



**May 2006**

**Information on Paraguay  
Compliance with ILO Convention No.29 on Forced Labour (ratified in 1967)**

**Forced labour of indigenous peoples in the Chaco, Paraguay**

**Background**

Much of the indigenous land in the Chaco was sold off to foreign speculators by the Paraguayan Government in 1885, obliging many indigenous people to become labourers on the estates. Today, indigenous groups suffer from high unemployment and most do not have access to their own land.<sup>1</sup>

Cattle ranches are the only real source of employment in the Chaco and offer temporary work (clearing undergrowth, repairing fences and harvesting crops) and permanent work (cutting down trees, tending livestock or looking after crops). Women are often employed as domestic workers on the ranch.

While conditions vary from one estate to another, many of these indigenous workers, particularly those in permanent positions, are in forced labour situations, primarily through debt bondage.

This has been documented in 1997<sup>2</sup> and research published by the ILO in 2005, and Anti-Slavery International in 2006, confirms that the practice continues today. It is estimated that some 8,000 indigenous people are directly involved in forced labour or at risk of becoming forced labourers.

**Forced labour practices in the Chaco**

The minimum wage varies with the size of the estate, despite the fact that workers on smaller estates tend to work just as hard as those on the larger ones. On estates with less

---

<sup>1</sup> Only 45% of indigenous communities in Paraguay have land despite the fact that it is guaranteed to them in the constitution (half of these have no land and the other half do not have the proper titles). However, even those with land lack the capital or access to loans to use it commercially or cannot live from it because their holding is too small, the land is infertile or there is no access to water sources. See Alvaro Bedoya Silva-Santisteban and Eduardo Bedoya Garland, *Servidumbre por Deudas y Marginación en el Chaco de Paraguay*, ILO, Geneva, July 2005, page 30.

<sup>2</sup> Stephen Kidd, *The working conditions of the Enxet indigenous people in the Chaco*. Printed in *Enslaved Peoples in the 1990s: Indigenous peoples, debt bondage and human rights*, Anti-Slavery International and IWGIA, Copenhagen, 1997.

than 4,000 head of cattle the minimum wage would be 14,885 guaraníes (US\$2.43) a day. For those with more than 4,000 head of cattle it is 20,486 guaraníes (US\$3.34) a day. In practice, indigenous workers receive far below the minimum wage. This is not a new phenomenon. Research carried out in 1994 found that 17 out of 22 estates were paying workers less than the minimum wage.<sup>3</sup>

Domestic workers often receive less than half of what men earn and can just receive a symbolic payment. The Labour Department confirmed to ILO researchers that it is common practice for women indigenous workers to provide free labour to the owner of the estate.<sup>4</sup>

Workers are supposed to receive their salary after one month, but the public prosecutor's office in Filadelfia noted that it is "normal" to find workers who have worked three or four months without receiving any payment.<sup>5</sup> During this time workers will buy food and other essential provisions at the estate shop where prices are inflated. This means that most, if not all, their salary will be used to pay off their outstanding debts at the estate shop and some will have an ongoing debt from one pay day to the next (see case studies below for more details).

The long working day, the distance of the estates from the nearest town, their lack of money to pay transportation costs and the fact that many workers only have half a day off a week or less, makes it impossible for them to get their provisions from alternative sources. In some cases there are direct restrictions on workers' freedom of movement. Anti-Slavery International carried out interviews with former estate workers in which several testified that they were not given any days off at all and had to ask permission to leave the estate. Another man said he was only allowed to leave the estate every 15 days and if he wanted to leave at any other time he had to ask the permission of the owner, who often refused such a request.<sup>6</sup>

ILO research showed that sugar, rice and other basic items sold in the estate store, which permanent workers should get free (Article 169 of the Paraguayan Labour Code), were being sold for between 14 to 81 per cent more than the price at the nearest urban settlements.<sup>7</sup>

Some workers receive *provista* (a basket of food and other basic goods like candles, soap and washing powder) as the main part of their pay. However, this is often filled with poor quality goods and/or charged at inflated prices. Some estates do not consider the

---

<sup>3</sup> Stephen Kidd, *op. cit.*, page 15. The conditions on the estates described by Kidd in his research in 1994 are practically the same as those that exist today, more than a decade later.

<sup>4</sup> Alvaro Bedoya Silva-Santisteban and Eduardo Bedoya Garland, *Servidumbre por Deudas y Marginación en el Chaco de Paraguay*, ILO, Geneva, July 2005, pages 16-17.

