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- FOR THE WEEK ENDING SEPTEMBER 14, 2004

TURKEY: SHIP CARRYING TOXIC ASH SINKS OFF COAST

Environment News Service (ENS) reports September 7 that a ship carrying a cargo of toxic fly ash from Spain for more than four years sank off Turkey's southeast Mediterranean coast. The vessel, MV Ulla, had been anchored near the port of Iskenderun since 2000 while authorities from Turkey and Spain decided what to do about the hazardous cargo.

Images broadcast by CNN Turk show the vessel rolled over on its starboard side with smoke billowing from its bow.

The St. Vincent-flagged MV Ulla is owned by Turkish shipping line Mavi Deniz.

Greenpeace Mediterranean says the cargo of fly ash was imported illegally and activists have staged a number of demonstrations over the years to draw attention to the toxic material. Fly ash is a byproduct of coal combustion for power generation.

Tolga Temuge, who works on Greenpeace's toxic chemicals campaign, said at a 2000 demonstration at the Spanish Embassy in Turkey "this ship will dump the waste in the Mediterranean Sea. Is that what Spain wants?"

In 2002, Greenpeace Mediterranean warned that the ship was in danger of sinking "because the vessel is in poor condition."

Banu Dokmeci, Greenpeace toxics campaigner in Istanbul, said if the barrels of fly ash do break open, the contents could cause environmental damage, but said it is too early to tell whether any of the toxic material has been released.

Although the trade in hazardous waste is banned under the international Basel Convention as well as Turkish national legislation, Greenpeace says the toxic fly ash aboard the Ulla demonstrates that the European Union is guilty of illegal toxic waste dumping in Turkey.

"The ship mysteriously ended up in Turkey after the toxic cargo was rejected in Algeria," Greenpeace says.

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COLOMBIA: GOVT SAYS ARMY KILLED UNION CHIEFS

The attorney general's office in Bogota has admitted that Colombian soldiers assassinated three union leaders last month, an account that contrasts sharply with the army's earlier contention that the three men were Marxist rebels killed in a firefight, reported the New York Times September 8.

The attorney general's human rights unit ordered the arrest of an army officer, two soldiers, and a civilian who allegedly took part in the killings of Jorge Eduardo Prieto, Leonel Goyeneche and Héctor Alirio Martínez on August 5 in Saravena, a town long besieged by leftist rebels.

"The evidence shows that a homicide was committed," Luis Alberto Santana, the deputy attorney general, said at a news conference. "We have ruled out that there was combat."

The attorney general's announcement vindicated union leaders in Colombia and Europe who said the army had killed three defenseless union activists and then tried to cover the matter up.

"It's clear that we were never wrong, saying that they were assassinated by members of the Colombian Army," said Domingo Tovar, who coordinates human rights activities for the Central Workers Union, the largest Colombian labor confederation.

Colombia is by far the world's most dangerous country for union members, with 94 killed last year and 47 slain by August 25 this year. Worldwide, 123 union members were slain last year, according to the International Confederation of Free Trade Unions.

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BURMA: EU LETS BURMA INTO ASEM

The Burma Campaign UK September 6 condemned the European Union for agreeing to admit Burma into the Asia Europe Meeting (ASEM). The EU has agreed to Burma's participation as long as it is below head of state level. Burma's military government can participate at the ministerial level.

ASEM holds biannual summits to foster good relations between Asia and the European Union.

"At the ASEM summit in November John Prescott, Chirac and Schroeder will be dining with dictators," said John Jackson, Director of the Burma Campaign UK. "This sends a clear message that the EU puts trade before human rights."

France and Germany led countries calling for a compromise that allows Burma into ASEM as long as Burma is represented below head of state level. "They should be ashamed of themselves," said Mr. Jackson. "Their foreign policy is obviously led by the interests of their corporations, not by ethical considerations. They didn't want concerns over Burma to interfere with business opportunities in China and the rest of Asia."

Both countries have trade interests in Burma. France's Total Oil is the largest European investor there and Germany is Europe's largest exporter to Burma.

Activists paid tribute to the British government for fighting hard within the EU to stop Burma's admittance to ASEM. "Britain did what it could within the EU, and they deserve credit," said Mr. Jackson. "We are disappointed that they did not hold firm and use their veto. This does have serious implications for the future of British policy on Burma. The EU is moving closer to the regime, which is not what the British government wants. The question now is whether Britain will continue to allow Germany and France to dictate its Burma policy, or whether it will have the courage to act unilaterally."

