turned the decision of Iran's parliament, which voted by a two-to-one margin to amend a law that prohibited women from studying abroad without the permission of a male guardian. While the percentage of girls and women participating at all levels of education rose over the past two decades since Islamic rule began in Iran, women still faced significant legal discrimination in personal status matters, in the ability to travel freely, and in choosing freely how to pursue higher education. As a result of the massive public outcry, the law eventually passed with some slight amendments.

Discrimination based on race, ethnicity, and sexual orientation too often kept students from receiving an adequate education. A 2001 Human Rights Watch investigation found that Israel provided its Palestinian Arab citizens with a markedly inferior education when compared with their Jewish peers. Discrimination based on caste status was also a concern, as evident in the widespread cases of discrimination against members of India's Dalit community, which belong to the lowest rung of the traditional caste hierarchy. (See Children's Rights.)

Human Rights Watch also criticized Israel for interfering with the ability of university students in the Palestinian-governed areas of the West Bank to pursue their education. Since September 2000, Bir Zeit University, located outside Ramallah, has faced a military blockade that often prevented students from attending classes and at times shut down the university completely. On March 7, 2001, a few hours after Prime Minister Ariel Sharon took office, the Israeli Defense Forces cut the only road connecting Bir Zeit University to Ramallah, located about five miles away. An IDF checkpoint, frequently supported by an armored personnel carrier, had since then stopped traffic on the road, obstructing access to the university.

Relevant Human Rights Watch Reports:

Israel: Second Class: Discrimination Against Palestinian Arab Children in Israel's Schools, 12/01

Indonesia: Violence and Political Impasse in Papua, 7/01

Hatred in the Hallways: Violence and Discrimination Against Lesbian, Gay, Bisexual, and Transgender Students in U.S. Schools, 5/01

Scared at School: Sexual Violence Against Girls in South African Schools, 3/01

BUSINESS AND HUMAN RIGHTS

INTRODUCTION

Voluntary standard-setting, enforcement, legal actions, and other efforts characterized efforts to ensure corporate responsibility in relation to human rights in 2001. In previous years, the debate focused on whether corporations and business generally should have any responsibility for human rights. In 2001, significant

progress was made toward defining the appropriate roles of business and corporations. The debate also expanded into assessing the appropriate roles of government, and the range of actors expanded significantly. Discussion of the relationship between business and human rights was no longer limited to just corporations and nongovernmental organizations (NGOs), as multilateral financial institutions, the United Nations, and governments began to address these issues more consistently. However, much more remained to be done, including to ensure the application of existing standards and to develop binding standards of corporate responsibility. As in previous years, the apparel and footwear and extractive industries were the main focus of scrutiny.

THE APPAREL AND FOOTWEAR INDUSTRY

Three key monitoring initiatives being undertaken by the Fair Labor Association, Social Accountability International, and the Workers' Rights Consortium continued to make progress toward developing viable monitoring programs.

Fair Labor Association (FLA)

The FLA, a voluntary monitoring initiative developed by NGOs and apparel companies, began to accredit independent external monitors and monitor factories in 2001. By October, the FLA had ten member companies: Adidas-Salomon AG, GEAR For Sports, Levi Strauss & Co, Liz Claiborne, Nike, Patagonia, Polo Ralph Lauren, Reebok, Eddie Bauer, and Phillips-Van Heusen; as well as approximately 160 affiliated colleges and universities. At the same time, nine independent monitoring firms: Cal Safety Corporation, COVERCO, Global Standards, Intertek Testing Services, the Kenan Institute, LIFT-Standards, Merchandise Testing Labs, Phulki, and Verite were accredited by the FLA to conduct external monitoring in member company factories. In August, external monitoring began at member factories in Bangladesh, China, Guatemala, Indonesia, the Philippines, Thailand, and the United States. The FLA expected that around one hundred external inspections of factories would be carried out in 2001, most of them in Asia.

