

THE SECRET WORLD OF MODERN SLAVERY

By Michael Smith and David Voreacos

**Hundreds of thousands
of workers toil without
pay in Latin America,
producing timber,
gold and the charcoal
used to make steel.
Their labor goes into
materials bought
by major companies—
including General Motors,
Kohler, Toyota
and Whirlpool.**

◀ Labor inspector Benedito Silva Filho and six armed police officers move cautiously through the gray smoke that hugs the ground in the Carvoaria Transcmetá work camp near the city of Tucuruí in the Brazilian Amazon. Enveloped in the haze is a solitary man, dressed in soiled red shorts and worn-out plastic sandals. Alexandre Pereira dos Reis stops shoveling charcoal from a kiln after working for eight hours and, wheezing, walks slowly toward the inspectors. The laborer says malaria, a chronic cough and the 95-degree-Fahrenheit heat have gotten the best of him. “This hits you hard,” dos Reis, 32, says. “I would leave if I could, but I need the work.”

Like hundreds of thousands of workers in Latin America, dos Reis collects no wages. He toils six days a week and can’t afford to leave; he doesn’t have enough money to get back to his home in Teresina, 500 miles away in northeastern Brazil. Dos Reis lives next to the brick kilns at Transcmetá in a shack with no ventilation, running water or electricity. The charcoal he and the other laborers produce by burning scraps of hardwood will be trucked south to a blast furnace that’s six hours away. It will be used there to make pig iron, a basic ingredient of steel. That pig iron will be purchased by brokers, sold to steelmakers and foundries and then purchased by some of the world’s largest companies for use in cars, tractors, sinks and refrigerators made for U.S. consumers.

“This is slavery,” Silva, 49, says. His eyes tear from the acrid smoke. Silva has descended unannounced in September on this charcoal-making camp—one of about 1,000 in the Amazon—to investigate reports that it uses unpaid labor. The policemen who flank him wield automatic

PHOTOGRAPHS BY CLAUDIO PÉREZ



Smoke engulfs a man at a charcoal camp in Brazil where government inspectors found 29 slaves.

weapons, ready to fend off the deadly violence that Silva says is part of his job. They determine all 29 workers are slaves who haven't been paid in months.

More than a century after Brazil became the last country in the Americas to abolish slavery, in 1888, nearly 1 million men and women work for little or no wages as forced laborers in Latin America, according to the Geneva-based International Labour Organization (ILO), a United Nations agency that tries to improve working conditions. The products of Latin American slave labor end up in cars and trucks made in the United States by Ford Motor Co., General Motors Corp., Nissan Motor Co. and Toyota Motor Corp. Pig iron that goes into steel used by Whirlpool Corp., the world's largest appliance maker, and is used in foundries at Kohler Co., which makes sinks and bathtubs, can be traced back to slaves in Brazil. Nucor Corp., the second-largest U.S. steel company, buys pig iron made with charcoal produced by slaves. In Peru, slaves mine gold that ends up at the world's biggest banks. Other Peruvian slaves log mahogany that's been used in Andersen Corp. windows and C.F. Martin & Co. guitars.

Three companies—Ford, General Motors and Kohler—say

they didn't know that steel they were using was made from material produced with the help of slaves. Ford and Kohler have bought pig iron from importer National Material Trading Co., which is supplied by a charcoal camp that Brazilian officials say uses slaves. Dearborn, Michigan-based Ford, the world's third-largest automaker, and Kohler, Wisconsin-based Kohler say they stopped buying pig iron from National Material Trading immediately after being asked by Bloomberg News about the Brazilian findings.

"We wanted to suspend the shipments until we understand exactly what is going on and if in fact this material is making its way

into our supply chain," says Tony Brown, Ford's senior vice president for global purchasing. "We take this matter very seriously." If National Material Trading can't certify that the charcoal in its pig iron was produced without slave labor, Ford will use alternate suppliers, he says.

Kohler says it will conduct its own investigation. "It is clearly disappointing to find that our broker's supplier's supplier employed slave labor practices," says Steve Cassidy, director of global procurement at Kohler. "The use of slave labor is an illegal, unethical and abhorrent practice."



A charcoal worker at the Transcmetá camp near Tucuruí, Brazil, takes a rest.



'Slavery is endemic to the charcoal camps,' Brazil's head of slavery inspection says.

Whirlpool opposes involuntary labor and complies with laws in all countries, spokeswoman Jody Lau says. She says Whirlpool relies on suppliers to ensure proper work practices.

National Material Trading, based in Elk Grove Village, Illinois, imports 1.5 million metric tons of pig iron a year from Brazil, General Manager Tim Hogan says. He says one of its major suppliers is Cia. Siderúrgica do Pará SA, or Cosipar, Brazil's third-largest pig iron exporter. Hogan declined to comment about slavery.

