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Risk Analysis of Indicators of Forced Labor and Human Trafficking in Illegal Gold Mining in Peru



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Executive Summary

Verité carried out desk and field research on forced labor and human trafficking in illegal gold mining in Peru from August 2012 through January 2013 with the support of Humanity United. In August, Verité conducted desk research, a mapping of production areas and the supply chain of Peruvian gold, and expert consultations in order to prepare for field research. During September 2012, Verité carried out expert consultations in Lima and expert and worker interviews in the Departments of Madre de Dios, Cusco, and Puno. During January 2013, Verité carried out field research in the Department of Arequipa and additional expert consultations in Lima. In total, Verité interviewed 33 experts (representatives of NGOs, government, and academia), 95 workers directly involved in gold mining, and 79 other individuals (labor intermediaries,[1] an employer, gold buyers, gold processors, jewelry sellers, independent gold producers, cooperative members, union representatives, sex workers, worker transporters, child mechanics, cooks, and a teacher).[2] Verité analyzed the findings in accordance with the International Labour Organization's (ILO) guidance on indicators of forced labor, as well as the United Nations' *Protocol to Prevent, Suppress and Punish Trafficking in Persons Especially Women and Children*, and drafted this report in January 2013.

Verité's research indicates that Peru is one of the world's largest producers and exporters of gold. Verité's research also suggests that over 20 percent of Peru's gold is produced illegally, and that indicators of vulnerability to forced labor are present in the illegal mining sector. Verité found evidence that illegal gold is often "laundered," after which it makes its way into Peru's exports and the global supply chain. Although there are few official statistics on the amount of illegally produced gold that makes its way into global markets, Verité found cases in which gold exported to Switzerland could be traced back to areas in which the vast majority of gold is produced illegally and/or in which indicators of vulnerability to forced labor and human trafficking were present. In addition to using a large amount of gold in its banking sector, Switzerland is a global clearinghouse for gold, with much of the gold it imports eventually making its way into gold bullion, jewelry, watches, and electronics that end up in the hands of consumers in countries around the world.

During research on forced labor in illegal gold mining in Peru, Verité found a number of indicators of vulnerability to forced labor in the Departments of Madre de Dios, Cusco, Puno, and Arequipa. Verité also collected some data on child labor, health and safety, and sex trafficking during research activities, although these issues were not the focal points of the research. Verité's research was qualitative in nature and sought to determine which indicators of forced labor could be found in gold production in a variety of Departments in Peru rather than making a determination of whether there was a significant incidence of forced labor in Peruvian gold mining or in Peru as a whole. Therefore, this study cannot claim to be statistically representative on a national or sectoral level.

Worker interviews carried out by Verité and complimented by desk research and interviews with experts and other actors suggest the presence of a variety of indicators of forced labor in

[1] Verité uses the term "labor intermediary" as a catch-all term for employers' agents' many functions, including recruitment, contracting, and sometimes supervision of workers. This term also encompasses various terms used in Spanish, including *reclutador, contratista,* and *intermediario.*

[2] The names of all research subjects have been changed and all details that would allow for their identification have been removed in order to protect their identities.

the Departments under study. While the largest number of indicators was found in Madre de Dios, a smaller number was found in the other Departments under study. For details on the indicators of unfree recruitment, work and life under duress, and impossibility of leaving employers found in the Departments under study, see *Appendix 1: Presence of ILO Indicators of Forced Labor.*

In **Madre de Dios**, Peru's largest producer of illegally mined gold, Verité conducted field research, including expert and worker interviews, in Puerto Maldonado, Kilometro 108, Guacamayo, Delta 1, Huepetuhe, and Mazuko. In Madre de Dios, Verité detected the largest number of indicators of unfree recruitment, work and life under duress, and impossibility of leaving employers. Interviews with workers and worker advocates suggested that conditions were even worse deeper in the jungle and in protected areas that researchers were unable to access due to their remoteness and the increased level of danger in these areas. Verité also found evidence of child and juvenile labor in peripheral services, serious risks to worker health and safety, severe environmental damage, indications of sex trafficking of adults and minors, and the "laundering" of illegally produced gold to facilitate exportation.

In **Cusco**, which is an important gold producer and a sending region for migrant workers to both Madre de Dios and La Rinconada, Verité conducted expert consultations and worker interviews in the city of Cusco and the towns of Ocongate and Ccatca, as well as in small-scale mines outside of these towns. The interviews sought information about working conditions in gold mining in Cusco, as well as workers' experiences in Madre de Dios and La Rinconada. Although workers employed in mines in Cusco generally faced fewer vulnerabilities to forced labor than in Madre de Dios, workers reported that criminal gangs directed by Chinese, South Korean, and Colombian nationals were involved in exploiting Ecuadorians and Peruvians in gold mines in Cusco. Verité also found some indicators of forced labor among self-employed gold producers in Cusco who had to keep working to pay off money lenders with a percentage of the gold that they found and who also faced serious threats to their health and safety. Additionally, research suggested that poor residents of Cusco are vulnerable to becoming victims of human trafficking for labor and sexual exploitation in Madre de Dios and La Rinconada.

In **Puno**, the second largest producer of illegally mined gold, Verité conducted interviews with workers, labor intermediaries, cooperative members, worker transporters, and gold buyers, among others, in and around the cities of Juliaca, Puno, Ananea, and La Rinconada. Verité found ample evidence of an employment system (*cachoreo)* in La Rinconada that made workers vulnerable to forced labor linked to payment in kind. Under this system, workers had to work for no pay for their recruiters (cooperative members) for a certain amount of time before they could extract gold for themselves, with this gold serving as their payment. Workers reported that in some cases, they extracted little to no gold during the days when they were extracting gold for themselves, in which case they had to borrow money to make it through till the next payment. In addition, workers faced a variety of health and safety risks, and all of the residents of La Rinconada faced exposure to mercury, which makes its way into the air and drinking water.