Social Accountability International (SAI)

SAI, an organization that oversees the implementation of its SA-8000 workplace standard, continued to certify factories in 2001. By October, SAI had certified eighty factories in twenty-one countries and had eight agencies that were accredited to monitor factories' compliance with the standard. The organization also managed a "Signatory Membership" program for companies that allows companies to join SAI after committing to progressively implement the SA-8000 standards in some of its facilities. By October, eight companies and one U.N. agency had joined the signatory membership program: Amana, Avon Products, Cutter&Buck, Dole Food, Eileen Fisher, Otto Versand, Toys R Us, Vogele, and the United Nations' Office for Project Services (UNOPS).

Workers Rights Consortium (WRC)

The WRC monitors compliance with the apparel manufacturing codes of conduct of approximately eighty-eight colleges and universities and undertook two investigations in 2001, one in Mexico and the other in the U.S.

In January, WRC representatives investigated conditions at the Kukdong International Mexico S.A. de C.V. factory in Atlixco, Mexico, which manufactures college and university sweatshirts for Nike and Reebok. The factory management had been accused of labor rights violations including unlawful employment of children, physical and verbal abuse of workers, failure to provide maternity leave and benefits, firing workers engaged in union activities, refusing to reinstate workers who participated in a work stoppage earlier in January, and a failure to honor the terms of a binding agreement between Kukdong management and its workers. The WRC concluded that many of the allegations were well-founded and launched a campaign to seek redress for the workers. As a result, and due to pressure from Nike and Reebok, in late September, Kukdong (now renamed Mexmode International) agreed to a new collective bargaining agreement with workers and to make improvements in working conditions.

In July, the WRC investigated conditions at the New Era Cap Company's factory in Derby, New York state following allegations by workers that the company was not in compliance with various college and university codes of conduct. Specifically, workers complained that the company had violated health and safety provisions, engaged in age discrimination, and had breached workers' rights of freedom of association and collective bargaining, including by firing or transferring union activists. The investigation was still in progress in October.

THE ENERGY INDUSTRY

There was a continuing focus on the energy industry. In some cases, standard-setting efforts (see below) brought improvements in companies' practices, but in several others those seeking to remedy companies' behavior did so through resorting to lawsuits. The management of revenues by oil producing governments and the consequences of the Bush Administration's renewed focus on energy security were also serious areas of concern, particularly after the September 11 attack on the U.S. when the Bush Administration appeared to be willing to overlook the poor human rights records of oil-rich, but abusive and undemocratic governments as it sought to find allies in its war against terrorism.

Angola

On April 3, 2000, as part of a larger agreement on economic reform, the International Monetary Fund (IMF) and the Angolan government reached an agreement to monitor oil revenues. Known as the "Oil Diagnostic," it would be supervised by the World Bank and implemented by KPMG, an international accounting firm that also had the Angolan central bank as a client. It was an effort

by the IMF and World Bank to assess the percentage of government oil revenues being deposited in the central bank. The Angolan budget had previously been opaque, raising concerns among multilateral financial institutions, NGOs, companies, and foreign governments that oil revenues were being used secretly to finance arms purchases and that future oil production was mortgaged against immediate oil-backed loans. Some oil revenues bypassed the Ministry of Finance and the central bank and went directly to the state-owned Sociedade Nacional de Combustiveis de Angola (Sonangol) company, or to the Presidency to procure weapons. The Oil Diagnostic continued to progress, but the government of Angola encountered serious problems with the IMF over its non-compliance with the terms of the IMF's overall program and its continuing lack of transparency. (See below.)

The government was also embarrassed by an arms-for-oil scandal. In December 2000, French authorities arrested Pierre Falcone, a Franco Brazilian businessman whose company, Falcon Oil, held an equity stake in Angolan deepwater oil block thirty-one. He was accused of tax fraud and other offences in connection with his alleged involvement in brokering an arms-for-oil deal with the Angolan government in the early 1990s. Charges were also brought against Jean Claude Mitterrand, the son of former French President Francois Mitterrand. Charges against both men were dropped in June 2001 though a new investigation was opened against Mitterrand in October.