Brazilian pig iron is part of almost any product in the U.S. that uses steel, says Hogan, who's been trading scrap metal and pig iron for 30 years. "It could be in your car, your refrigerator," he says. "It could be in beams for the roadway, any kind of construction, any kind of oil industry stuff. Everything."

National Material Trading sells pig iron to Intermet Corp., a Fort Worth, Texas-based auto parts producer that makes components for General Motors. Detroit-based GM, the world's



Clockwise from left: Scraps of wood are piled next to kilns. Workers seek shelter from the sun. An outhouse is little more than a hole surrounded by planks.



biggest carmaker, stopped using Intermet as a supplier on Oct. 12 after concluding the company wasn't answering questions about slave labor quickly enough, says Bo Andersson, GM's vice president of global procurement and supply. "Intermet didn't act like they had a sense of urgency," Andersson says. Intermet supplies GM with about \$3.2 million of engine and transmission components each year and sells other parts to GM's suppliers, GM spokeswoman Linda McGill says.

On Oct. 19, GM reinstated Intermet as a supplier after concluding the company provided sufficient documentation that its supply chain was free of forced labor, says GM spokeswoman Deborah Silverman. Intermet President Jeff Mihalic says his company doesn't buy any pig iron derived from slavery. "Intermet asked for and received certification from National Material Trading that the company's suppliers, including Cosipar and Cosipar's suppliers, do not use forced labor," Mihalic says. He met with GM on Oct. 19 and persuaded the company to keep Intermet as a supplier.

Intermet also supplies parts to DaimlerChrysler Corp., based in Auburn Hills, Michigan. DaimlerChrysler spokesman Mike Aberlich says the company isn't aware of using any products that can be traced to slave labor. "Intermet informed



A policeman armed with a submachine gun stands watch over a group of enslaved workers at a charcoal camp in the Brazilian Amazon. Inspectors found 'absolutely degrading conditions.'

us they do not make direct use of slaves," Aberlich says. "They are conducting an immediate analysis of their own supply base. We do not accept any involvement with slave labor in our supply chain."

Toyota, the world's second-largest automaker, and Nissan, Japan's second-largest carmaker, say they have difficulty monitoring the parts and raw materials purchased by their suppliers. "We are reviewing this situation, and if we determine that a supplier uses slave or child labor, appropriate action will be taken," says Frederique Le Greves, a U.S. spokeswoman for Tokyo-based Nissan. Toyota, based in Toyota City, Japan, will remind suppliers that it doesn't accept parts from companies engaging in illegal or unethical practices and will ask them to check for abuses, spokesman Dan Sieger says.

Slave-labor charcoal camps like Transcimetá are scattered along the Amazon in Brazil, in a rain forest that covers an area 10 times the size of France, says Marcelo Campos, who runs the Brazilian labor ministry's Grupo Especial de Fiscalização Móvel, or Special Mobile Enforcement Group. "Slavery is endemic to the charcoal camps that supply the pig iron industry," says Campos, whose group has freed more than 20,000 slaves in the past decade. "We see it time and time again."

Campos says worldwide demand for pig iron drives the use of slaves. "These are people who have absolutely no economic value except as cheap labor under the most inhumane conditions imaginable," he says. "And none of it would exist without multinational companies demanding the products they produce. They are a key part of the globalized, export-oriented economy Brazil thrives upon."

Pig iron producer Cosipar, based in Marabá, Brazil, was buying most of the charcoal produced by slaves at Transcimetá,

says Luericy Lino Lopes, a labor prosecutor who participated in the September raid on the camp. "They have a direct responsibility for those workers and the conditions at the camp," says Lopes, 43, who has been inspecting charcoal camps since 1993. During the raid, the task force ordered Transcimetá to shut down, and Cosipar agreed to pay back wages to all workers, Lopes says.

Cosipar Executive Vice President Claudio Monteiro says he doesn't think workers at Transcimetá were slaves because they weren't being held by force. "They were degrading conditions," he says. "But this is not slavery." He says Cosipar, a privately held company, has built bathrooms and barracks for workers as required by inspectors. Transcimetá, which supplies 7 percent of Cosipar's charcoal, has reopened and is legally producing charcoal now, Monteiro, 35, says. Cosipar sells most of its pig iron to National Material Trading, he says.

Charlotte, North Carolina-based Nucor has bought pig iron from suppliers that Brazilian labor officials say used slaves to produce charcoal.

'Any amount that is sold with the use of slave labor is too much,' Nucor's general counsel says.

Nucor Chief Executive Officer Daniel DiMicco says the company will launch its own investigation into whether its pig iron is derived from slave labor. "We will look into the allegations," he says. "If verified, we will not be buying from those brokers and producers until those matters are remedied according to Brazilian law."