EU Minister Bernard Bot issued a statement September 3 that in part reads: "The EU attaches great importance to its relations with Asia and the ASEM process, but it is also committed to democratic change in Burma as well as to ongoing humanitarian assistance to the people of Burma."

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CHINA: UNION SAYS BIG BUSINESS BLOCKING LABOR REFORM

China's government union group has released figures alleging that foreign companies in China are dragging their heels in unionizing their labor forces, reports Ethical Corporation September 14.

The All China Federation of Trade Unions (ACFTU), which is affiliated with the Chinese government, was reported in the China Daily saying that China has about 400,000 foreign businesses registered there, but only roughly 80,000 have established trade unions.

Overall, said the ACFTU "About 40 percent of two million private enterprises have set up trade unions."

Wal-Mart, the world's largest retailer, was singled out. "The company failed to set up stores in Shanghai simply because the multinational insisted on not forming trade unions," ACFTU division director Jiang Nan was quoted as saying.

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CHINA: US THREATENS TO LIMIT IMPORTS ON CHINA APPAREL

A senior American trade official in Hong Kong told the New York Times September 10 that the US would limit apparel imports from China if American manufacturers provided evidence that such limits were needed, despite warnings from the Chinese government that they might challenge the American policy at the World Trade Organization.

The under secretary of commerce for international trade, Grant Aldonas, said that he expected American manufacturers to start filing requests for import restrictions with his agency as soon as next week.

"If they can justify it and have the evidence, we're going to enforce the trade laws" by imposing import restrictions, Mr. Aldonas said at a press conference.

The filings will reignite a battle between the US and China over whether the United States is living up to its free-trade commitments.

"Many apparel industry executives" according to the Times, have said that with the lifting of quotas, efficient Chinese producers may come to dominate many of these categories at the expense of other countries — like Vietnam, Cambodia or Bangladesh — that used to have a guaranteed share of the American market through their holdings of quota rights.

The deputy assistant secretary of commerce for textiles and apparel, Jim Leonard, said that once a group of American manufacturers seeks safeguards, the process for approving them typically takes 105 days. If safeguards are imposed, then imports are still allowed to rise by 7.5 percent, and may be allowed to rise somewhat more based on negotiations with the exporting country.

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US: JUSTICE DEPT ANNOUNCES OPERATION WEB SNARE AFTER CHILD LABOR SCAM

Attorney General John Ashcroft, Assistant Attorney General Christopher A. Wray, FBI Assistant Director Jana Monroe, Chief Postal Inspector Lee Heath, and Federal Trade Commission Chairman Deborah Platt Majoras announced September 10 the arrests or convictions of more than 150 individuals and the return of 117 criminal complaints and indictments in a collaborative nationwide enforcement operation directed at major forms of online economic crime and other cybercrimes.

The ongoing action is known as Operation Web Snare. The initiative coordinated 36 U.S. Attorneys' offices nationwide, the Criminal Division of the Department

of Justice, 37 of the FBI's 56 field divisions, 13 of the Postal Inspection Service's 18 field divisions, the FTC, together with a variety of other federal, state, local and foreign law enforcement agencies.

Attorney General Ashcroft also announced that he has directed the various Justice Department offices to make full use of the Identity Theft Penalty Enhancement Act, signed into law by President Bush on July 15. The Act prescribes stiff prison terms for those who use identity theft to commit other crimes.

Some of the charges filed in districts throughout the country include: In the Central District of California, a federal grand jury indicted a Romanian computer hacker and five U.S. residents on charges that they allegedly conspired to steal more than \$10 million in computer equipment from Ingram Micro in Santa Ana, California, the largest technology distributor in the world.

On August 20, 2004, Usman Hayat of Islamabad, Pakistan pleaded guilty to one count of transmitting interstate and foreign communications with intent to extort. According to the plea agreement, Hayat contacted Eddie Bauer, Inc. in February 2004, via email, threatening to release photos that Hayat alleged showed child labor being used in the production of Eddie Bauer apparel. Hayat claimed he would post the photos on the web or send them to the media or Eddie Bauer's creditors if he was not paid \$685,000. In the sting operation, Hayat traveled to the US and was later arrested during the fund exchange.

For more information on this initiative and other matters related to fraud and cybercrime, visit the Department's website at www.usdoj.gov.

