers at the domestic and international levels.

Ultimately our goal is to bring about a new Convention at the ILO level that finally codifies globally the right of working women to a workplace free from harassment. In mid 2003, ILRF's Deputy Director Bama Athreya attended the ILO annual meetings in Geneva. There she issued a statement about the need for new international standards to address the sexual exploitation of women in the workplace.

2003 also saw the expansion of the Campaign addressing the cut flower industry in Colombia and Ecuador which produced flowers for export to the US. Heavy pesticide use and poor health and safety standards cause severe health problems for most of the women workers. As there is currently no coordinated movement in the US to support better conditions for flower workers, ILRF took the lead in raising public awareness of the health problems suffered by flower workers, through the development and distribution of informational materials. A Fairness in Flowers Campaign was launched to urge US flower retailers and US-based multinational companies involved in flower production to adhere to basic health and safety, and labor rights standards in the industry. ILRF also began work with local partners to empower organizations to provide assistance to flower workers whose rights have been violated.

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## Child Labor

One of the most disturbing forms of labor abuse in the world=s sweatshops today is the use of child labor. In many cases, children are bonded to their employers and forced against their will to work in slave-like conditions. ILRF has for many years dedicated its efforts to ending the horrific practice of child labor.

ILRF has pressed for the strict enforcement of laws concerning child labor. In 2003, ILRF filed suit against the US Customs Service for failure to enforce its existing law under the Tariff Act of 1930. The suit follows a petition filed by ILRF in 2002 to the Customs Service to initiate an investigation, following ILRF's investigation of trafficked and bonded child labor in cocoa production in Ivory Coast. Much of this cocoa is exported to the US for use in chocolate production by major multinational companies. Failure to enforce its own law instigated the lawsuit by ILRF. ILRF also completed a second investigation in Mali and Ivory Coast in 2003, which revealed children were still working in hazardous conditions on cocoa farms. The lawsuit represents one of the multi-pronged approaches ILRF utilizes to pressure various stakeholders to bring about immediate and enforceable labor standards beyond the industry's own voluntary initiative.

ILRF's Stolen Childhoods film was completed in 2003 and a major public outreach campaign began during the year. The film was chosen to premier at the United Nations Association Film Festival on October 25, 2003. Since then, the film has been screened in New York and Washington and distributed to partner organizations and schools throughout the country. Through a partnership with Junior Scholastic News Magazine, which reaches over a million students and teachers, the film has succeed in bringing home the realities many children are facing in global economy and enticed activism amongst youths in the US.



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## Continuing Legal Advocacy Work

ILRF continues to take a leading role in using litigation to hold corporations accountable for human rights violations. During 2003, we finally started the state court trial in the Unocal case on the preliminary issue of “alter ego.” Unocal was arguing that the parent company is not responsible for any slave labor that occurred on its Burma pipeline project. Rather, Unocal claims that one or more of its Bermuda subsidiaries owns the legal interest in the pipeline, and would therefore be responsible for the slave labor charges. The court found that Unocal’s Bermuda subsidiaries were in fact separate companies and were not mere alter egos of the parent.

At the heart of that trial was the entire premise of multinational corporations and their system of creating paper subsidiaries to shield them from responsibility (and also taxes). In her ruling, the court expressly said such a change would need to be made in the courts of appeal or in the legislature. Accepting that challenge remains one of the primary goals of ILRF. Even if we ultimately win the Unocal trial, as we expect, we aim to alter the status quo that brings profits to the U.S. boardrooms, but ducks responsibility by hiding behind paper subsidiaries created in the lawless environment of the global economy.