According to the *Washington Post*, another Falcone company, Brenco International, had brokered arms deals involving the sale of surplus Russian military equipment to the Angolan government. The first deal, the newspaper reported, was worth approximately U.S. $47 million and took place on November 7, 1993, while a second deal, worth some U.S. $563 million, took place in 1994. In both cases, the weapons purchases were said to have been paid for with Angolan proceeds from oil sales—with Sonangol, for example, paying some of the money for the 1994 transaction to French bank accounts controlled by a Czech firm, ZTS OSOS, that provided some of the weapons.

In February, Angolan President José Eduardo dos Santos acknowledged that the arms deals between ZTS OSOS, Falcone, and the government had taken place, but said that the deals were legitimate. Dos Santos went further, praising Falcone for his efforts which, he said, had helped to preserve "democracy and the rule of law" in Angola. He described Falcone's actions as a "gesture of confidence and friendship on the part of the French State" toward the Angolan government that had helped facilitate the "spectacular growth in cooperation with France in the petroleum sector" and in other economic activities. Dos Santos also questioned why the French authorities were investigating and had arrested Falcone since the arms were not bought from French companies or in France, but from companies in Eastern Europe.

Although the government has committed itself to improving human rights, it remained hostile to public inquiry or criticism of its use of oil revenues. For example, on January 24, 2001, police beat and arrested eight members of the opposition Party for Democracy and Progress in Angola (PADPA) who staged a peaceful hunger strike outside the Luanda residence of President dos Santos, calling for him to resign on grounds of economic mismanagement and corruption. The

protestors also called for disclosure of the details of the French arms-for-oil deal, and criticized the government's discontinuation of peace negotiations with the rebel National Union for the Total Independence of Angola (UNITA). Following this incident, the state Rádio Nacional de Angola broadcast an official statement warning people not to demonstrate against the government. Two of the eight demonstrators were quickly released. The six others were charged with holding an "illegal protest," but the charges were dismissed when they appeared in court on January 29.

The Bush Energy Strategy

President Bush released the report of the National Energy Policy Development Group, a White House panel led by Vice-President Richard Cheney, on May 17. The report was intended to "develop a national energy policy designed to help the private sector, and, as necessary and appropriate, State and local governments, promote dependable, affordable and environmentally sound production and distribution of energy for the future." Remarkably, the report's 170 pages and 105 recommendations did not once acknowledge the impact energy development may have on human rights. Instead, the report suggested making energy security an even greater priority in U.S. relations with some of the worst violators of human rights around the world, while proposing no strategy to keep necessary oil investment from perpetuating dictatorships or fueling conflicts, as it had in countries such as Angola, Nigeria, Sudan, and Iraq.

The report recognized the need for "more transparent, accountable, and responsible use of oil resources" in Africa. However, it only addressed this issue regarding energy development in Africa, and only in the context of enhancing "the security and stability of investment." The report did not address the misuse of oil revenues in other parts of the world, and ignored the detrimental impact this has had on human rights and democratic development in countries such as Azerbaijan and Kazakhstan. The report omitted any reference to the need for U.S. energy corporations to adopt the highest human rights standards when operating in other countries. By October, it was still not clear how forcefully the Administration would pursue the strategy proposed in the aftermath of the September 11 attacks on the U.S

ExxonMobil

On June 11, 2001 the International Labor Rights Fund (ILRF), a U.S. NGO, filed a lawsuit on behalf of seven anonymous plaintiffs against ExxonMobil in a U.S. Federal Court in the District of Columbia. The suit alleged that the Indonesian military provided "security services" for the company's joint-venture operation in Indonesia's conflict-ridden Aceh province, and that the Indonesian military had committed "genocide, murder, torture, crimes against humanity, sexual violence, and kidnapping" while providing security for the company from 1999 to 2001. The plaintiffs alleged that these activities violated the U.S. Alien Tort Claims Act, the Torture Victims Protection Act, international human rights law, and the statutory

and common law of the District of Colombia. The suit held that ExxonMobil was liable for the alleged abuses because it provided "logistical and material" support to the military, and because the company was aware of widespread abuses committed by the military but had failed to take any action to prevent those abuses. ExxonMobil vigorously denied the allegations and said the lawsuit "recently filed by the International Labor Rights Fund (ILRF) containing these allegations is without merit and designed to bring publicity to their organization."