DiMicco says Nucor's suppliers told the company two years ago that Brazilian pig iron was not the product of slave labor. "I was hopeful that the Brazilian government would have remedied this situation when it was first brought up several years ago," he says. "Apparently, they're making headway, but not fast enough."

Nucor will buy about 2 million tons of pig iron this year, including 150,000 tons from National Material Trading, Nucor General Counsel Douglas Gunson says. Of that, 760 tons come from Cosipar, he says. "Any amount that is sold with the use of slave labor is too much," he says.

Just a hint of slavery in a supply chain is unacceptable, says

Kevin Bales, president of Free the Slaves, the U.S. arm of the oldest human rights group in the world. "Slavery is a very serious crime," says Bales, author of *Disposable People: New Slavery in the Global Economy* (University of California Press, 324 pages, \$19.95). "It's not a crime where it's OK to have a little. This is a crime where all national and international law makes clear that a single instance is far too much."

The immigration and customs enforcement arm of the U.S. Department of Homeland Security has active investigations into imports of commodities from Brazil that may have been produced by forced labor, spokesman Dean Boyd says. Companies that knowingly buy such products can be prosecuted under the U.S. Tariff Act of 1930, he says.

Modern-day slaves in Latin America aren't bought and sold as slaves were in the U.S. before the Civil War. They're lured from impoverished cities in Brazil's northeast or from the Andean highlands of Bolivia and Peru. Recruiters dispatched by slave camp owners promise steady-paying jobs, Campos says. Once at the Amazon camps, some workers are forced—at times at gunpoint—to work off debts to their bosses for food and clothing bought at company stores. Many go months without pay or see their wages whittled to nothing because of expenses such as tools, boots and gloves. Lack of money, an impenetrable jungle and a long distance to get home make it impossible for the slaves to leave.

At camps visited by Bloomberg News in Brazil and Peru, slaves live where they work, in clearings surrounded by miles of jungle. They make charcoal, mine for gold, log mahogany and clear trees for cattle

pastures. Many spend their nights in lean-tos they make from plastic sheeting they throw over branches, in places open to rain and snakes. They may drink contaminated water from stagnant pools shared with cattle. Their bathrooms often are open holes they dig in the earth. And they eat rancid scraps of meat along with rice, beans or watery stews.

Death is a part of the job. Gregorio Maguin, a physician in the Peruvian gold-mining town of Delta 1, near Huepetuhe, says slaves and their children die because they don't receive timely or adequate medical treatment. Maguin says he examines about 10 miners a day who have malaria. He estimates that about three miners will get tuberculosis each month as they work in the cold, muddy water that pools in the mines.

Slavery has long been entrenched in Brazil in the making

From slaves to cars

Auto and appliance companies use steel made from pig iron smelted with charcoal that's produced by slaves in the Amazon.



At a camp that sits in a clearing in the Amazon near Tucuruí, Brazil, a worker shovels charcoal from a kiln amid the heat and smoke.





More than two decades of unregulated gold mining with slaves near Huepetuhe, Peru, have turned 125 miles of jungle into a moonscape of eroded hills and silt-clogged rivers.

of charcoal used to create pig iron, Campos says. Pig iron helps to increase the iron content of steel made by melting recycled steel in electric arc furnaces, a process used in more than half of U.S. production. The material was originally made by pouring molten iron into molds that somewhat resembled suckling pigs. Today, pig iron producers remove oxygen from iron ore in a blast furnace process that adds carbon. In most parts of the world, producers use coke, which is derived from coal, as both a fuel for the furnaces and a source of carbon.

In Brazil, pig iron manufacturers use charcoal instead, says Donald Sadoway, a professor in the department of materials science and engineering at Massachusetts Institute of Technology in Cambridge. The charcoal comes from places like Transcimetá, the camp raided in September.

The scene at Transcimetá is primitive. A man stoops to light a pyre of wood he's packed into a kiln, and he winces from the smoke. The wood will smolder for eight days until it turns into charcoal. Another man is on his knees, panting, his eyes bloodshot. He claws with callused hands at fist-sized chunks of charcoal in a kiln and throws them onto a pile.

As the raid unfolds, five labor inspectors, six police officers and prosecutor Lopes fan out across the jungle clearing. In a five-day inspection, they photograph the areas around the kilns and barracks, and they interview workers.

Dos Reis, the laborer from Teresina, watches from the windowless, tin-roofed shack where workers live, 100 feet from the kilns. "Sometimes it gets so hot in here you don't want to come

'Forced labor is widespread, and there's very little anyone can do about it,' a Peruvian official says.



in," he says. Dos Reis coughs up a glob of black spittle. In July, he contracted malaria from the mosquitoes that swarm the camp, medical records show, and he says he gets exhausted early in the day and has to stop work. Twenty feet away, a man walks by a patch of ground covered with human excrement that serves as a camp bathroom.

