

and Tajikistan, and needed only one more ratification to enter into force. Human Rights Watch wrote to governments that have signed the convention urging the speedy ratification of this important human rights treaty.

BUSINESS, TRADE, AND DEVELOPMENT

Human Rights Watch continued to engage with a number of initiatives to develop standards for the human rights conduct of companies. We lent strong support to efforts by a working group led by Professor David Weissbrodt at the U.N. Sub-Commission on Human Rights to develop a comprehensive set of “Human Rights Principles and Responsibilities for Transnational Corporations and Other Business Enterprises.” The working group’s mandate has been extended for another three years, allowing for further consultations and refinement of the draft principles. Human Rights Watch encouraged the working group to use its mandate in creative ways, including by receiving information on the conduct of companies, and exploring possible monitoring mechanisms to apply sanctions or ensure compensation for infringement of the principles.

At the same time, Human Rights Watch and other NGOs grew increasingly critical of the United Nations Global Compact, a broader initiative launched in July 2000 by Secretary-General Kofi Annan to promote corporate responsibility on human rights, labor standards, and the environment. A progress report issued in July failed to address key NGO concerns, including the need for specific guidelines to clarify the broad standards contained in the compact; a mechanism for standardized, consistent, and public reporting of corporate practice under the compact; a formal structure for stakeholder—particularly civil society—involvement; strong criteria for expelling from the compact companies that fail to meet minimum standards; and a link between the compact and the U.N.’s own procurement and contracting activities. The urgency of these issues was further underscored when a U.N. panel investigating the illicit exploitation of economic resources in the context of the conflict in the DRC named at least three transnational companies that were formally members of the Global Compact who were in violation of Organization for Economic Cooperation and Development (OECD) guidelines.

In August, Human Rights Watch spoke out strongly when the U.S. State Department asked a federal judge to dismiss a lawsuit against the ExxonMobil Corporation for its alleged complicity in human rights violations in Indonesia. The civil suit alleged that the Indonesian military provided “security services” for ExxonMobil’s joint venture in Indonesia’s conflict-ridden Aceh province, and that the Indonesian military committed “genocide, murder, torture, crimes against humanity, sexual violence, and kidnapping” while providing security for the company from 1999 to 2001. The case was filed by the International Labor Rights Fund (ILRF), a U.S. NGO, on behalf of eleven anonymous plaintiffs. The plaintiffs allege that ExxonMobil 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 Columbia. The suit claimed that ExxonMobil was liable for the alleged abuses because it provided “logistical and material” support to the military. Similar cases

have been brought in other U.S. courts, for instance with respect to the operations of the energy company UNOCAL in Burma.

ExxonMobil vigorously denied the allegations and petitioned the presiding judge to solicit an opinion from the State Department whether the suit would have an adverse effect on U.S. foreign policy. The State Department sided with ExxonMobil and wrote to the judge asking that the case be dismissed. The State Department argued that the Indonesian government would view judicial scrutiny of the company's conduct as a referendum on the human rights record of the Indonesian armed forces, and could dissuade it from cooperating with the United States in counter terrorism. It also argued that the litigation's "potential effects on Indonesia's economy could ... adversely affect important United States interests" and could impede further cooperation with U.S. companies. Two weeks earlier, Indonesia's ambassador to the United States had sent a strongly worded letter to the government objecting to the lawsuit.

Human Rights Watch is not a party to the lawsuit and takes no position on claims regarding ExxonMobil in Indonesia, but was deeply concerned by the State Department's intervention, warning that it undermined the Bush administration's commitments to promoting human rights and the rule of law in Indonesia, and corporate accountability more generally.

Human Rights Watch worked with other NGOs to promote increased transparency in the administration of government revenues from major resource projects, in line with the existing International Monetary Fund (IMF) Code of Good Practices on Fiscal Transparency.

Human Rights Watch joined a coalition of some seventy-one NGOs from northern and southern countries in launching the "Publish What You Pay" campaign in June. The campaign aims to counter governments' misuse of natural resource revenues and promote corporate responsibility, by calling upon governments to enact regulations that would require resource extraction companies to declare all taxes, royalties, bonuses, and other payments to governments in countries where they were operating. While it would not prevent governments from misusing those funds, it would provide some transparency to this revenue stream so that citizens in those countries would have a better idea of the amount of public funds accruing to governments from natural resource revenues. The campaign drew support from the International Finance Corporation, the United Nations Development Programme (UNDP), as well as the government of the United Kingdom. However, it was not clear whether these regulatory measures would be enacted or whether governments and multilateral institutions would pursue a weaker, voluntary approach.