Arequipa is Peru's fourth largest producer of gold and a major hub for the processing of illegally-mined gold. Verité interviewed government representatives, a lawyer specialized in mining law, workers, gold buyers, gold processors, independent gold producers, union representatives, and worker transporters in the city of Arequipa and in and around Chala and Atíco. In general, Verité detected fewer indicators of vulnerability to forced labor, but there were some findings of concern, including a system under which workers are hired under 30-day "contracts" and employer deductions from workers' wages for overpriced merchandise in company stores.

Verité received reports of female workers being subjected to sexual threats and violence. Additionally, Verité found indicators of vulnerability to forced labor among workers subcontracted by labor intermediaries to work in formal mines in Arequipa, which was not the case in other Departments under study. Research indicates that self-employed miners' vulnerability to exploitation was increased by deceptive mineral processing companies that cheated them when buying their gold and a law requiring miners to obtain the consent of mining concession owners in order to become formalized. In order to obtain this consent, self-employed miners pay off concession owners and subsequently fall into debt. Verité also found evidence of child labor and poor health and safety conditions in Arequipa.

Finally, Verité collected information to shed light on the paths by which gold produced illegally and/or under conditions that create worker vulnerability to forced labor is exported. In Lima, Verité carried out expert interviews with NGOs, academics, and jewelry manufacturers, in which the export of illegal gold via jewelry manufacturing was discussed. Through desk and field research, Verité also found evidence of a variety of mechanisms for "laundering" and exporting illegally produced gold in all of the Departments under study, from small informal gold buying and selling operations to large formal businesses with hundreds of millions of dollars in illegal gold exports. This suggests that billions of dollars of Peruvian gold produced illegally and/or under conditions that create worker vulnerability to forced labor is making its way into major consumer markets around the globe.

The government of Peru has shown an increased awareness of the problem of forced labor in gold mining and an increased willingness to combat it, and corporate social responsibility (CSR) initiatives have recently adopted new standards to improve conditions in gold mining. However, the Government should take certain steps to ensure that their efforts to combat labor exploitation in gold mining are successful, and the government of the United States and buyers and corporations that use gold in their supply chains should take efforts to ensure that gold produced under exploitative conditions does not makes its way into the hands of consumers.

Verité recommends that the government of Peru:

- adopt and implement all of the recommendations of the *Defensoria del Pueblo* to combat illegal mining;
- coordinate efforts among multi-agency commissions to combat illegal mining, forced labor, and human trafficking;
- adopt, adequately fund, and implement the Ministry of Labor's 2013-2017 National Plan to Combat Forced Labor;
- and increase the capacity of the labor inspectorate and other institutions to detect, report, remediate, and prosecute cases of forced labor and other forms of exploitation in gold mining and to protect and rehabilitate victims.

The government of the United States should:

- draft legislation requiring that companies disclose whether gold in their supply chains is linked to forced labor or human trafficking;
- take actions to prevent gold produced illegally from being imported into the United States and prosecute individuals and companies that launder gold;
- and continue to fund projects to combat labor exploitation in Peru.

Finally, buyers and corporations should:

- sign onto and comply with CSR standards related to gold mining;
- increase purchases of fair trade and fairmined gold;
- and implement improved mechanisms to responsibly source gold and to ensure that gold produced illegally and/or under conditions conducive to forced labor does not make it into their supply chains.

Map of Peru and Departments under Study



Picture 1 – Map of Peru – Nations Online Project. *Peru Administrative Map. http://www.nationsonline.org/maps/peru-administrative-map.jpg*

List and Description of Common Terms and Acronyms

Accopiadores: Middlemen who buy gold and sell it to others for a higher price.

Alluvial Mining: A process by which gold is extracted from water. This can include gold panning, sluicing, and dredging.

Artisanal Mining: Very small-scale mining that uses primitive techniques. In Peru, artisanal mines are mines that comprise less than 1,000 hectares and have a production capacity of less than 25 metric tons per day.

ASM: Artisanal and small-scale mining

Buzos: Divers employed in alluvial mining who go underwater with hoses to create holes in the earth and flood them with water, so that gold-bearing particles of sand can be sucked up by *motores* (pumps).

Indocumentados: Peruvians who lack a National Identity Document (DNI), generally because they never obtained a birth certificate or because they are criminals running from the law.

Cachoreo**:** A payment system used in La Rinconada, Puno, under which "cooperative" members recruit workers to work for no pay for a certain amount of time before they can extract gold for themselves.

Carreteros: Unskilled workers who are hired to transport rocks and dirt in wheelbarrows or on their backs.

CSR: Corporate Social Responsibility

Facturadores**:** Intermediaries who facilitate gold laundering by providing fraudulent receipts for gold produced by informal and illegal gold miners.

Hard-Rock Mining: A process whereby gold is extracted from rock, which can be done in large open-pit mining or in tunnels that are dug into rock faces.

Macheteros: Unskilled workers, including children and adolescents, who are employed to clear trees in Madre de Dios.

Maraqueros: Semi-skilled workers employed in alluvial mining who operate the pumps that mix mercury with water in order to cause the microscopic gold particles to condense into globules and then sort through the mercury covered particles with their bare hands to pick out the gold.

PPE: Personal Protective Equipment.

Quimbalete: An artisanal gold processing method using rock basins and mercury.

Sociedad Anónima Cerrada (SAC): "Closed anonymous association," a common business classification in Latin America in which the owners of a business are not disclosed.

Research Methodology

Verité carried out qualitative research from August 2012 through January 2013 to assess the risk of forced labor in illegal gold mining in Peru. The following section will cover the composition of the research team, the timing and geography of research, the interviews carried out, and the methodology applied to data analysis.

Research Team

The research team was comprised of Verité's male Research Program Manager and the female Director of REACH (Research, Education, Action, CHange), both of whom are bilingual and had previously conducted research on forced labor in the Americas. For research in Madre de Dios, Verité contracted a local researcher with a wealth of experience on labor issues in the region.