Dos Reis came to the area in August 2005, following a brother who had found work in Tukurui. Dos Reis started working at Transcimetá in November 2005. The laborer is trying to support a 9-year-old daughter he left at home. He says he hasn't been paid in more than three months. He says he's working anyway because he's afraid he won't see any wages if he leaves.

As dos Reis tells his story, two men come up a steep, slippery trail, carrying buckets filled with water from a shallow well. It's the only drinking water the workers have. In the same



gully, two young women who serve as the camp cooks and laundresses wash ripped shirts and pants in stagnant green water. Two men stand in the waist-deep water, scrubbing black charcoal off their chests.

At a nearby charcoal camp called Carvoaria do Jorge, raided on the same day, inspectors find Pedro da Silva Conceição tending kilns. Conceição, dressed in shorts and flip-flops and caked in dust, says he hasn't been paid in four months. He says his boss told him he'd accumulated 9,000 reais (\$4,186) in debt for food and shelter. "I don't understand where all that debt comes from," Conceição, 63, says. "I guess I just have to pay it off little by little, but it will take a long time."

The Transcimetá and do Jorge raids are peaceful. Not all of them are. During a Feb. 8 inspection of a cattle ranch in the southwestern Amazon, Inspector Silva says, he covered in a



Top, two exhausted workers lie on makeshift beds at a gold camp in Peru. Above, a woman sits with her baby near a mine.

bathroom as six gunmen opened fire, sparking a 10-minute shootout with police. On Jan. 28, 2003, gunmen shot and killed three labor ministry inspectors and their driver execution style at a farm near Unai, Brazil. "You can't underestimate what's at stake here," Silva says. "People are willing to defend slavery by force."

Labor prosecutor Lopes concludes that Cosipar is responsible for conditions at Transcimetá. On the fourth day of the inspection, a representative of Cosipar and the camp's owner sign an agreement with the prosecutor. Cosipar, without admitting it was the formal employer of the workers, agrees to pay back wages and damages and to improve bathrooms and barracks at the camp. Dos Reis was paid \$2,253 for three months' back wages and damages, according to the labor ministry. The agreement, dated Sept. 5, says there are "absolutely degrading conditions" at the camp, with "total violation of minimum principles of human dignity for the workers."

Cosipar's Monteiro says the agreement doesn't use the word *slavery*. "If it were slavery, why don't they put it in here?" he says, pointing to the document. Lopes says that his inspectors did find slavery at the camp. He says he didn't write that Cosipar used slavery because he wanted the company to sign the agreement immediately, pay the workers and make improvements. He says he routinely words documents that way in order to help workers as quickly as possible.

Brazilian law defines slavery as severely degrading work conditions. In almost all cases, inspectors found workers

hadn't been paid in months. The ILO defines forced labor as work performed involuntarily under threat of penalty. Workers are paid little or no money and face physical or psychological coercion, the ILO says.

In the making of charcoal, illicit deforestation and illegal work conditions go hand in hand, says Silas Zen, forestry director at Ferro Gusa Carajás, a pig iron plant in Marabá, Brazil. Zen says pig iron producers buy charcoal from illegal camps because it would take at least a decade to grow trees and provide enough wood to make the charcoal to meet their needs. He says his company uses no slave labor to make its charcoal; it relies on its own employees and its own eucalyptus forest, which covers an area the size of New York City.

Ferro Gusa Carajás is a joint venture owned by Nucor and



Wilma Huamani Sacsí says her baby died because her boss wouldn't help her when she worked in a Peruvian slave camp.

Cia. Vale do Rio Doce, or CVRD, the world's largest producer of iron ore. A tour of the company's forests, about 124 miles east of Marabá, shows markedly different conditions from those at Transcimetá. In one clearing, about 100 kilns are lined up. Workers wear beige work uniforms, hard hats and company-issued steel-toed boots. Fire extinguishers are close at hand, and there's a first-aid station, a cafeteria and a shower house

for workers. The plant in Marabá is the only iron smelter in the Carajás region that gets all of its charcoal from legal suppliers, Zen says. "The truth is that if the government today insisted that the industry here use only 100 percent certifiably legal charcoal, the whole industry, with the exception of our plant, would have to shut down," he says.

Cosipar says it has a program to grow its own trees for making charcoal. By 2014, the company will have planted enough trees to supply all of its charcoal needs, Monteiro says. The company is also starting to use coking coal, which will help reduce its charcoal consumption by 37 percent by 2009, he says.

On Aug. 13, 2004, 14 pig iron producers in Brazil, including Cosipar, signed a pact called a "commitment to end slave labor." The industry promised the government it would work to identify suppliers using slaves. "Degrading work and slave labor are serious human violations," the pledge said. The pig iron companies set up an association to "assure dignity for workers in the pig iron production chain." The group hired auditors to inspect charcoal camps for slavery. Since then, the group has decertified 125 charcoal suppliers for failing such inspections, according to its Web site.