The Angolan government's relationship with the IMF remained strained throughout 2002 due to the government's failure to publicly account for its oil revenues and actual expenditures. On February 19, the IMF reaffirmed that in order to qualify for a formal program, the government would have to "record and transfer to the treasury all revenues, including the total amount of signature oil bonuses" and "publish data on oil and other government revenues and expenditures, as well as on external debt; and conduct independent financial audits of the 2001 accounts of Sonangol [the state oil company] and of the central bank." The government took

one positive step when Oil Minister José Bothelho de Vaconcelos told Parliament in June that the government had received a U.S.\$30 million signature bonus payment from the consortium partners in Block 16. Although the amount was relatively small compared to other bonus payments, it was believed to be the first time that the government had disclosed this type of information publicly; this suggested that there would be greater scrutiny over the government's activities.

However, problems remained. Swiss authorities investigated allegedly irregular transactions involving oil for arms deals during the course of the year, in the context of the renegotiation of Angola's approximately U.S.\$5 billion debt to Russia. Swiss authorities reportedly froze more than \$700 million held in Swiss bank accounts that were part of a complex debt repayment deal, alleging that hundreds of millions of dollars were paid to "Russian and Angolan dignitaries" as part of this deal. After these investigations became public, the Angolan state media reported in June that the government planned to "take legal action" against the Swiss investigating magistrate for "defamation of the image and prestige of Angolan authorities, particularly of the Head of State, José Eduardo dos Santos." President dos Santos also reportedly wrote to Swiss President Kaspar Villiger to protest the investigation, and the government withdrew its ambassador to Switzerland in June.

Nigeria is another egregious example of the problems surrounding lack of transparency in administering oil revenues: An IMF staff-monitored program with the Nigerian Ministry of Finance collapsed in March, leaving spending in Nigeria subject to virtually no controls. Human Rights Watch has followed the situation in the oil producing communities in the Niger Delta in Nigeria since the Ogoni crisis of the mid-1990s. In October, we published an update to our major 1999 report, documenting continuing problems in the Niger Delta, in particular the conflict generated by the oil companies in their dealings with the villages where their facilities are located, and indiscriminate force employed by the security forces in responding to community discontent. Following on from the report, Human Rights Watch had meetings with Shell and ExxonMobil, the two main companies implicated by our findings, to urge greater attention to issues of corporate social responsibility.

The World Bank-funded Chad-Cameroon Petroleum Development and Pipeline project continued to generate controversy throughout the year. In September, the World Bank's Inspection Panel released its report on allegations that the project failed to comply with various World Bank social and environmental policies. The panel concluded in its report that management was in compliance with several aspects of the bank's environmental and social policies such as project categorization for environmental assessment purposes, natural habitats, forests, involuntary resettlement, and pest management. The panel, however, found that the bank did not comply with certain policies on environmental assessment, economic evaluation, and poverty reduction. The bank accepted the findings and pledged to improve compliance.

The Inspection Panel also noted that while the World Bank did not have specific human rights policies, the poor human rights situation in Chad and the possibility of harassment of communities impacted by the project "raises questions about compliance with Bank policies, in particular with those that relate to open and informed consultation, and it warrants renewed monitoring by the Bank." These

issues raised further concerns over the project's ultimate success and did not abate calls from some groups to cancel the project altogether.

On the trade policy front, Human Rights Watch promoted the full integration of labor rights into a series of trade agreements being negotiated by the United States, including the proposed Free Trade Agreement of the Americas. In August, President Bush signed the Trade Act of 2002, which includes Bipartisan Trade Promotion Authority (TPA), granting the president authority to negotiate trade agreements that cannot be amended by Congress, but simply approved or rejected. TPA contains "negotiating objectives" related to workers' rights that have significant shortcomings. For example, they do not seek to ensure that domestic labor laws meet international standards, nor do they include nondiscrimination as one of the labor standards to be "promoted." But Human Rights Watch argued that free trade agreements negotiated under TPA should meet—if not exceed—the standard set forth in the existing U.S.-Jordan Free Trade Agreement. At a minimum, this would require parties to enforce their labor laws, to try to ensure that those laws meet international norms, to try to improve those laws, and to try not to lower labor standards to attract trade. Human Rights Watch argued that labor rights protections should be included in the body of the agreement as opposed to side-deals, and should be enforced with the same penalties as all other provisions—with fines and, as a last resort, trade sanctions.