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GERMANY: BIG COFFEE AGREES TO VOLUNTARY STANDARD

The International Herald Tribune and Reuters report September 11 that a group of the world's biggest coffee companies announced a voluntary code to improve conditions and environmental standards for coffee workers and growers in producer countries.

The code is partially a result of complaints by consumer and environmental groups that the companies exploit low prices and poor working conditions in a world market glutted with excess coffee. But critics said the companies could help more by cutting oversupply.

The first coffee produced under the code should be available for sale after next year's harvest, said Annemieke Wijn, a director of the sustainability program at Kraft Foods in Germany.

Called the Common Code for the Coffee Community, the voluntary standard aims to help poor producers by creating a market for coffee that has been produced without banned pesticides or any slave, forced or child labor in places where trade unions are permitted, working conditions are fair and producers are allowed to sell their coffee freely.

The parties to the agreement include Nestlé, Tchibo, Sara Lee and Kraft. Producers involved include Brazil, Vietnam, Kenya, Colombia, Indonesia and the main Central American exporters.

Wijn said the US coffee industry would be asked to join the code this autumn.

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US: JEWELERS ASSOCIATION ISSUES ADVISORY ON DAY OF ACTION

On September 12, the Jewelers Circular Keystone printed a statement from the Jewelers of America (JA) alerting its membership of the upcoming "Conflict Diamonds Day of Action" September 18.

Nongovernmental organizations are planning this day of action when activists will go to jewelry stores and question jewelers on whether they are adhering to Kimberley Process guidelines and other practices they are using to ensure that their diamonds are conflict free.

The day of action is being supported by Amnesty International, according to JA, and Amnesty "is encouraging consumers and activists to make direct inquiries concerning retail jewelers' participation in the Kimberley Process. During this campaign activity, jewelers can expect to be asked what policies their businesses have put into practice in order to help stop the flow of conflict diamonds."

JA said that in Amnesty's call to action the organization cited Broken Vows, the Global Witness report from earlier this year, in which several retail jewelers did not respond to inquiries from Global Witness regarding the conflict diamonds issue.

"JA would like to remind all jewelers that it is imperative to respond promptly to questions from NGOs, media, or consumers about conflict diamonds, as well as other social, ethical, and environmental issues, should they be asked," the advisory states. "Responses to any inquiry should be positive, indicating a commitment to ethical business practices and a strong belief in corporate social responsibility."

If jewelers receive an inquiry about conflict diamonds, JA advises, "they should emphasize their support of the Kimberley Process Certification Scheme for rough diamonds. Retailers should also explain that, in order to provide consumers with added confidence in their merchandise, they require written assurances of adherence to the Kimberley Process warranty system from their diamond and diamond jewelry suppliers."

Information and resources regarding conflict diamonds and the Kimberley Process can be found at www.jewelers.org and www.kimberleyprocess.com.

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UK: CONSTRUCTION SEEK INDEMNITY AGAINST ANIMAL RIGHTS PROTESTS

The Construction Confederation, the UK trade association for the building industry, has warned that companies will refuse to work on controversial animal research projects unless their clients indemnify them against the financial consequences of attacks by animal rights extremists, reports Ethical Corporation September 9.

The Confederation said a combination of violence by animal rights campaigners and strong demand in building meant its members would turn down projects unless they were given protection against financial risks.

Montpellier Group, a construction company, pulled out of an £18 million contract to build the Oxford University animal laboratory last month, after a letter warned investors to sell up or face "prompt activity by the animal rights movement."

Department of Trade and Industry officials said that indemnifying construction companies against a falling share price "would be like writing a blank check."

For more see www.constructionconfederation.co.uk.

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TRINIDAD: ALCOA BEGINS ENV'T IMPACT ASSESSMENT FOR SMELTER

Alcoa announced September 10 the start of an environmental impact assessment under terms of reference established by the Trinidad and Tobago Environmental Authority (EMA) of a potential aluminum smelter at LaBrea, located in southwest Trinidad.

In May 2004 Alcoa and the Government of the Republic of Trinidad and Tobago signed a memorandum of understanding (MOU) for a state-of-the-art, low emission smelter with a capacity of at least 250,000 metric tons per year. The feasibility study, the next step in the MOU process, is due out later this year.

If the study results are positive, the project will be presented to the Board of Alcoa and the Government of Trinidad and Tobago for an investment decision early in 2005.