In February and June, months before Brazil's Special Mobile Enforcement Group raided Transcimetá and concluded the camp used slave labor, the trade group's auditors inspected the same site. The trade group allowed the camp to remain open and supply Cosipar, and it requested new bathrooms and sleeping quarters, Monteiro says.

The government task force has determined that some pig iron companies aren't abiding by the pact. In the past two years, inspectors have raided at least seven charcoal camps that supply pig iron exporters and removed workers they determined to be slaves, Campos says.

On March 9, inspectors raided a camp in Dom Eliseu in



A worker stands in mercury-contaminated water at a Peruvian gold mine camp.

In 2004, Brazilian pig iron makers signed an agreement to 'end slave labor.'

Below, shops near Peruvian slave camps sell Volvo parts. Right, Cuatro Amigos gold mine camp near Huepetuhe, Peru



Above, Delta 1, a gold-mining town in Peru. Right, a silt-choked river amid the gold mines in Peru. Far right, workers pump gold-laden mud from an open pit mine in an Amazon clearing.



the southeastern Amazon and discovered 13 workers in conditions “analogous to slavery,” a government report says. The camp, Fazenda Turmalina, was selling all of its production to Siderúrgica do Maranhão SA, or Simasa, according to statements taken from a company representative. Recife-based Simasa, which is owned by industrial group Queiroz Galvão SA, counts Nucor as a “main customer” through its brokers, spokesman Paulo Afonso wrote in an e-mail response to questions.

On April 1, inspectors raided Carvoaria do Gute, another charcoal camp in Dom Eliseu that supplies Simasa. The camp, which had been decertified by the industry’s own anti-slavery group, was still open and inspectors “rescued” 18 workers there, government documents show. Simasa spokesman Luis Gomes says the company condemns the use of slave labor and has stopped buying from charcoal camps accused of illegal activities. Campos says a rescue of

‘We’ll pay those who are really working,’ says the foreman at a gold mine slave camp in Peru.

workers takes place when inspectors have determined the people were slaves who had to be paid.

On May 18, inspectors raided Carvoaria do Mineiro, a charcoal camp in São Geraldo do Araguaia that was supplying Usina Siderúrgica de Marabá SA, known as Usimar, according to a government report. The men had been recruited from a town about 100 miles away and had never been paid, aside from small advances for food, inspectors found. The officials identified three children at the camp. The inspectors rescued 22 people. Usimar agreed to pay a total of \$46,339 of back wages and damages to the laborers, the report says. Usimar officials didn’t respond to requests for comment.



The challenge that major companies face in vouching for the integrity of supply chains that stretch back to camps in the Amazon can be seen in the case of Cosipar.

The charcoal from Transcimetá is loaded into trucks and taken to Cosipar's pig iron plant in an industrial district in Marabá, 1,300 miles north of Rio de Janeiro. During a Sept. 20 visit to the Marabá plant, 60 trucks loaded with charcoal are lined up outside the factory. Charcoal and iron ore move on a conveyor belt to the top of a six-story, rust-colored blast furnace, which is tended by workers in hard hats and protective suits.

A stream of water bathes the roaring furnace to keep it from overheating. The pig iron cools into 11-pound ingots about the size of soft-drink cans, which are taken by truck to the port of Barcarena, near Belém on the Atlantic coast. Some of the pig iron is put on rail cars and transported to the port of São Luís. At the ports, the pig iron is loaded onto ships.

Most of the 330,000 tons of pig iron Cosipar expects to produce this year will be shipped to the U.S., mainly via New Orleans, Monteiro says. National Material Trading has been Cosipar's broker in the U.S. for nine years.

One buyer of National Material Trading's Brazilian pig iron has been Ford's casting plant near Cleveland, which mixes pig iron with scrap metal to make engine parts. The plant builds engine blocks for F-150 pickups, Focus sedans and Explorer and Expedition SUVs. Ford halted purchases from National Material Trading on Oct. 5. The company will make sure none of its suppliers buys materials made by slaves and will change suppliers if necessary, Ford's Brown says.

Intat Precision Inc., a Rushville, Indiana-based foundry and casting company owned by an affiliate of Toyota, buys Brazilian pig iron from National Material Trading to make steel in two foundries, says Andy Lambros, Intat's chief metal buyer. Intat produces engine parts for Toyota, according to Intat's Web site,



Tito Hurtado wasn't paid anything for three months of work at the Cuatro Amigos gold mine in Peru.

'I don't think that slavery exists in Latin America,' an executive at the largest U.S. mahogany importer says.

including engine brackets for Avalon sedans, exhaust flanges for Camry sedans, brake drums for Tacoma pickups, brake rotors for Tundra pickups and parts for Lexus RX 330 SUVs.