Unocal

In October, the court case filed in the U.S. against the Unocal Corporation because of its operations in Burma was still under appeal to the Ninth Circuit Federal Court of Appeals. Plaintiffs in the case alleged that Unocal was complicit in human rights violations committed by Burmese military forces who had been assigned to guard the company's Yadana gas pipeline. U.S. Federal District Judge Ronald Lew dismissed the case on August 31, 2000. He ruled that there was insufficient evidence to show that Unocal had actively participated in or conspired with the Burmese military to commit human rights violations and that Unocal, as part of a joint-venture arrangement (along with TotalFina-Elf, the Myanma Oil and Gas Enterprise, and the Petroleum Authority of Thailand), was not a state-actor and so could not be liable for human rights violations by the Burmese military. The plaintiffs filed a parallel case in the California Superior Court, however, as Unocal is based in California, and there, Superior Court Judge Victoria Gerrard Chaney ruled on August 20 that the case could proceed.

THE ROLE OF MULTILATERAL INSTITUTIONS

Multilateral institutions, particularly the IMF, and to a lesser extent, the World Bank and the United Nations sought to ensure that both companies and governments act in a responsible manner. Despite the different degrees of progress, these institutions all made clear that issues related to business and human rights were critical components of their activities.

International Monetary Fund (IMF)

The IMF took strong measures to ensure that governments manage crucial resources such as oil in a transparent and accountable manner, indicating that if it were to act consistently throughout the world, it could help significantly to improve governance standards among opaque and unaccountable governments. The IMF demonstrated this particularly in its relations with the Republic of Congo (Congo-Brazzaville), the Democratic Republic of Congo, and Angola.

Republic of Congo (Congo-Brazzaville)

In April 2001, the IMF sharply and repeatedly criticized the government of Congo-Brazzaville, warning that there would be no further IMF lending as long as

"the petroleum sector lacks transparency." Despite IMF requests, the government had yet to audit the state-owned Congolese National Petroleum Company or the petroleum sector as a whole. The IMF again criticized the government in June for excessive spending, massive customs fraud, and the slow pace of reforms, and declared that the country would not qualify for debt relief until the government began to seriously address these problems.

Democratic Republic of Congo (DRC)

A Staff Monitored Program (SMP) began to monitor reforms by the government, which assured the IMF in June in a memorandum of intent that it would ensure good governance and complete transparency in the mining and diamond sector. The government also committed to eliminate "abuses of authority by individuals and nontax administrations involving intimidation, arbitrary arrests and dishonest profit seeking . . . ." The agreement, scheduled to run until March 2002, appeared to provide a good basis for reform of the DRC's precarious economy and public administration.

Angola

The IMF allowed the SMP that it had agreed with the government to expire in June 2001. The government had committed to make ten major reforms but had only implemented two. It had also failed to publish the quarterly Oil Diagnostic studies that began at the start of 2001 and were intended to ascertain whether all oil revenue were being deposited in the central bank, rather than siphoned off for secret arms purchases or alleged corruption. On August 14, the IMF stated publicly that it would not cooperate further with the government until the latter complied with the requirement of the conditions of the previously agreed SMP and significantly increased transparency by publishing data on oil and other government revenues and expenditures, and conducting an audit of the central bank. Despite the SMP's expiry, the Oil Diagnostic as a contractual arrangement whose completion was a requirement of further IMF cooperation would continue. The government, however, did little to increase transparency.