<sup>5</sup> Alvaro Bedoya Silva-Santisteban and Eduardo Bedoya Garland, *op. cit.*, page 20.

<sup>6</sup> Interviews carried out by Anti-Slavery International in the Chaco, 24 November 2005. The ILO research published in 2005 also notes the use of other mechanisms to ensure the economic dependence of workers such as preventing them from working on their own parcels of land or prohibiting visits from family members to the estate.

<sup>7</sup> Alvaro Bedoya Silva-Santisteban and Eduardo Bedoya Garland, *op. cit.*, pages 17-18.

number of children that the family has to feed when giving the *provista*. In both cases workers have to buy more goods at the estate shop and become further indebted. The books of one estate showed that indigenous workers were receiving up to 53 per cent of their salaries in kind.<sup>8</sup>

The high illiteracy rate amongst indigenous people and the fact that only a fraction speak Spanish makes it easier for them to be deceived regarding the value of goods provided to them and the exact nature of their debt.

The combination of paying salaries below the minimum wage, overpricing goods in the estate shop, and providing a large part of their salaries via inadequate *provistas*, leaves indigenous workers with little or no money or indebted to the estate. Long working hours, little or no holidays and other limits on leaving the estates, restricts workers options as they do not have the time to travel to buy goods at the nearest town at cheaper prices or look for work elsewhere. This system maximises the profits for the estate and ensures that they have a cheap and secure labour supply without the need for violence.

The ILO research estimates that 8,000 indigenous people are directly involved in forced labour or at risk of becoming forced labourers. The estimate is based on the fact that some 10 per cent of indigenous families receive the *provista* (figures from the national census of 2002).<sup>9</sup>

#### ***Case study No.1 - forced labour in the Chaco<sup>10</sup>***

Juana (not her real name) worked for 10 years on one cattle ranch doing the cooking, cleaning and laundry for the 40 workers on the estate. She also did the domestic work at the house of the ranch owner and milked the cows. She was recruited from the community and worked from 2.00am to 5.00pm every day for which she earned 4,000 guaraníes (US\$0.65) a month, but she was only paid every three months and was left with very little after she had paid off her debts at the store.

The nearest town was 15 km away, but she could not leave the estate as there was no one else to do her work and she was not given any days off. This meant that she did not have the opportunity to try and find another job. She was sexually abused while working on the estate, but did not know how or where to report this.

Another member of the same community confirmed that the vast majority of the estates continued to use similar systems and that he only knew of one estate out of 20 in the surrounding area that treated the workers well. He said that despite the risks around six men had left the community in 2005 to work on the estates because of the lack of alternatives. Hunting is the only other means of survival, but the estate owners do not give permission to hunt and some times of the year are not good for hunting.

#### ***Case study No. 2 - forced labour in the Chaco<sup>11</sup>***

---

<sup>8</sup> Alvaro Bedoya Silva-Santisteban and Eduardo Bedoya Garland, *op. cit.* pages 17-18.

<sup>9</sup> Alvaro Bedoya Silva-Santisteban and Eduardo Bedoya Garland, *op. cit.* pages 22-23.

<sup>10</sup> Interviews carried out by Anti-Slavery International in the Chaco, 24 November 2005.

Emilio (not his real name) worked for more than 15 years on an estate and never received a salary, just food, clothes and basic goods in exchange for his labour. He worked every day from around 5.00am to 5.00pm and there were no days off. Although he was free to leave the estate it was around 15 km to the next town.

There were about 50 workers on the estate and although there was no physical violence Emilio said the workers were treated badly, including not paying family members for the work they did on the estate. Emilio continued to work on the estate because he was there with a group of relatives and they wanted to stay together. He finally left in 1999 because the owner made it difficult for him to leave and visit other members of his family. He said the estate continued to use the same system and other estates exploited workers in similar ways.

### **The failure of existing labour legislation**

The National Constitution prohibits slavery, servitude and trafficking in persons (Article 10) and Article 47 of the Labour Code states that a contract will be void when it fixes a salary under the minimum wage or if it involves direct or indirect obligations to buy goods or food from shops, businesses or a place determined by the employer.

Articles 231 and 176 of the Labour Code state that only 30 per cent of wages can be paid in kind and the value of these goods must be the same as those at the nearest urban settlement. ILO research and interviews carried out by Anti-Slavery International show that these provisions are not being enforced in practice.