Research Timing and Locales

Verité carried out research in two phases, the first lasting from August through September 2012 and the second during January 2013. In August 2012, in preparation for field research, Verité conducted desk research, a mapping of production areas and the supply chain of Peruvian gold, and expert consultations over the phone. During September, field research was carried out in Peru. Based on preliminary research, Verité chose to conduct expert consultations in Lima and to focus its field research activities on the Departments of Madre de Dios (where the largest amount of illegal gold production takes place) and Cusco and Puno (major areas of illegal gold production and the primary sending regions for workers employed in illegal gold production in Madre de Dios).



Field research began with expert consultations in Lima, in which Verité interviewed experts from NGOs and academia. These interviews provided Verité with a better understanding of the major issues present in the gold mining sector, the supply chain, and the areas in which indicators of forced labor were most likely present. This helped Verité to map out the main areas of illegal gold production in which there was the highest risk of forced labor and human trafficking. The interviews also provided Verité with information about the mechanisms used to entrap workers in forced labor, allowing Verité to adapt its *Interview Questionnaire* to the context of illegal mining in Peru (see *Appendix 2*: *Sample Interview Questions*).

Picture 2 – Driving through a River to Delta 1, Madre de Dios

The researchers carried out in-depth field research in the Department of Madre de Dios, one of Peru's largest Departments and the center of illegal gold mining. The research team visited a number of mines and mining camps located within the Amazon jungle, as well as the Departmental capital of Puerto Maldonado, where researchers carried out interviews with workers, employers, labor intermediaries, victims of sex trafficking, worker transporters, gold sellers, labor inspectors, and a local CSR expert.

During research in Madre de Dios, Verité informants reported that the Departments of Cusco and Puno were the two main sending regions of migrant workers employed in illegal gold mining

in Madre de Dios and La Rinconada, Puno. Verité carried out worker and expert interviews in two sending communities in the Department of Cusco, during which it was discovered that there were also artisanal and illegal mines in Cusco. The researchers visited three small-scale gold mines where self-employed workers mined gold and obtained information about an area in which armed Chinese, Colombian, and Korean nationals were reportedly exploiting workers, some of whom were Ecuadorians. Finally, Verité carried out expert consultations in the capital city of Cusco with high-level government officials.

Researchers then traveled to the Department of Puno, which is both a major sending region for migrant workers and the second biggest source of illegally mined gold in Peru.[1] The researchers interviewed returned migrant workers in the cities of Juliaca and Puno and outlying rural communities and traveled to the mining communities of Ananea and La Rinconada, located at approximately 17,000 feet (5,181.6 meters) above sea level, making it the highest city in the world. In La Rinconada, the researchers carried out interviews with cooperative members and labor intermediaries.

Verité decided to engage in a second phase of research, beginning in January 2013, in order to investigate conditions in the Department of Arequipa, a leading region for formal and informal gold production and processing, and to obtain more information about gold jewelry manufacturing and gold laundering. Worker interviews were carried out in the city of Arequipa and in the Districts of Chala and Atico, major informal gold producing and processing areas bordering the ocean. In these areas, Verité was also able to talk to self-employed miners, union representatives, gold buyers, and representatives of gold processing plants.

Finally, Verité researchers returned to Lima to research gold jewelry production, to obtain information about the laundering and export of illegally produced gold, and to share its findings, solicit input, and encourage action among local stakeholders.

Interviews

During the course of Verité's research activities in Peru, Verité interviewed a total of 207 people: 33 experts, 95 workers, and 79 other actors. Among the experts interviewed were 18 NGO representatives, 11 representatives of government agencies, two academics, a CSR specialist, and a lawyer specialized in miners' rights. The 95 workers interviewed included both current and returned workers who had worked directly in the gold supply chain in the Departments of Madre de Dios, Cusco, Puno, Arequipa, and Lima in a variety of types of employment. In addition to experts and workers, Verité interviewed five labor intermediaries, one employer, nine gold buyers, 27 self-employed miners, three cooperative members, two union representatives, six sex workers, seven worker transporters, three child mechanics, six cooks, and a schoolteacher. The tables below provide a detailed description of the number of interviews, the categories of interviewees, and the location of interviews.

Table 1: Summary of Expert Interviews		
Number of Interviewees	**Category of Interviewees**	**Location of Interviews**
17	NGO	Lima
1	NGO	Ocongate, Cusco
1	Academia	Lima
1	Academia	Iquitos (phone interview)
4	Government	Cusco
2	Government	Huepetuhe, Madre de Dios
1	Government	Puerto Maldonado
1	Government	Arequipa
3	Government	Chala, Arequipa
1	CSR Specialist	Puerto Maldonado
1	Miners' Lawyer	Chala, Arequipa
33 in Total		

Table 2: Summary of Worker Interviews		
Number of Interviewees	**Category of Interviewees**	**Location of Interviews**
10	Workers	Guacamayo, Madre de Dios
9	Workers	Delta 1, Madre de Dios
3	Workers	Huepetuhe, Madre de Dios
13	Workers	Ocongate, Cusco
5	Workers	Ccatca, Cusco
5	Workers	Cusco
1	Workers	Juliaca, Puno
2	Workers	Puno
1	Workers	La Rinconada
24	Workers	Arequipa
15	Workers	Chala, Arequipa
4	Workers	Atico, Arequipa
3	Workers	Lima
95 in Total		

Table 3: Summary of Other Interviews		
Number of Interviewees	**Category of Interviewees**	**Location of Interviews**
2	Labor Intermediaries	Mazuko, Madre de Dios
3	Labor Intermediaries	La Rinconada
1	Employer	Guacamayo, Madre de Dios
1	Gold Buyers	Guacamayo, Madre de Dios
1	Gold Buyers	Delta 1, Madre de Dios
1	Gold Buyers	Mazuko, Madre de Dios
1	Gold Buyers	Ocongate, Cusco
1	Gold Buyers	La Rinconada
4	Gold Buyers	Chala, Arequipa
4	Gold Processors	Chala, Arequipa
4	Jewelry Sellers	Lima
8	Self-Employed Miners	Ocongate, Cusco
7	Self-Employed Miners	Arequipa
12	Self-Employed Miners	Chala, Arequipa