World Bank

The World Bank began a process to assess its impact on human rights in the oil, gas, and mining industries. In July, it appointed Dr. Emil Salim, Indonesia's former state minister for population and environment, as the "Eminent Person" who would lead the bank's extractive industries review and "discuss its future role in the extractive industries with concerned stakeholders." This review had been announced by World Bank President James Wolfensohn at the September 2000 annual meetings of the World Bank and IMF held in Prague in response to repeated NGO criticism of the bank's lending policies and the negative human rights and environmental impacts of the oil, gas, and mining industries. The review represented a compromise between the bank and NGOs opposed to its lending to these industries and was due to be completed within some twelve months, during which regional and international consultations would be held to assess the bank's performance in the extractive industry. A parallel process to review the bank's per-

formance in these industries by the bank's own Operations Evaluations Department and Operations Evaluations Group was also announced.

A final report, drawing in both reviews and making recommendations to the World Bank's board of directors is due to be submitted by November 2002. In October 2001, it was too early to tell whether the assessment would lead to human rights considerations playing a larger part in the bank's lending policies in the extractive industries.

United Nations

The U.N. took a two-track approach toward corporate responsibility in 2001. The highly publicized Global Compact (G.C.) had a disappointing impact in 2001 but the Sub-Commission for the Promotion and Protection of Human Rights made some progress towards developing a set of U.N. principles on the conduct of corporations.

The G.C., a voluntary initiative to encourage corporations to adopt nine key principles on human rights, labor rights, and the environment, was launched by U.N. Secretary-General Kofi Annan in July 2000. Its impact was limited in 2001, however, by two key shortcomings: the lack of any system for monitoring corporate compliance and the failure of the U.N. to apply these same standards to its own agencies and their procurement. Instead of addressing these problems, the G.C. preferred to convene meetings between corporations, trades unions, and NGOs to discuss issues such as the role of companies in conflict zones. The G.C. also developed a "Learning Forum" to discuss best practices.

In August, the Sub-Commission for the Protection and Promotion of Human Rights agreed to extend until 2004 the mandate of its working group on the impact of transnational corporations on human rights. Established in 1999, the group had already developed draft principles on the conduct of corporations which, once refined, could lead to the adoption of a new U.N. standard or global guidelines for the conduct of corporations and provide a basis for assessing their performance.

LAWSUITS UNDER THE ALIEN TORTS CLAIMS ACT (ATCA)

New lawsuits were brought to compel improvements in corporate behavior. In addition to those against ExxonMobil, suits under the ATCA were brought against several U.S. corporations on account of their alleged complicity in human rights violations and several earlier lawsuits continued to wind their way through U.S. courts.

A lawsuit alleging that local Colombian bottlers for the Coca Cola company maintained "open relations" with Colombian paramilitaries as "part of a program to intimidate trade union leaders" was filed on July 21 in the U.S. District Court for the Southern District in Miami, Florida. The suit also alleged that a manager at one of the bottling plants "ordered" the murder of trade unionist Isidora Segundo Gil after he had allegedly threatened to kill trade unionists because of their union activities, and that five members of SINALTRAINAL, the Colombian union representing Coca Cola workers, had been "subjected to torture, kidnapping, and/or

unlawful detention in order to encourage them to cease their trade union activities" by the paramilitaries. These events allegedly occurred between 1995 and 2000. The case was filed by the International Labor Rights Fund (ILRF), the United Steelworkers Union, SINALTRAINAL, the estate of Isidro Segundo Gil, and the five trade unionists who were allegedly subjected to human rights abuses. Coca Cola and the other defendants strongly denied the allegations, Coca Cola also noting that "[w]hile we continue to conduct a detailed review of these allegations, we have no reason to believe and no information that demonstrates either bottler named in the suit has in anyway instigated, condoned or encouraged the criminal activities alleged . . . [t]he information we have gathered has reinforced our belief that the claims in this suit are either totally inaccurate, based on distortions of actual events or omit information that, when provided, clarifies that the bottlers had no involvement in the actions attributed to them." In October, Coca Cola filed a motion to dismiss the suit in the Florida courts.