The vulnerability of the indigenous community to forced labour and exploitation is exacerbated by the fact that there is no active trade union to defend their interests and individuals can easily be blacklisted as estate owners normally ask for a reference from a previous employer. Retribution for challenging injustice may fall on an indigenous group as a whole and not just on the worker involved.

Individuals interviewed in November 2005 noted that there are less indigenous people working on some estates now because they are seen as trouble makers due to the legal action that has been taken to try and reclaim their land.

The Indigenous Census of 2002 showed that in the Departments of Boquerón and Presidente Hayes, less than 50 per cent of indigenous people would feel comfortable reporting an issue to the local authorities including the police and public prosecutor.<sup>11</sup> However, even where individuals are committed to using the existing legal provisions to access their rights, there are significant obstacles which stand in their way.

The Ministry of Labour and the National Institute for the Indigenous (INDI) do not have a single office in Chaco or the three departments west of the Rio Paraguay, nor are there any labour judges in the area. This means that even if indigenous workers know their

---

<sup>11</sup> Interviews carried out by Anti-Slavery International in the Chaco, 24 November 2005.

<sup>12</sup> Alvaro Bedoya Silva-Santisteban and Eduardo Bedoya Garland, *op. cit.* page 8.

rights and are willing to fight for them, they still need to find the money to travel to Asunción to seek advice and try and resolve their problems.

Article 408 stipulates that the labour laws must be applied through inspection services, but there are no labour inspectors in the Chaco. There is insufficient monitoring by the government to identify and prosecute breaches of the labour code with inspectors waiting for complaints to be made before acting. A labour judge confirmed that “the authority of the Ministry of Labour is totally absent; they are at the mercy of their employers.”<sup>13</sup> Even when inspectors were sent to the region to investigate they were refused access to some estates, which they cannot enter without judicial authority. Anti-Slavery is not aware of any prosecution having taken place against employers who are using forced labour on their estates.

## **Conclusions**

The Government of Paraguay is engaged with this issue. In March 2005, the Ministry of Justice and Labour (Ministerio de Justicia y Trabajo) held three separate workshops, for trade unions, employers and state officials, to share and discuss the findings of the ILO research. One of the conclusions from these workshops was that the Ministry should open an office in the Chaco where people can go for assistance. The Ministry aims to set this up in 2006 and is seeking an appropriate office in the region and funding from the national budget for an employee.

The Government also intends to print the ILO report and make it available in both Spanish and Guaraní in order to raise awareness of forced labour among the general public. It also wants to form a tripartite commission to take the issue forward.

These are welcome proposals, but further action is required. The Government needs to establish its presence throughout the region and ensure that the provisions of the Labour Code are fully implemented. An office in Chaco would be a first step, but they also need to train inspectors to identify and deal with forced labour situations and provide them with adequate resources so that they can actively monitor the situation on the estates and bring forward prosecutions. Article 25 of ILO Convention No.29, which Paraguay ratified in 1967, stresses that penalties imposed by law must be adequate and strictly enforced and this is currently not the case.

The Government should also ensure that all workers receive the minimum wage and should remove the current anomaly whereby workers on smaller estates can be paid a lower amount. Where forced labour is used or minimum wages have not been paid, workers should receive compensation. There is also a need for further research into the extent of forced labour in other areas of Paraguay, including along the border between Paraguay and Brazil.

Finally, measures need to be taken to reverse the social and economic marginalisation of the indigenous communities (illiteracy rates in the indigenous population are over 50 per

---

<sup>13</sup> Alvaro Bedoya Silva-Santisteban and Eduardo Bedoya Garland, *op.cit.*, page 30.

cent, compared with the national average of just seven per cent). This should include the provision of better education, health care and sustainable alternative sources of income, including access to land and credit. The decision of the Inter-American Court of Human Rights in the case of the Yakye Axa community (17 June 2005) clearly outlines the Government's obligations towards indigenous peoples in Paraguay. The Court ordered the Government to return the traditional land of the Yakye Axa community to them within three years; to create a fund to finance development projects for the community; and to provide the community with assistance until the land is returned to them including, food, medical assistance and education.<sup>14</sup>

The Government's plan to establish a tripartite committee, with other appropriate members of civil society, would provide a suitable forum for developing an Action Plan to Eradicate Forced Labour which could include these and other measures.

---

<sup>14</sup> For full details of the Court's decision see: [http://www.corteidh.or.cr/seriecpdf/seriec\\_125\\_esp.pdf](http://www.corteidh.or.cr/seriecpdf/seriec_125_esp.pdf)