Table 3: Summary of Other Interviews (continued)		
Number of Interviewees	**Category of Interviewees**	**Location of Interviews**
3	Cooperative Members	La Rinconada
2	Union Representatives	Chala, Arequipa
4	Sex Workers	Delta 1, Madre de Dios
2	Sex Workers	Huepetuhe, Madre de Dios
1	Worker Transporters	Guacamayo, Madre de Dios
1	Worker Transporters	Delta 1, Madre de Dios
1	Worker Transporters	Ocongate, Cusco
1	Worker Transporters	Puno
1	Worker Transporters	Arequipa
2	Worker Transporters	Chala, Arequipa
3	Child Mechanics	Puerto Maldonado
1	Cook	Guacamayo, Madre de Dios
5	Cooks	Arequipa
1	Schoolteacher	Delta 1
79 in Total		

It should be noted that the research was qualitative in nature and sought to uncover information about the presence of indicators of forced labor in specific regions as opposed to making a determination of the scale of forced labor in the gold sector at a national level. While workers from a wide variety of regions and employed in a variety of locales and positions were interviewed, the sample cannot be said to be statistically representative at a national or sectoral level.

Data Analysis

Verité bases its definition of forced labor on the ILO's 2005 guidance on "Identifying forced labor in practice." In order for forced labor to exist, there must be lack of consent (the pathway into forced labor) and menace of penalty (the factors that hold people in forced labor).[2] In the *Findings* section, Verité has provided basic information about indicators of forced labor encountered in Madre de Dios, Cusco, Puno, and Arequipa. In *Appendix 2: Presence of ILO Indicators of Forced Labor*, Verité provides a chart of a broader spectrum of indicators of forced labor found throughout Peru, based on the ILO's 2011 publication, *Hard to See, Harder to Count: Survey Guidelines to Estimate Forced Labor of Adults and Children,* which breaks down indicators of forced labor into indicators of unfree recruitment, work and life under duress, and impossibility of leaving employers.

Box 1: Identifying forced labour in practice

Lack of consent to work (the "route into" forced labour)	Menace of a penalty (the means of keeping someone in forced labour)
• Birth/descent into "slave" or bonded status	• Physical violence against worker or family or close associates
• Physical abduction or kidnapping	• Sexual violence
• Sale of person into the ownership of another	• (Threat of) supernatural retaliation
• Physical confinement in the work location – in prison or in private detention	• Imprisonment or other physical confinement
• Psychological compulsion, i.e. an order to work, backed up by a credible threat of a penalty for non-compliance	• Financial penalties
• Induced indebtedness (by falsification of accounts, inflated prices, reduced value of goods or services produced, excessive interest charges, etc.)	• Denunciation to authorities (police, immigration, etc.) and deportation
• Deception or false promises about types and terms of work	• Exclusion from future employment
• Withholding and non-payment of wages	• Exclusion from community and social life
• Retention of identity documents or other valuable personal possessions	• Removal of rights or privileges
	• Deprivation of food, shelter or other necessities
	• Shift to even worse working conditions
	• Loss of social status

Verité based its assessment of the existence of both labor and sex trafficking on the 2000 UN *Protocol to Prevent, Suppress and Punish Trafficking in Persons Especially Women and Children*, also known as the *Palermo Protocol*. This protocol contains the internationally recognized definition of human trafficking, which is defined as "the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude or the removal of organs."[3]

Background

This section contains background information on global gold production, gold production in Peru, problems related to illegal gold mining in Peru, and government and CSR efforts to combat these problems. The first section covers the global supply chain and economics of gold production. The second section covers gold production in Peru, Peru's gold exports, and artisanal, informal, and illegal gold mining in Peru. The third section provides information on problems related to illegal gold mining in Peru, including forced labor and human trafficking, child labor, dangers to workers' health and safety, environmental damage, and gold laundering and exportation of illegally produced gold from Peru. The last two sections cover government efforts to combat illegal mining, forced labor, and human trafficking; and CSR efforts to improve conditions in the gold supply chain.

Gold Production

Globally, gold is mined either though hard-rock or alluvial mining. In hard-rock mining, gold is extracted from rock, which can be done in large open-pit mining or in tunnels that are dug into rock faces. In alluvial mining, gold is extracted from water. This can be done through gold panning in rivers; sluicing, in which water is combined with gold-bearing materials (such as sand and dirt) and is channeled into boxes that sift and separate the gold from the material; and dredging, in which gold-laced sediment is sucked up from sediment in bodies of water.[4]



Picture 3 – Rock Containing Gold Deposits in Ocongate, Cusco

After the gold is mined, it must be separated from the material that bears it. In hard-rock mining, the rock is often ground into dust. The process for extracting the gold is then similar to alluvial mining. The gold can either be separated using gravity concentration or chemical processes. Both mercury and cyanide are used and these chemicals must then be burnt off. Following this process, gold can be mixed with other metals to create an alloy, which is sold to manufacturers and retailers and is used in consumer products.

While the majority of gold is used for jewelry, it is also essential for electronics such as cell phones and laptops due to its high conductivity. Some gold is also used in dentistry and medicine, as well as the banking sector.[5] In 2012, consumers possessed approximately 75 to 80 percent of the world's gold in 70,000 to 80,000 tons of jewelry, as well as other consumer goods, coins, and gold bullion. As of 2000, approximately 20 to 25 percent of the world's gold was held as bullion by central banks, which held about 30,000 tons of bullion, including 8,139 by the United States, 3,469 by Germany, 3,217 by the IMF, 3,025 by France, and 2,590 by Switzerland.[6]

Much of the world's gold mining is carried out by large, multinational companies that use advanced technology to extract gold in large-scale mines. In 2009, it was reported that open-pit mining controlled by large multi-national companies comprised 75 percent of the world's gold production. However, huge amounts of gold are produced in informal mines using artisanal mining techniques in both hard-rock and alluvial mining. The United Nations reported in 2009 that artisanal mining directly and indirectly employed a total of 100 million people, including 10-15 million miners around the word and produced 25 percent of the world's gold.[7]

