

# Forced labour in Paraguay: the darkness at the bottom of the global supply chain

Friday 5 October 2018, by [BARROS Carlos Juliano](#), [CAMPOS André](#), [GRIFFIN Jo](#) (Date first published: 18 September 2018).

## **Experts believe that action is urgently needed to expose horrifying labour conditions across Paraguay's Chaco region**

"For me, there are two very important anthropological concepts," says Patrick Friesen, speaking Spanish with a thick accent. He is a descendant of protestant Mennonites who left Europe to found agricultural colonies in the arid region of the Paraguayan Chaco; he is also the communication manager of Chortitzer, one of the three large Mennonite cooperatives that dominate the economy of this inhospitable part of the country.

"The first [concept] is that people from the north[ern hemisphere] need to stockpile. They work from sunrise to sunset, investing, so they can survive the winter. But a person from the south, to put it crudely, can sit under a mango tree and wait for a mango to fall on his head. Nature provides security," he says, differentiating what he believes to be the mental maps of the Mennonites and the indigenous peoples who have been living together in the Chaco for a century.

Formed by dry forests resistant to drought and scalding temperatures, the Chaco occupies more than half the land in Paraguay. Over the past decade, cattle farming in this region has grown rapidly and it now has 43% of the country's livestock population, and is increasingly becoming the crucible of Paraguay's growing export industry, selling soybeans, meat and leather to the rest of the world.

But as Paraguay's export market develops and the country becomes a bigger player in the international market, the darker side of the Chaco region is coming into focus, with reports of illegal deforestation and slave labour among the indigenous population.

So far only one case has actually resulted in a conviction. In November 2016 on a farm called Estância Ruroka, government inspectors found 35 people working and living in inhumane conditions on a farm in the department of Boquerón, near the border with Bolivia. The workers were Aché people recruited nearly a thousand kilometres from their communities to produce charcoal from native forest felled to prepare the way for grassland. The group included children and adolescents with injuries on their hands caused by the charcoal kilns.

Sleeping on mattresses on the ground and protected from the sun only by plastic tarpaulins, the group did not have enough drinking water to quench their thirst, though temperatures can reach 50C in the Chaco. The workers were also in debt to pay for food from the recruiters. In an attempt to save money, they even went without dinner.

35 indigenous people were found in conditions described as 'slavery'. Photograph: Handout from Paraguay Public Ministry

The inspection was carried out by the public prosecutor's office after they received a complaint.

"The situation needs to be under much stricter control," says Teresa Martínez, Paraguay's public prosecutor. "If it's not watched, these things will continue to happen. In this case, we went because they asked for help. But we have a problem: the inspectors cannot enter without a warrant. And for us to get this warrant, we need to intervene [through the courts]."

The working conditions in the region, she argues, are "a form of slave labour... They work in camps, move from one place to another on farms, with their things. All they have to use, kitchen utensils, sleeping things, everything they have to buy. The foremen deduct this from what they have to receive as wages. And they usually do not pay until the six months are over so they do not leave. So they stay until they meet the deadline they told them. And when they get six months they owe a lot of money for the food, the clothes, the boots. It's really a form of slavery."

But there are numerous obstacles in the way of effective oversight, not least the fact that even the most senior Paraguayan authorities are reluctant to admit there is a problem. It is not difficult to find public statements by government ministers of former president Horacio Cartes – himself a big landowner and rancher in the Chaco – playing down or even denying the existence of slave labour. As one local governor said : "Many people come here from different regions looking for work. Here they will only find good work and good pay."

But the nature of the global market is such that these problems no longer stay local. The long twisted tendrils of global supply chains can now stretch all the way from the dusty empty roads of the Chaco to some of the best known brands in the world – even when those brands are based in glossy, glassy European headquarters half a planet away.