In addition to Unocal, we have seven cases pending in various federal courts that are based on the Alien Tort Claims Act (ATCA). We have sued Coca-Cola Company, Drummond Coal, and Occidental Petroleum for their collaboration with military and paramilitary death squads in Colombia that resulted in massive human rights violations in the pursuit of profits. These Colombia cases are special to our cause because we have solid evidence that managers at each of these companies were directly involved in human rights atrocities, yet the companies claim exoneration because Colombia is a dangerous, difficult place to do business. We also have current cases against Exxon Mobil for human rights violations associated with protecting its natural gas facilities in Aceh, Indonesia, Del Monte Fresh Produce for using a violent gang of vigilantes to torture the leaders of the trade union representing the workers at Del Monte’s banana plantation in Guatemala, and Daimler Chrysler for arranging for its trade union leaders to be assassinated and tortured during Argentina’s dirty war. Finally, we represent 10,000 villagers in Ecuador whose crops and livestock have been destroyed by the illegal over-spray of Dyncorp’s aerial fumigation program pursuant to Plan Colombia.



## Anti-Sweatshop Advocacy

In recent years, an active anti-sweatshop movement has emerged in the United States and other consumer countries. Galvanized by reports of the use of child labor, abuse and harassment of women workers, unsafe and unsanitary working conditions and extremely long hours and poor pay, consumers in the US and elsewhere have taken steps to demand that MNCs monitor their supplier factories and eliminate “sweatshop” abuses. ILRF has been involved in the anti-sweatshop movement at several levels, including public campaign work, research at the grassroots level, engagement with voluntary monitoring initiatives, and efforts to bring about binding legislation. We believe anti-sweatshop advocacy should build toward the overall goal of enforceable, globally-applicable labor rights protections for workers everywhere.

Our policy work to end sweatshop practices has always drawn heavily from existing partnerships and alliances with grassroots organizations working directly to assist workers in developing countries. Simultaneously, we have worked to ensure that the voices of these allies are present in the discussion taking place in consumer countries. In late 1999, ILRF commenced a program in partnership with a coalition of local advocates in Guatemala to strengthen their capacity to engage companies and voluntary monitoring initiatives, and to directly monitor factories. The project developed a program to train local partners on methods of data collection and reporting in accordance with the principles of monitoring of the major voluntary monitoring initiatives, and supported pilot monitoring efforts. By 2003, the project had been expanded to organizations throughout Central America. The result of the training program has been the development of NGO capacity to monitor factories throughout Central America.

Our allies throughout Central America have developed a new regional network dedicated to labor rights monitoring in five Central American countries (El Salvador, Nicaragua, Guatemala, Honduras and Costa Rica) and the Dominican Republic. The overall rationale is that the local NGOs in each country often find themselves dealing with the same multinational corporations that are sourcing in all six countries. Effective negotiation for change must unite local activists in all countries in the region, so that the local advocates are not pitted against one another in competition to preserve local investment.

The regional initiative, now formally known as IRSTD (Iniciativa Regional para la Responsabilidad Social y el Trabajo Digno), was launched at a meeting in Honduras in December, 2002. The initiative is currently being coordinated by the Independent Monitoring Group of Honduras (EMI-H). ILRF will work with the IRSTD through 2004 to assist them to achieve their goals of effective outreach to corporations, governments and other stakeholders, and the implementation of credible and transparent labor rights monitoring in factories producing for the US market.



## Rule of Law in China

ILRF believes that the first line of defense for workers in protecting themselves from labor rights violations should be the use of local labor laws. We rely on this as one element of our overall strategy to enforce labor rights in the global economy. We have worked with grassroots organizations in several countries to test and enforce the local labor laws. In most situations, the local laws are not terrible; they lay dormant as local labor groups lack the resources and the training to use the laws. In some cases, the labor activists simply lack a tradition of using law pro-actively. In many countries, corruption and bad politics combine to ensure that cases are not fairly adjudicated.

Since the late 1990s ILRF has experimented with a variety of strategies to promote labor rights in China. The year 2003 witnessed a breakthrough for our direct work in China. Chinese labor law experts agreed to work with ILRF to identify several key issues in China's recently adopted labor laws that are ripe for assessment through test cases. We proposed to review ongoing problem areas within existing laws and current enforcement systems. We also agreed to identify areas where test cases may reveal weaknesses in older, dormant laws and point toward further proposals for reform.