Intat parts end up at Toyota factories, including the company's largest U.S. plant, located in Georgetown, Kentucky. Intat has been buying Brazilian pig iron from National Material Trading since 1990. Intat prefers Brazilian pig iron because it rarely varies in chemical makeup, Lambros says. Intat is owned by Toyota City, Japan-based auto parts manufacturer Aisin Seiki Co. Toyota is Aisin's principal stockholder.

In a written response, Lambros says Intat isn't aware of using any products traced to slave labor. "Intat does not condone to any degree the abuses you outlined," he wrote. "We will take every step necessary to purchase materials from suppliers and sub-suppliers that respect the rights of all people. Intat is now taking actions to review our entire supplier chain."

Brazilian pig iron also goes into sinks and bathtubs. Kohler has been buying about 900 tons of pig iron from Brazil yearly from National Material Trading, says Kevin Fair, Kohler's metals buyer for sinks and tubs. Kohler feeds the pig iron into a foundry in Wisconsin to make the base for enameled bathtubs and kitchen sinks. "Anything we make out of cast iron uses pig iron, and a lot of it comes from Brazil," Fair says.

Kohler's Cassidy says the company forbids suppliers and their subcontractors from using slave labor. He says Kohler has stopped buying pig iron from National Material Trading so it can investigate the Brazilian government's findings.

Waupaca, Wisconsin-based foundry and casting company ThyssenKrupp Waupaca Inc. buys about 35,000 tons of pig iron a month from National Material Trading to make parts for DaimlerChrysler, Ford, GM, Nissan and Toyota, says Doug Pohl, who purchases metals for ThyssenKrupp Waupaca, a unit of

ThyssenKrupp AG, Germany's biggest steelmaker. The company also makes brake calipers for the Honda Civic, according to its Web site. "Virtually every model that Ford and GM sell have our parts," he says. The pig iron the company uses is made to its specifications by Cosipar and purchased from National Material Trading, Pohl says.

Honda says it's conducting an investigation into the slavery question. "Honda does not tolerate any unfair or inhumane labor practice," spokesman David Iida says.

ThyssenKrupp spokesman Christian König says he's surprised to learn about the use of slave labor. "ThyssenKrupp Waupaca is committed to policies that promote, and do not diminish, social responsibility," he says. "We are looking into your allegations."

ThyssenKrupp Waupaca also makes brake drums and weights for Deere & Co. tractors and combines. Moline, Illinois-based Deere is investigating whether parts it buys from Waupaca contain Brazilian pig iron, Deere spokesman



Rising waters caused by silt flowing from nearby gold mines fill the streets of Huepetuhe, Peru, with fetid, sewage-tainted muddy water.

Ken Golden says. "John Deere will not engage in or support the use of forced or involuntary labor and will not purchase materials or services from a supplier utilizing forced or involuntary labor," he says.

While Brazilian authorities have made some headway in tracing the use of pig iron that originates with slaves, their counterparts in Peru have had little success tracking the trail of a more precious commodity that also starts with forced labor: gold. "There's really no information," says Guillermo Miranda, who heads a Peruvian government task force

directed against forced labor. "There's no structure out there to measure the problem."

About 25,000 people work in gold-panning sites in the Amazon, producing more than 7 metric tons a year. There are at least 2,000 such mines, which have turned 125 miles of rain forest into a moonscape of scarred mounds and rivers choked with mercury-tainted silt. The gold makes its way into some of the biggest banks in the world, says Grant Angwin, a Salt Lake City-based general manager at London-based gold refiner Johnson Matthey Plc, which buys most of the gold from the area. Angwin declined to comment about slavery.

Thousands of miners go without pay for months and are not permitted to leave, says Juan Climaco, a judge based in Huepetuhe, a town of 12,000 in the Peruvian Amazon, who's investigating more than 30 slavery cases. "We are talking about people forced to work in the worst conditions imaginable, without pay, and they really have no way out," Climaco, 38, says.

In Delta 1, a mining town on the western edge of the Amazon, Wilma Huamani Sacsi cries as she recalls the death of her son, Luis Alberto, weeks before he would have turned two. She'd been working without pay as a cook in a gold mine for five months until late April, when her son grew gravely ill. He had crawled in the dirt at her feet and eaten the same watery soup, rice, beans and bits of meat she prepared for the miners. "This is exploitation of the worst kind," Huamani, 33, says. "I know that. No one has the right to treat another human being like this."

Luis Alberto's belly grew swollen from a kidney infection. Huamani begged her boss, Chedo Mateos, for enough money to visit a health clinic, she says. "I needed the money to save my little boy, but the boss just screamed at me and told me to go back to work," she says. Mateos couldn't be located for comment.