Alcoa has repeated its promise to consult widely within the community as the environmental assessment proceeds, and has engaged local company, Ecoengineering Consultants Limited, to assist and guide Alcoa in completing the requirements laid down by the EMA.

In making the announcement Randy Overbey, Alcoa's President, Primary Metals Development, said that Alcoa and its government partner, the National Energy Corporation, welcomed the Environmental Management Authority's requirement for a full environmental impact assessment.

"We would not contemplate building and operating any facility, and we would not expect any community to welcome us, until we were confident that the site is

appropriate, we could operate safely, and without causing harm to people's health or the adjacent environment. The EIA is essential for that confidence.

"Communication and community consultation is an important part of the EIA process and we have already been working with community leaders to help us understand how best to provide information and answer questions people might have. We'll continue with that work as the EIA process unfolds," he said.

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NIGERIA: HALLIBURTON NOTES SUGGEST BRIBERY WAS CONSIDERED

An internal Halliburton investigation has revealed handwritten notes suggesting that former employees considered offering bribes to Nigerian officials during the 1990s to secure work on a natural gas liquefaction plant, according to Ethical Corporation September 8 and Reuters September 3.

The notes, which appear to record conversations among former employees and partners in a consortium called TSKG that was formed to pursue work in Nigeria's Bonny Island project, show that discussions took place on the possibility of bribes, a company official said.

A Halliburton spokeswoman said there was no evidence yet that any money was exchanged.

She also said there was no evidence that vice-president Dick Cheney, Halliburton's chief executive at the time, was aware of the apparent bribery scheme.

Halliburton says its investigation will continue.

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US: PFIZER SETTLES ASBESTOS CLAIMS

Dow Jones/AP and the Detroit News reported September 4 that Pfizer agreed to pay US\$ 430 million to settle all lawsuits against it alleging injury from insulation products made by a subsidiary.

Pfizer and its Quigley Co. subsidiary were named, along with several other defendants, in 171,611 lawsuits claiming personal injury caused by exposure to asbestos, silica or mixed dust. Pfizer acquired Quigley Co. in 1968. It sold some products containing asbestos until the early 1970s.

Pfizer will establish a trust for the payment of pending claims as well as any future claims. It will contribute \$405 million to the trust over 40 years through a note, and about \$100 million in insurance. Pfizer will also forgive a \$30 million loan to Quigley.

Since 1982, Quigley's main business has been to manage the asbestos lawsuits.

As part of the settlement, Quigley will file for Chapter 11 bankruptcy. Its reorganization plan must be approved by the bankruptcy court and confirmed by a vote of 75 percent of the claimants.

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US: COURT CONSIDERS A “ONCE-AND-FOR-ALL” TOBACCO LAWSUIT

The New York Times reports September 14 that the federal appeals court in New York is considering a case that could radically reshape the legal battle over the health effects of cigarettes while also setting the stage for the largest verdict ever against the tobacco industry.

A three-judge panel of the United States Court of Appeals for the Second Circuit is reviewing a decision by a federal judge in Brooklyn, who ruled two years ago in a class-action suit that he would subject tobacco companies to a single national trial that would determine once and for all whether the companies should be assessed punitive damages for concealing the health hazards of smoking. The judge, Jack B. Weinstein of United States District Court, said he would preside over a huge trial that would not evaluate individual claims for compensation, but would decide only whether the country's tobacco companies should be assessed punitive damages because of the harm done to millions of smokers and their survivors.

Saying “the time for bringing a close to tobacco litigation is nigh,” Judge Weinstein stated in court that his trial could bring the resolution of the tobacco legal wars that have inched along in the courts for decades. The trial he proposes, he said, “would be the end of punitive damages in Tobaccoland.”

Judge Weinstein said fairness required that no plaintiff win a huge award that might bankrupt a company and leave little for thousands of other injured people.

Though the Brooklyn case has attracted little public notice, it has drawn wide attention among corporations nationwide because of the impact it may have on damage suits against many other industries. Many groups, including the Chamber of Commerce and the National Association of Manufacturers, have submitted briefs opposing the trial.

Richard A. Daynard, chairman of the Tobacco Products Liability Project at Northeastern University, which works to foster lawsuits against the industry, also signed onto a friend-of-the-court brief urging the appeals court to reject Judge Weinstein's approach.

“The problem with it,” Professor Daynard said, “is it's putting all the eggs in terms of possible litigation against the industry in one basket. Everything would be one litigation, one jury verdict.”