Generally, artisanal/informal gold mining is a more dangerous and lower-paid occupation than mining in large, formalized mines. This is due to a lack of technology or formalized structures of accountability. For example, workers who engage in hard-rock mining work in tunnels dug without the assistance of engineers and lack bracing or safety equipment. In alluvial mining, workers face a high degree of risk of drowning and exposure to chemicals. In gold processing, many workers face exposure to mercury, both in liquid and gas forms (when burned off), without the benefit of any personal protective equipment (PPE).[8] Estimates from 2006 indicate that artisanal gold mining released about a third of the world's mercury emissions.[9]

In cases where mines operate in protected areas and/or fail to comply with environmental, tax, and labor law, they can be classified as informal mines. They generally lack permits, do not pay taxes, lack environmental impact analyses, and have lower employment and labor standards. These mines are not necessarily small, and can operate with international capital, with profits that can run into the billions. Precisely because these mines operate outside of the purview of the state, the amount of gold that they produce often does not picture into international gold production calculations, so their scale may be extremely underestimated. Because these mines operate clandestinely and fail to abide by the law, the workers employed in these mines are generally poorer, more marginalized, and more vulnerable to extreme forms of labor exploitation, including forced labor and human trafficking.[10]

Economics of Gold Production



Picture 4 – Processed Pure Gold

Gold is an extremely rare commodity. According to a 2009 National Geographic article, "in all of history, only 161,000 tons of gold have been mined, barely enough to fill two Olympic-size swimming pools. More than half of that has been extracted in the past 50 years. Now the world's richest deposits are fast being depleted, and new discoveries are rare."[11] However, humans have always been drawn to gold jewelry, and the demand is increasing as people buy gold bullion as a safe haven in uncertain economic times and the need for gold for certain electronics continues to grow. Because of the high demand and low supply of gold, there has been a recent upsurge in its price.

The global price of gold increased by an average of 18 percent per year between 2000 and 2010, resulting in a total price increase of 360 percent over the past decade.[12] While an ounce of gold was worth USD 271 prior to the September 11, 2001 attacks in the U.S., following the attacks people turned to gold as a safe investment, due to widespread uncertainty surrounding stock market and currency stability, causing the price of an ounce of gold to rise to USD 1,023 in March 2008.[13] Since 2010, the price of gold has risen even higher, and in December 2012, it was valued at over 565 percent of its pre-September 11th price, at USD 1,770 per ounce. Some analysts project that it could go as high as USD 5,000 in the long-term.[14] These rising prices have created a modern-day gold rush that has placed workers around the world in a very vulnerable position.

As of 2007, the world's largest consumers of gold were India, China, and the United States. During that year, India consumed approximately 20 percent of gold worldwide (773.6 tons), followed by China (363.3 tons) and the U.S. (278.1 tons).[15]

However, it is important not to underestimate the importance of Switzerland in the global gold supply chain. The vast majority of the world's gold transits through Switzerland, which houses four of the world's most important gold refineries. In 2011, over 2,600 metric tons of raw gold valued at USD 103 billion was imported into Switzerland (more than double the imports from 2001). The U.S. Geological Survey reported that only 2,700 metric tons of gold were produced worldwide in 2011, meaning that up to 96 percent of the world's gold may go to Switzerland at one point or another.[16] Other estimates state that two-thirds of the world's gold travels through Switzerland before making its way to its final destination.[17] Some of this gold also remains in Switzerland, where it is used as gold bullion in Switzerland's immense banking industry, or in the manufacturing of jewelry, silverware, and watches, which constitute 1.8 percent of Switzerland's exports.[18] The Swiss government has taken steps to better regulate commodities trading, which surpassed the banking and tourism sectors to become Switzerland's primary source of revenue in 2010.[19]

Gold Production in Peru

Peru is a very important gold producing country on a global level. In 2012, it was reported that Peru produced 150 metric tons of gold, making it the largest gold producing country in Latin America and the sixth largest gold producer in the world, behind China, Australia, the United States, Russia, and South Africa. Peru also held 2,000 tons of gold reserves, and was home to Minera Yanachocha, which had three active open-pit mines, making it the largest gold producing company in Latin America.[20] But Peru also registers a huge amount of illegal gold production that does not picture into official estimates of gold production. In May 2012, Peru's Minister of Energy and Mines said that, taking into consideration the gold produced by illegal mines, Peru should be declared the fifth largest gold producer in the world.[21]

Mining dominates Peru and its economy. Fourteen percent of Peru's national territory has been designated to mining companies in the form of mining concessions, and illegal mining takes place on extensive stretches of land that are not included in official estimates.[22] Official statistics indicate that during the first half of 2012, the Department with the highest gold production was Cajamarca, which produced 28.97 million grams, followed by La Libertad (28.95 million grams), Madre de Dios (10.98 million grams.), Arequipa (9.44 million grams), Ayacucho (3.44 million grams), Moquegua (3.22 million grams), Áncash (2.24 million grams), Puno (2.18 million grams), and Cusco (1.42 million grams).[23]

In 2012, Peru received USD 53 billion in mining investments, but only three percent came from Peruvian companies, with the rest coming from foreign companies, mostly based in China, the United States, Canada, Australia, and Switzerland. In 2012, mining generated about 5.5 percent of Peru's Gross Domestic Product (GDP) and 30 percent of its tax revenue, and comprised 60 percent of its publically traded companies.[24] It has been reported that Peru has the largest undiscovered gold reserves of any country in the world. This means that Peru's current gold boom will likely last deep into the future. In 2011, it was reported that USD 50 billion of foreign investment was slated for Peru's mining sector over the next ten years.[25]

Peruvian Gold Exports

Mining is by far the biggest source of export revenue for Peru.[26] According to Peru's Tax Administration (SUNAT), revenue generated from Peru's mineral exports rose 23.4 percent from USD 21.9 billion in 2010 to USD 27.1 billion in 2011, representing 77 percent of Peru's export revenue from all sources. Gold comes a close second to copper as Peru's biggest export, generating USD 10.2 billion in revenue in 2011, up 31 percent from USD 7.7 billion in 2010.[27]