Huamani says she set out on foot, walking 14 miles to the nearest clinic, cradling her son in her arms. Maguin, the doctor at a clinic in Delta 1, says he told her she needed to make a 120-mile journey to a hospital to save her son. Huamani begged on the streets for money to pay for the next leg of her journey. By the time she had raised the money, it was too late. Luis Alberto died on May 17, Maguin says. "I had to bring him all the way back here, dead in my arms," Huamani says, sobbing. "I didn't even have enough money for a coffin. We had to bury my little boy in the dirt across the river."

Huamani coughs frequently, her 5-foot-2-inch frame shuddering because she's suffering from tuberculosis, Maguin says. She came to the area from a farm near Cuzco in Peru's impoverished Andean Altiplano plateau, where there are few jobs. She's found part-time work in a restaurant in Delta 1, hoping to scrape together enough money for the journey home.

Slavery frequently brings sickness and death, Maguin says. About 90 percent of the children he treats have intestinal parasites from drinking polluted water, playing in the mud in the streets or swimming in streams where sewage flows, he says. "Unfortunately, cases like this aren't that uncommon," says Santos Cordero, a 55-year-old shopkeeper who volunteers as the

'We're talking about people forced to work in the worst conditions imaginable, without pay,' Peruvian judge Juan Climaco says.

sole representative of Peru's central government in Delta 1. When workers bring him a complaint, Cordero contacts government ministries.

Men and women take jobs in slave camps because there's no work to be found at home. About 100 miles from Cuzco, Helena Condori has been sharing her family's adobe hut on a wind-swept plateau with her sister and two nephews. Condori, 37, is starting to worry. Her brother-in-law, Tito Hurtado, left in April, lured by the promise of jobs in gold mines on the other side of the snow-capped Andean peaks. Hurtado, 25, wanted to send money to his wife, Rosana Condori, to put their 8-year-old son through school and buy milk and clothes for their 1-year-old daughter.



Alexandre Pereira dos Reis hadn't been paid for three months of work at a Brazil charcoal camp when inspectors raided it and freed him.

Hurtado found work at Cuatro Amigos, or Four Friends, a mine near a fetid heap of mud close to Huepetuhe. He says he hasn't been paid in the three months he's been there. "I want to leave, but it's hard, because if you try to leave, you don't get paid," he says. "You really have no choice. They treat us like slaves."

Hurtado says the camp foreman, Walter Chungue, told him to be patient. He says he's afraid to leave because Chungue could then claim he abandoned his job and never pay him.

Chungue, 35, says some of the men at the camp haven't been paid because they aren't working as hard as they should. "We'll pay those who are really working," he says.

The 91-degree-Fahrenheit tropical heat is turning the June

morning's rain into steam, and Hurtado won't have a work break until 1 p.m., two hours away. He's directing the driver of a Volvo truck to dump 15 tons of gold-flecked mud into a chute atop a 40-foot-high mud heap.

Göteborg, Sweden-based Volvo AB, Europe's second-largest truckmaker, supplies most of the machinery used in the gold camps near Huepetuhe, says Jean Falvy, who until August was sales manager at an independent Volvo distributor in Lima, Peru. Volvo spokesman Marten Wikforss says the company has sold 71 Volvo trucks and 135 pieces of heavy equipment in the area from 1992 to 2003. Mine operators using that equipment buy about \$100,000 in spare parts monthly, Falvy says. "It's an

**'I want to leave, but it's hard,'
a gold mine worker says.
'You really have no choice.'**

important market for Volvo in Peru," he says.

Wikforss says the company can't keep track of how its equipment is used, and it hasn't heard of forced labor being used by its customers. "In some instances, there are deplorable working conditions in Peru, but none of our employees has heard anything to the effect of slave labor," he says. "It's possible that independent Volvo dealers have sold to them. I can't rule that out."

Climaco, the judge in Huepetuhe, has collected 39 complaints in the first half of this year from mineworkers who haven't been paid. "This kind of thing is widespread," Climaco says at the Cuatro Amigos mine. "The labor conditions are truly horrible. It's staggering to witness."

At Cuatro Amigos, two mud-drenched men crouch in wooden stalls on each side of a chute and direct fire hoses onto the mud to liquefy it. The mud races down the wooden slide, leaving behind specks of gold. The rest oozes into a 1-square-mile mud flat that's choked every tree and plant it touches.

A few hundred miles to the north, in a swath of the Peruvian Amazon near Brazil, an estimated 33,000 people work as forced laborers in logging camps, according to a 2005 report by the ILO. The report was endorsed by the Peruvian government.