In September, the ILRF and the Massachusetts-based law firm of Cristobal Bonifaz filed a suit in a District of Columbia court against Dyncorp, a Virginia-based company, on behalf of eight Ecuadoran plaintiffs. The plaintiffs alleged that they had suffered adverse health effects after a Dyncorp plane sprayed pesticides over their land when it crossed the Ecuadoran border as it was engaged in cocoa eradication in Colombia, and accused Dyncorp of violating both U.S. and international laws including the ATCA, the Torture Victims Protection Act, and the International Covenant on Civil and Political Rights. The company did not make any public statements about the case other then to state that it was company policy not to comment on issues of active litigation.

THE ROLE OF GOVERNMENTS

Several governments and multilateral bodies became more actively involved in corporate social responsibility issues, primarily promoting voluntary initiatives by corporations and NGOs to adhere to high standards. Such increased governmental involvement was a necessary precursor to developing binding standards on corporations that governments could adopt, but some governments took steps that would limit possibilities for holding corporations accountable.

European Union (E.U.)

The European Commission presented a "green paper"—a nonbonding document to stimulate public comment—titled "Promoting a European Framework for Corporate Social Responsibility" in July. It urged companies to voluntarily pursue social responsibility in their operations around the world and throughout their supply chains, called for increased voluntary social auditing, the development of ethical labeling, and the promotion of socially responsible investment. However, it did not envision any binding regulatory role for the E.U. that would ensure companies act responsibly.

In June, the European Commission proposed new regulations for its General-

ized System of Preferences (GSP) that included a more expansive definition of labor rights violations that could be actionable under the GSP enforcement mechanisms. Currently, the E.U. can penalize countries by withdrawing their GSP trade benefits only in cases of forced labor or exports made with prison labor. Under the new proposal, trade preferences could be withdrawn due to a "serious and systematic violation" of freedom of association, the right to collective bargaining, of prohibitions on child labor, discrimination in employment, or forced or compulsory labor (including prison labor exports). At the same time, the commission proposed to restrict the labor rights compliance mechanism that triggers investigations of violations of the GSP labor provisions by eliminating the standing of nongovernmental bodies to submit a complaint. Currently, complaints can be submitted to the commission by any interested party, defined as "a Member State, or any natural or legal person, or association not endowed with legal personality, which can show an interest in such withdrawal." Although the complaints mechanism has been used only twice, both times by the International Confederation of Free Trade Unions (ICFTU) to submit complaints against Burma and Pakistan in 1995, the new proposal omitted the language that defined who could submit a complaint, effectively limiting this only to E.U. member states. An E.U. official told HRW that the E.U. "want[ed] to avoid to address the issue of standing, on purpose."

United States and United Kingdom

On December 20, 2001, the governments of the United States and United Kingdom launched the Voluntary Principles on Security and Human Rights. Beginning in February 2000, the principles were formulated as a result of discussions between the U.S. Department of State, the U.K. Foreign and Commonwealth Office, transnational oil and mining companies, human rights organizations, unions, and business organizations. The companies involved in the process included BP, Royal Dutch/Shell, Chevron, Texaco, Rio Tinto Zinc, and Freeport McMoRan. Human Rights Watch, Amnesty International, the Lawyers' Committee for Human Rights, and International Alert were among the human rights organizations involved in the process. The International Federation of Chemical, Energy, Mine, and General Workers' Unions was the representative for trade unions. The Prince of Wales' Business Leaders Forum and Business for Social Responsibility were the participating business organizations. The drafting of the principles formed part of a limited, but positive ongoing effort to ensure that corporate security arrangements fully respect human rights. Several meetings were held in 2001 to discuss the implementation of the principles and to encourage other governments and companies to adopt them. In October, it was still too early to assess whether the principles would have a lasting and positive effect on human rights.