Human Rights Watch also engaged substantively in the growing international debate about the link between human rights, poverty reduction, and sustainable development. Major international conferences, notably the International Conference on Financing for Development (Monterrey, Mexico) in May, the summit of the Group of Eight (G8) industrialized countries (Kananaskis, Canada) in June, and the World Summit on Sustainable Development (Johannesburg, South Africa) in September, affirmed the critical nexus between human rights, good governance and economic development, and focused donor commitments toward achieving the Millennium Development Goals. UNDP devoted its human development report to the fundamental role political participation and democracy play in sustainable development. A first ever U.N. report on human development in the Arab world underscored similar themes. And NEPAD, in which African leaders made new commitments on good governance and human rights, received widespread international interest and support.

Against this backdrop, Human Rights Watch engaged with several important initiatives aimed at translating this new development thinking into operational reality. In May, as part of its preparations for the World Summit on Sustainable Development, the World Bank held an internal seminar to discuss its role in promoting human rights, previously a taboo topic. This discussion built upon new developments in World Bank policy, particularly its commitment to "participation" and "empowerment" in its Poverty Reduction Strategy Process (PRSP), as well as its growing experience with projects on rule of law issues. During the meeting, the bank's president, James Wolfensohn, commissioned an internal working group to consider options for the World Bank to adopt an explicit policy or strategy on human rights. During the year, Human Rights Watch discussed these issues with President Wolfensohn and senior bank staff, and organized policy discussions with

other NGOs around the World Bank's annual meetings. We also discussed with the International Finance Corporation the application of human rights principles in their private sector lending activities. We urged the bank to ensure that any new policy framework addressed the full range of human rights, was practical and operational in nature, and was backed up by appropriate monitoring and accountability mechanisms.

At the same time, the U.N. high commissioner for human rights developed draft guidelines on how human rights should be integrated into poverty reduction strategies, particularly the PRSPs. Human Rights Watch joined with development NGOs in consultations on this new framework, particularly how it might best address civil and political rights issues such as discrimination and access to justice which impede the development process. The guidelines will now be tested in a selection of countries before being further developed and finalized in 2003.

Human Rights Watch also undertook extensive advocacy around NEPAD, particularly in the lead up to the G8 summit in June. While we welcomed the positive commitments contained in the NEPAD framework, we drew attention to its lack of detailed content on human rights and neglect of particularly vulnerable and marginalized groups such as women, children, refugees, and the internally displaced. Human Rights Watch urged that NEPAD's Code of Governance and Peer Review Mechanism incorporate international and regional human rights standards and provide appropriate enforcement mechanisms in the case of noncompliance. In this context, we expressed concern that the African Union's choice of Libya to chair the next session of the Commission on Human Rights sent a contrary signal to these positive human rights commitments.

In May, more than fifty NGOs joined Human Rights Watch in writing to the president of the European Bank for Reconstruction and Development (EBRD) to express concern about the bank's selection of Tashkent, Uzbekistan, as the site of its 2003 annual meeting. The letter highlighted the implications that this decision could have on human rights in Uzbekistan and on the bank's credibility as an institution committed to democracy, human rights, and the rule of law. We argued that unless the bank insisted on concrete progress in human rights before the annual meeting, the Uzbek government would use it as an endorsement of its repressive policies. Quite tellingly, in his statement at the close of the 2002 annual meeting in Bucharest, EBRD President Jean Lemierre noted that the selection of Tashkent as the site for the 2003 meeting "was decided . . . before I was President of the Bank," and that hosting an annual meeting "is an incentive to make progress, and not an endorsement."

While the letter is part of an intensive, year-long campaign to promote reform in Uzbekistan in advance of the 2003 annual meeting, we also want to encourage the bank to take more seriously its political mandate to operationalize article 1 of its founding document. This provision makes clear that the bank was set up to engage those countries in the region that are committed to and apply the "fundamental principles of multiparty democracy, the rule of law, human rights and market economics."