The largest importers of Peruvian exports in 2011 were China, Switzerland, the United States, and Canada. While China's biggest Peruvian import was copper, gold constituted the largest Peruvian import for Switzerland, the United States, and Canada. In 2011, Switzerland imported USD 5.8 billion worth of Peruvian gold, up 52 percent from 2010; Canada imported USD 2.1 billion, up 27 percent from 2010; and the United States imported USD 847 million, down 31 percent from 2010.[28] In 2010, Peru was the second largest supplier of gold to the United States, during which it supplied the U.S. with 29 percent of its gold imports.[29] Gold was Italy's second-largest import from Peru and Germany's eighth-largest import from Peru in 2011, during which Italy imported USD 289 million worth of gold and Germany imported USD 1.1 billion in gold.[30]

Artisanal, Informal, and Illegal Gold Mining in Peru

There is a great misunderstanding about the differences between artisanal, small-scale, informal, and illegal mining. The Peruvian Human Rights Ombudsman's Office, *La Defensoria del Pueblo* (Defender of the People), has been carrying out a project to assess government efforts to combat illegal mining. It has reported the following legal parameters for the size of mines: artisanal mines are those that hold concessions comprising less than 1,000 hectares and a production capacity of less than 25 metric tons per day (TMD); small-scale mines comprise up to 2,000 hectares and have a capacity of up to 350 TMD; medium-sized mines have a capacity of 350-5,000 TMD; and large-scale mines have a capacity of over 5,000 TMD.[31]

While medium-sized and large-scale mines generally operate legally and are thus considered formal, much of the artisanal and small-scale mining (ASM) is considered informal or illegal. For these mines to be considered legal/formal, they must have a title to the concession or an agreement with the concession owner, authorization to work the land, an approved environmental impact study, water rights, a certificate of non-existence of archaeological artifacts, authorization to carry out exploration and/or processing activities, and accreditation as a small-scale or artisanal miner, among others. [32]



Picture 5 – Artisanal Gold Mining in Arequipa –
Photograph provided by and used with the permission of Red Social

Miners who are operating on lands that are not protected are considered informal, but may temporarily continue to operate if they are in the process of formalization. During this interim period, informal miners must at least present a "declaration of commitment" to be able to continue mining, selling their gold, and buying explosives legally. However, the government reported that as of February 2013, it had only received 2,700 declarations of commitment and 40 environmental impact certificates (IGAC), a prerequisite to becoming formalized.[33] The government has set a number of deadlines by which informal miners must meet all legal requirements or be declared "illegal," at which point they will be susceptible to criminal charges and sanctions. The government has extended deadlines on several occasions due to widespread protests and threats of roadblocks. The last deadline was set for February 6, 2013 and was extended to October 2013 after threats of widespread protests and roadblocks.[34]

In 2013, *La Defensoria del* Pueblo reported that informal and illegal mining took place in 21 regions of Peru, directly employing 100,000 workers.[35] Other reports signal that in addition to these 100,000 people, informal/illegal mining indirectly employed another 500,000 people.[36] However, in November 2012, the regional director of the Ministry of Energy and Mines reported that there were between 70,000 and 80,000 informal miners in Arequipa alone who had taken some steps to become formal but had not yet formalized, with another 7,000 to 8,000 in Arequipa that had taken no steps to formalize.[37] When researchers visited the region in January 2013, local officials reported that only one small association of ASM miners had successfully formalized in the Department.

If the government holds firm on the latest deadline, miners who fail to meet these requirements will be considered criminals. This presents several problems. First, small-scale self-employed miners will be forced to make the difficult decision of becoming criminals or paying excessive up-front fees or commissions to concession owners to obtain their consent to continue mining on their lands. Secondly, mines that continue operating illegally will be doing so in blatant violation of the law and the workers who they employ will be carrying out illegal activities, forcing them further underground and making them more vulnerable to exploitation and less likely to report abuses committed against them.

While self-employed ASM miners interviewed by Verité spoke of the difficulty and expense of meeting the government's requirements, they reported that the main roadblock to formalization was obtaining permission from mining concession owners. This is very problematic because ASM miners have no leverage over the concession owners, many of whom only recently

obtained the concessions themselves, in some cases taking advantage of political connections, while the miners had been working the land for decades. Self-employed miners reported that there was no legal recourse if the owners failed to grant them permission or extorted them. Therefore, they either are not able to obtain their permission or are forced to pay the concession owners huge sums up front or a large percentage of the gold that they find (*regalías*). In Arequipa, the Ministry of Energy and Mines reported that only one small group of miners had been able to formalize and in order to do so had to borrow USD 100,000 from an unknown source to pay off the concession holder. Red Social (an NGO working in the area) reported cases in which workers had agreed to pay the concession holders *regalías* of up to 30 percent of the gold that they found in order to obtain their written consent. Some self-employed ASM miners are already vulnerable to debt bondage (as they borrow money and supplies to carry out their activities) and this additional debt makes them even more vulnerable.

As mentioned above, the law prohibits the sale of gold without a receipt, which is only provided to miners who have formalized or are in the process of formalizing. This makes it hard for workers who are paid in gold or poor artisanal miners who do not have the ability, resources, or knowledge necessary to formalize their activities to sell their gold. Workers who are paid in gold (which is especially prevalent in Madre de Dios and La Rinconada) have to sell their gold to *accopiadores* (middlemen) who pay them a lower price for their gold because they lack a receipt, thereby reducing their earnings. Self-employed artisanal miners who do not have receipts must sell their gold either to *accopiadores* or processing plants that pay them a lower price for their gold due to the lack of receipts. This further lowers the already meager earnings of workers and self-employed ASM miners.

Another issue is that the government is rationing gasoline in the mining areas of Madre de Dios to prevent the pumps and backhoes from working. While wealthy owners of large illegal mines easily buy black market gas at a higher cost, workers are faced with more sporadic work schedules (when no gas is available) and higher transportation costs. A round-trip from the city of Puerto Maldonado to a mining area three hours away can cost upwards of USD 100.