On Sept. 25, 2004, Ramón Pizango lost his footing while hauling a mahogany log across a slippery trail in the Amazon, says his brother, Geyner, who was working with him. A 330-pound timber slammed onto Ramón's back. Ramón, Geyner, another brother, a half brother and three friends were illegally felling mahogany. They had been recruited in July 2004 by a logging broker in Pucallpa, a mahogany port, and hadn't been paid for two months. Ramón lay in pain from the injury at the camp for a month without any medical attention, his two brothers say. Then, on Oct. 22, 2004, a Brazilian army patrol raided the camp and accused the workers of being in Brazil, not Peru, to log mahogany illegally.

The troops dynamited the mahogany logs, burned the camp and jailed the men in Brazil for more than two months, Geyner,

29, says. His mother, Casilda Shapiama Martínez, says Ramón was gaunt, jaundiced and bedridden when he was deported to Peru on Jan. 7, 2005. Eight months later, Ramón died at the age of 22 after being treated at the Regional Municipal Hospital in Pucallpa, according to medical records. He'd been diagnosed with AIDS, the records show.

"It's hard to think of worse exploitation than what we went through," says Geyner, who has sunken cheeks and a wiry frame. "The Brazilians called us modern slaves, and they were right. We were sent into the jungle, imprisoned for trying to make an honest wage and treated like animals."

Andersen window maker spokeswoman Maureen McDonough says the company stopped using Peruvian mahogany on Oct. 1. "We are aware that business dealings in Peru are challenging, at best," she says. Bayport, Minnesota-based Andersen is now buying mahogany from Africa because the company can better trace its source, she says.

An investigation conducted in 2005 by Peru's environmental regulator found that Maderera Bozovich SAC, Peru's largest timber exporter, and two rivals had bought 53 shipments of mahogany with falsified permits during a six-month period. The government has revoked the right to log from 28 groups after discovering they were selling hardwood that was felled illegally. "There is a lot of rain forest to watch over," says Carlos Chamocho, president of the Peruvian government's Multi-Sector Commission to Fight Against Illegal Logging. "There is a lot of corruption." He says slaves are used in illegal logging operations.

Nearly all of the 70,000 guitars that Nazareth, Pennsylvania-based C.F. Martin sells annually contain Peruvian mahogany, CEO Christian Martin says. Martin says he will still use the wood because his main importer, T. Baird McIlvain International Co., says it's legally harvested. Dick Boak, a Martin spokesman, says the company will work to clean up its supply chain. "We want to do the right thing," he says. "It's our desire to participate in any way we can to clean this up."

Hugh Reitz, who oversees imports at TBM Hardwoods Inc. in King of Prussia, Pennsylvania, says he knows of no slavery in Peru. TBM and T. Baird McIlvain International, which are part of the same company, imported about 3 million board feet of mahogany last year, making it the largest U.S. importer of the wood in 2005. "I've never seen it in Latin America in my entire life," Reitz, 33, says. "To be

honest, I don't think that slavery exists in Latin America."

Throughout Latin America, slave drivers resist government crackdowns. In Peru's mahogany province of Ucayali, there's been only one attempt to inspect a suspected slave camp, says Luis Alberto Oballe, the chief labor ministry inspector in the province.

Miranda, of Peru's anti-slavery commission, says slave labor is most common in illegal logging. "The use of forced labor appears to be widespread, and there's very little anyone can do about it," Miranda says.

The illegal logging commission estimated in 2003 that 95 percent of all mahogany is exported illegally. Chamocho, the commission's president, now puts that figure at 40 percent. On its Web site, the commission says mahogany logging is run by a "mafia that operates across the country and is sustained politically and economically by big exporters."

In Peru, the government makes an effort to stop slavery, and almost no one notices. In Brazil, the government sends out its task forces, and when the inspectors return to camps they've closed, they find them reopened, with new slaves, says Brazilian anti-slavery official Campos.

The products of slave labor enter the U.S. economy because corpora-

tions don't ask their suppliers enough questions and haven't worked to root out slavery, says Seungjin Whang, co-director of the Stanford Graduate School of Business's Global Supply Chain Management Forum in Stanford, California. "The major companies should be jointly responsible for labor practices with their suppliers and their suppliers' suppliers," Whang says.

Bales of Free the Slaves says all corporations have a responsibility to find the source of products they buy and sell. "Companies have an absolute obligation to understand what's in their supply chain and review it from a moral and a human standpoint," says Bales, a sociology professor at Roehampton University in London. "Slavery is theft of life. It's just about the most profound loss of human dignity that you can have, short of murder."

In the Brazilian Amazon, dos Reis watches police and labor inspectors talk to workers at the Transcmetá camp. He leans against a shack, exhausted. "I'm still not the man I used to be," dos Reis says, his bloodshot eyes watering from another day in the smoke and heat. "And I don't know if I ever will be." ♦

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For labor-related news, type NI LABOR <Go>.



Casilda Shapiama Martínez stands with a photo of her son **Ramón Pizango**, who died at the age of 22 after being enslaved in Peru.