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US: NEW FAIR TRADE CHOCOLATE BARS

Equal Exchange announced September 13 the introduction of their new line of three gourmet, organic, fair trade chocolate bars. These bars are distinct for combining the famous Swiss standards for chocolate making with the sourcing of ingredients "in the most socially and environmentally responsible manner possible," the press release states.

Equal Exchange, already the nation's leader in fairly traded specialty coffee, brought the benefits of the fair trade model to small-scale cocoa farmers in the Dominican Republic and Peru and to small-scale sugar growers in Costa Rica and Paraguay.

The Fair Trade certification system guarantees the consumer that no exploited child labor or slave labor was used on these farms, and that the standards of the International Labor Organization have been upheld.

The chocolate bars will be available to retailers nationwide on October 1, 2004 through America's largest distributor of natural foods, United Natural Foods, Inc., whose website is www.unfi.com. On October 15th the chocolate will become available to individual shoppers through Equal Exchange's online store (minimum order: one case of 12 bars) at www.equalexchange.com.

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UK: AWARDS TO 'XPOSE' CSR FAILINGS

A mock awards ceremony aimed at exposing the green spin and corporate social responsibility (CSR) failings of UK companies was announced September 14 by environmental group Friends of the Earth. The "Xposé Awards" event - which coincides with the Labor Party Conference at the end of the month - looks at issues such as omissions from CSR reports, 'services' to Africa and 'injurious yet commonplace' products.

Monsanto, Shell, the aviation industry, and sports utility vehicles are among the list of nominees in the various categories.

Now in its third year, the Xposé awards search to "highlight the need for regulating CSR among industry, and the importance of looking beyond supposed 'green' credentials," according to GreenConsumer.com.

Friends of the Earth Senior Corporate Campaigner, Craig Bennett, said "it's been amazing to see just how hard so many UK companies and lobby groups have tried over the last year to get nominated for an Xposé award by putting all their effort into green spin rather than green substance. Surely it's time for new laws that would genuinely make companies improve their social and environmental performance, rather than just talk about it."

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New Books and Publications

US: NEW REPORT RANKS OIL COMPANIES ON CORPORATE RESPONSIBILITY

Independent investment research firm Innovest has released the latest of its sector-based assessments of how companies perform on corporate social responsibility, according to a press release September 13. The report ranks 33 companies in the oil and gas industry.

Companies that received the highest ranking include Norsk Hydro, BP, Suncor, and Royal Dutch/Shell. Companies that received the lowest rankings include Yukos, PetroChina, Marathon, and Surgutneftegas.

The report also suggests a business case for responsible corporate behavior, with the higher-rated companies outperforming lower-rated ones by 38.6 percentage points between 1996 and 2004.

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FOR THE WEEK ENDING SEPTEMBER 14, 2004

“You haven't heard about us recently because we've had our head down doing it the hard way. Now, we have a system to deal with the labor issue, not a crisis mentality.”

*Maria S. Eitel, Nike's vice-president for corporate responsibility, BusinessWeek Online September 20 edition.

“Because [President] Museveni adopted the policies of the World [B]ank of privatization and structural adjustment, where the central government withdrew from supporting Uganda's industries and providing subsidies to farmers, many of our industries closed down. Some were sold at give away prizes, while the co-operative movement was disbanded. The private sector is in the hands of very unscrupulous people who are ripping Ugandans off. Ten years down the lane, the President is very busy shopping for investors to come to Uganda, unfortunately, the uncertain political future of Uganda does not compliment the economic environment to usher in hope for the investors. Many of them want a crystal clear future of stable environment so as to invest their monies for the long or short-term periods. It has turned out that some 'investors' are taking advantage of our desperate state. Consequently, a new concept of creating torture chambers comes in the name of processing industries and investor businesses. These have sprouted into sweatshops.”

*Morris Komakech is Secretary General of the International League of the Uganda Peoples' Congress Youth, the Kampala Monitor, September 13.

“Corporate social responsibility (CSR) is rather more than a fad. It is a fog.

The confusion of its terminology makes it very difficult even to contest its elusive content. Companies are enjoined to good "corporate citizenship" to pursue a perplexing mix of environmental and other aims. I used to think CSR was harmless nonsense. There is always a market for nonsense, and who am I to spoil the fun? Now, however, I believe that this vortex of muddle may be dangerous and perhaps even pernicious."

*John Blundell, director general of the Institute of Economic Affairs, The Scotsman September 11.

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