Picture 6 – Boat Transporting Illicit Gasoline to Delta 1, Madre de Dios

The authorities also raid mining camps and destroy the mines' pumps. While this has a negative impact on workers' ability to earn when the mines are shut down, mine owners are able to buy new pumps every few days without affecting their ability to operate because their profit margins are so large. Many times workers are forced to work all night instead of during the day in order to avoid getting caught up in raids. Some workers reported that they were made to smuggle contraband gas and dynamite into the mining camps (**engagement in illegal activities**), making them vulnerable to arrest.

Case Study – Impact of Government Regulations

Maria, who worked as a cook in a mining camp in Madre de Dios, was 31. She was promised over PEN 1,000 (USD 385) by her recruiter. However, she was only being paid PEN 550 (USD 212) per month, far below the minimum wage of PEN 750 (USD 289). Expert and worker interviews revealed that many women hired as "cooks" were required to provide miners with sexual services and she said that she was also required to smuggle dynamite and gas into the mining camp. She reported that one time she was caught with gas and had to pay a bribe to police to let her go, and another time she was caught with dynamite and allegedly beaten by a group of six police officers.

She said that although the new law makes life more difficult for workers and decreases their earnings, it was little more than an annoyance for the rich mine owners. She said that the owner of the concession was a Korean who operated the mine illegally and paid no taxes. The police came in every few days and destroyed the pumps, which cost PEN 16,000 (USD 6,125) each, but with gold prices at historic highs, the owner easily bought new pumps every couple of days or paid police USD 3,000 per pump so that they did not destroy them. They paid higher prices for black market gas and dynamite, "laundered" the gold, paid bribes to avoid any major issues, and still turned a huge profit.

Finally, mines operating on protected lands are automatically declared illegal, making workers employed in these areas more vulnerable to exploitation. On the highway heading from Puerto Maldonado to Cusco, the lands on the right-hand side are on non-protected areas and the lands on the left-hand side are protected. While the government is able to carry out operations and inspections on the non-protected lands, they fear doing so on the protected lands because the mines are operating in open violation of the law and they fear being met with gunfire. Workers interviewed reported that this results in an environment of lawlessness and more extreme forms of exploitation in these areas.

Problems Related to Illegal Gold Mining in Peru

According to *La Defensoria del Pueblo*, illegal mining presents a gambit of problems that are very difficult for the state to combat, including severe environmental damage, ungovernability in certain regions, social strife, violent conflicts, and the loss of human life. *La Defensoria* has also reported that illegal gold mining results in serious human rights violations and an overall breakdown of society, including the exploitation of children, alcoholism, and a lack of education, decent employment, and security. In addition, *La Defensoria* has asserted that illegal mining contributes to the corruption of government officials, human trafficking, laundering, and contraband, among other problems.[38] While this study is mainly focused on indicators of forced labor, Verité also researched other severe problems related to illegal gold mining in Peru,

including human trafficking, child labor, health and safety violations, environmental damage, and gold laundering.

Forced Labor and Human Trafficking

In 2012, Peru's Minister of Energy and Mines reported that half a million people in Peru depended on illegal mining for their employment; 100,000 illegal miners and an additional 400,000 workers employed in peripheral services that depended on illegal mining.[39] In its 2012 *List of Goods Produced by Child Labor or Forced Labor*, the U.S. Department of Labor indicated that in Peru, gold was produced with both child and forced labor.[40] The Peruvian Ministry of Labor reported that there were 48,000 forced laborers throughout the country and highlighted gold mining in Madre de Dios as one of the three sectors with the highest incidences of forced labor.[41]

In an interview with Verité, a high-level government official acknowledged that there was a high incidence of forced labor in illegal gold mining, especially in Madre de Dios; including a system of *habilitación-enganche* (a system in which debt bondage is achieved by providing workers with advances or start-up capital). He further reported that workers in the mining sector were employed under extremely dangerous conditions, including exposure to toxic substances and severe illnesses, and that women and children tended to be more vulnerable to exploitation. He lamented the lack of statistics or recent, in-depth studies specifically focused on forced labor in gold mining in Peru.

Peruvian media outlets, as well as the U.S. Department of State, have reported that criminal networks traffic minors into mining camps.[42] However, recent reports, as well as interviews with experts and workers, indicate that labor and sex trafficking are more commonly carried out by informal or family networks. In 2010, official statistics indicated that there were 1,600 victims of trafficking and police records indicate that there were 253 reports of trafficking, of which 176 (70 percent) were for labor trafficking and 6.5 percent occurred in artisanal mining. Of the 253 trafficking victims, 113 (47 percent) were male, of whom 95 percent were minors; and 140 (53 percent) were female, of whom 79 percent were minors. Forty-seven percent of the registered trafficking cases occurred in Lima, followed by 14 percent in Cusco and 11 percent in Madre de Dios. In 92 percent of the cases in Lima, the perpetrators were family members.[43]

In May 2011, at the invitation of the Peruvian government, the United Nations' Special Rapporteur on Contemporary Forms of Slavery carried out a mission focused on contemporary slavery in mining, logging, and domestic servitude. The Special Rapporteur reported that the rise in gold prices had caused migration from the Andean regions of Peru, as well as from Brazil and Bolivia, to Madre de Dios. She reported that men and adolescents were recruited to work in mining with deceit and in-kind and cash advances, which were deducted from their salaries, comprising a form of *enganche.* Workers reportedly labored under conditions that represented a threat to their health and safety, including exposure to mercury and tropical illnesses, inadequate food, and a lack of health care and social security. While the incidence of child labor had reportedly diminished, some children continued to work in mining where they were also exposed to similar dangers. Finally, the Special Rapporteur reported that females were vulnerable to sexual exploitation, including female cooks and women forced into prostitution in brothels in and around mining camps.[44]