A joint investigation by Repórter Brasil and the Guardian uncovered potential links between Estancia Ruroka and some of the world's largest car firms, including BMW, Citroën, Peugeot and Renault. All four have been supplied with leather either directly or indirectly by Cencoprod, a company run by the three Mennonite cooperatives that dominate the economy of the Chaco, one of which is Chortitzer. The farmer convicted of trafficking - Rudi Kauenhowen Friesen - is an associate of Chortitzer.

Repórter Brasil and the Guardian approached the car firms about the case. BMW said it was unaware of the conviction involving an associate of the Chortitzer cooperative, but confirmed that one of its leather suppliers purchased materials from Cencoprod. "In cases like this, we conduct an investigation with our direct supplier to check the facts," the company said. "The BMW Group definitively does not tolerate any kind of violation of human rights in its production chains."

BMW said the Ruroka ranch – where the slave labour was found – was not a supplier of Cencoprod and, therefore, was not directly involved in its supply chain.

Renault and the PSA group (responsible for the Citroën and Peugeot brands) stated that their leather supplier – the Italian company Italtherry Auto Leather Spa – stopped buying from Cencoprod in 2016. Renault reaffirmed their commitment to "have an active sustainable purchasing policy encompassing respect for human rights, labor law, compliance, safety, quality and the environment".

But Europe remains a vital market for Paraguayan leather, with hundreds of tonnes being shipped into Italy alone in the last year. And while the Chaco area remains so under-regulated it is a risk European companies cannot continue to ignore.

Cencoprod and Italtherry were approached but did not comment.

#### Traceability

The economy of the Paraguayan Chaco revolves around cattle farming. According to a study

conducted by the environmental organisation Guyra, one third of the native vegetation in the region has already been transformed into grassland. “What concerns us the most is that nearly 50% of the deforestation is completely illegal,” said Alberto Yanoski, director of Guyra.

The urban centres founded by Mennonite colonists are home to more than 30,000 descendants of European immigrants. In these cities, it is not unusual to come across traffic signs in German. It is also common to see children with light eyes and fair hair playing in well-kept gardens. On the weekends, the Protestant churches are filled with Mennonites.

The headquarters of the three Mennonite cooperatives that dominate the economy of the Chaco are also located in this region. Besides competing in the beef industry with their own processing plants, they also operate in the leather market through Cencoprod.

Tackling issues of traceability and sustainability has been a major focus in recent years, says Chortitzer communication manager Friesen. “Obviously, the customer is king. If the customer wants traceability, then we have to comply,” he says. “We have very strict rules regarding the traceability of livestock and the by-products.” However, he says, Chortitzer was not buying livestock from Estancia Ruroka, and so those systems did not apply.

It is an extremely large cooperative, Friesen explains. “Chortitzer is responsible for promoting the socio-economic development of some 6844 partners, providing them with all services in the production, processing and sale of products in the local, national and international markets.”

“We as a cooperative do not, as a rule, require our partners to do anything,” he says. When asked about the Ruroka case, he replies: “We can encourage them, motivate them and also tell the member that they will face the legal consequences. We do not protect them if they do something wrong.” As he points out, “the cooperative is not a police entity, or a citizen control body.”

He hopes that the Paraguayan state will step up its oversight in the Chaco region. “Paraguay’s branding is in the hands not only of the private sector, but also of the government,” he said.

In March this year, the Paraguayan ministry of labour opened an office in the city of Filadelfia specifically to receive complaints from indigenous people. The sole employee in the office is Erundina Gómez, an indigenous woman whose father “worked for 20 years at a farm and never got paid a dime”.

She knows that the situation experienced by her father still occurs today. In February this year, four indigenous teenagers aged 15 to 17 were found by the police on a farm where they had been abandoned by a recruiter without food or water. They had been brought in to produce charcoal at a farm owned by a Mennonite colonist in the region.

In September, the United Nations is expected to release an official report on slave labour in the Paraguayan Chaco.

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**Carlos Juliano Barros, André Campos and Jo Griffin**

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