We agreed to partner with academics affiliated with Nanjing University Law School to conduct a pilot training program on labor law. The first project activity was the production of a manual to train labor lawyers. This manual formed the basis for a pilot training program hosted by the university in September 2003. The target audience were working labor advocates, some of whom were trained lawyers and some of whom were paralegals, but all of whom were actively handling worker disputes. Invited lecturers included scholars, arbitrators and judges who provided the lawyers and paralegals with case studies and examples of practical regulations and usage.



## Research on Labor Standards

One of ILRF's core activities since its inception has been providing thorough and credible research on obstacles to labor rights enforcement in developing countries. With the support of a new grant from the US Department of Labor, in 2003 we formed new partnerships with local labor rights organizations throughout Central America and in southern Africa and commenced research on labor law implementation in Costa Rica, El Salvador, Panama, Nicaragua, Honduras, Guatemala, the Dominican Republic, Namibia and South Africa.

We expect to make the complete reports available to the public in 2004. Overall, the research revealed disturbing patterns of non-enforcement across countries. The complete lack of confidence in the local administrative and judicial processes and the perception that multinational employers enjoy near impunity for labor rights violations underlie current labor relations in Central America. The most frequently cited issues are the failure of the state to investigate or punish violations of the law, cumbersome administrative and judicial processes, widespread incompetence or corruption in the judiciary, lack of sufficient funds and resources, lack of qualified and affordable legal assistance.

A profound concern regarding the effects of the Central American Free Trade Agreement with the United States, due in part to the lack of transparency and local participation thus far, also preoccupies labor unions and regional NGOs. Aside from demands for greater participation, most of these actors are also calling for the insertion of a clause to provide a forum to both pressure governments to improve domestic legal processes and/or to provide an international forum to bring claims of specific or systematic violations of labor rights.

Similar concerns have been expressed by our allies in southern Africa. There is broad support throughout the region for a social charter, promulgated by the Ministers of Labor of 14 southern African countries but yet to be ratified by the governments. However, the regional trade unions in particular are deeply skeptical about the ability of new trade agreements to adequately safeguard existing labor protections.

*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 generous support in 2003.*

***Foundations, Institutions and Organizations***

Ford Foundation  
Fund for Southern Communities  
General Service Foundation  
Open Society Institute  
Robert F. Kennedy Memorial  
Ruben and Elisabeth Rausing Trust  
The US Agency for International Development  
The US Department of Labor  
United Methodist Church, Children, Youth and Family Advocacy

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## Financials

<b>Unrestricted Net Assets</b>	<b>2002</b>	<b>2003</b>
<b>Revenue</b>		
Churches	\$2000.00	\$2000.00
Foundations	\$653,235.00	\$634,235.00
Other Institutions	\$60,053.00	\$162,292.00
Individuals	\$39,979.00	\$43,419.00
Trade Unions	\$300.00	-
Government	\$553,075.00	\$481,962.00
Honoraria	-	\$200.00
Interest	\$1,397.00	\$4,424.00
Reimbursements	\$2,575.00	\$13,121.00
In-Kind contributions	\$12,800.00	\$29,000.00
Other	\$1,192.00	\$3,744.00
<b>Total Revenue</b>	<b>\$1,326,606.00</b>	<b>\$1,374,397.00</b>
<b>Expenses</b>		
Program services	\$1,088,622.00	\$1,023,569.00
Supporting services		
Management and general	\$148,437.00	\$157,251.00
Depreciation	\$5,088.00	\$3,438.00
Fundraising	\$1,960.00	\$1,948.00
<b>Total Expenses</b>	<b>\$1,244,107.00</b>	<b>\$1,186,206.00</b>
Change in Unrestricted Net Assets	\$82,499.00	\$188,191.00
Net Assets at the Beginning of Year	\$302,352.00	\$384,851.00
<b>Net Assets at the End of the Year</b>	<b>\$384,851.00</b>	<b>\$573,042.00</b>

## **ILRF Board of Directors**

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