In 2009, the International Organization for Migration (IOM) published a report focused on trafficking for labor exploitation in illegal logging and alluvial mining in Madre de Dios. The

research found that 90 percent of victims of labor trafficking in alluvial gold mining were males, including minors, who mostly hailed from the highlands Departments of Cusco, Puno, Arequipa, and Apurimac. Victims of trafficking were reportedly recruited by labor intermediaries (*enganchadores*), friends, family members, or advertisements and were deceived about the type of work that they would be carrying out and/or conditions under which they would be working. Some of these workers were reportedly told that their wages would be retained for their first 90 days of work. The IOM further reported that situations of debt bondage could be created when employers advanced money and overvalued goods to workers, the value of which was then deducted from workers pay. As some workers were paid in gold, they could be deceived about the weight and quality of gold with which they were paid.[45]

The IOM also reported that trafficking for sexual exploitation was an issue in and around gold mining camps. A representative of the IOM reported that many of the victims of sex trafficking in Peru were trafficked by their own family members to a level not seen in other countries. She highlighted the case of underage girls trafficked into gold mining camps in Madre de Dios, many of whom came from Cusco, Puno, Arequipa, and Ucayali.[46] In October 2011, the police announced that they had rescued 293 female victims of sex trafficking, including seven minors, in Madre de Dios.[47] Verité interviewed a Peruvian academic who carried out a year-long rigorous field study in 2011 on sex trafficking on the Ucayali River in the Peruvian Amazon. He found that many girls were trafficked along the river, most often to Madre de Dios, often by family members. The river serves as an ideal channel for trafficking, since thousands of people move along the river each day and there is only one maritime authority to police it.[48]



Picture 7 – Girls being transported on River in Madre de Dios

Child Labor

Child labor was also an issue in illegal gold mining. The ILO estimated that there were two million child laborers in Peru.[49] A 2001 ILO study found that child labor was an issue in artisanal gold mines throughout Peru, with children working both independently, as well as alongside their families. The study found a total of 61,082 child laborers in artisanal gold mining, including 26,264 in Puno, 25,992 in Madre de Dios, 7,488 in Nazca, and 1,338 in Pataz.[50] The ILO had previously noted that girls were increasingly participating in the extraction and transport of gold.[51]

According to the U.S. Department of State, child labor continued to be an issue in gold mining in 2010. Peruvian Ministry of Labor inspections detected 13 child laborers in 2010.[52] During that year, the ILO reported that approximately 50,000 child laborers and their families were exploited in abandoned, informal gold mines in Madre de Dios, Puno, Ayacucho, Arequipa, and La Libertad. Children as young as five reportedly worked alongside their mothers checking rocks for gold deposits while older children worked alongside their fathers inside the mines.[53]

According to the U.S. Department of Labor, children employed in the gold sector reportedly worked under dangerous conditions, including exposure to chemicals.[54] The ILO reported that work in the gold sector involved the use of mercury, carrying heavy loads, and a high risk of serious injury.[55] Due to the dangerous nature of work in the mining sector, the ILO has qualified any child labor in mining as a Worst Form of Child Labor. [56]

Health and Safety

According to the ILO, children, as well as adults, are exposed to a variety of dangers in artisanal mining, which it considered one of the activities that presented the greatest danger to children's physical and mental development. One of the many health and safety risks is loud noises created by perforation, explosions, grinding, and pumping. Vibration produces a risk to children's muscular and skeletal development. Exposure to sunlight for long periods of time puts both adults and children at risk to skin damage, dehydration, and severe sun burns that can result in death and cancer. Miners can also be exposed to extreme cold, putting them at risk of hypothermia and frostbite.[57]

Accidents are common in artisanal mining, due to the fact that the ASM is carried out without the benefit of modern technology or PPE and occurs outside of the purview of the law.[58] Additionally, precisely because illegal mines operate outside of the law, workers lack social security and health insurance and accidents are rarely reported. Therefore, many workers and their families receive no compensation if workers are injured or killed on the job. Workers interviewed by Verité reported a large number of fatal accidents, with some workers being buried in unmarked graves without any information or compensation being provided to their family members.



Picture 8 – Man Handling Mercury alongside Girl –
Photograph provided by and used with the permission of Red Social

Finally, exposure to cyanide and mercury used in gold processing presents a grave danger to workers and self-employed miners. Research indicates that in some formal processing plants, workers are also exposed to cyanide with minimal PPE and many workers are exposed to

mercury with little to no PPE in illegal mining. Mercury may be ingested (accidentally during work or when it contaminates water), absorbed through the skin (when it is handled with bare hands or miners have to swim in mercury contaminated water), or inhaled (when the mercury is burnt off of pieces of gold). This can result in inflammation of vital organs, the inability to urinate, shock, and death. It can also result in skin lesions, irritation to the lungs, difficulty breathing, and permanent damage to the nervous system.[59]

Environmental Damage

In addition to causing permanent damage to humans, mercury also causes permanent damage to the environment. Artisanal mining causes lasting damage to ecosystems. There has deservedly been a great deal of focus on large open-pit mines operated by multinational corporations and countries have begun to regulate these mines. Meanwhile, illegal mines continue to reap damage on vast stretches of land with much less regulation. Fortunately, the government has ramped up its efforts to combat environmental damage caused by illegal mining and international and Peruvian NGOs have drawn attention to this issue. Since other organizations have focused extensively on the environmental damage caused by artisanal mining, this report will only provide some background information on this important issue.

According to United Nations estimates, for every gram of gold produced, two to five grams of mercury are released into the environment.[60] According to SUNAT, Peruvian imports of mercury rose 42 percent between 2006 and 2009, and 95 percent of mercury imports were used in artisanal mining.[61] This mercury can find its way into waterways and drinking supplies, causing permanent damage to the major organs and nervous systems of humans and animals alike.[62]

In alluvial mining, huge swaths of forest are cleared and burnt and the land is flooded, turning lush tropical rainforests into deserts. In alluvial mining in Madre de Dios, it has been reported that workers have to dig up and sift through 30 tons of rock and sand to find about an ounce of gold (about the amount of gold needed to make a wedding band).[63] A Peruvian NGO study found that 34,785 hectares of forest had been lost just in La Pampa, a small part of the Tambopata Nature Reserve in Madre de Dios, between 2005 and 2011.[64] Another 2011 study found that deforestation in Madre de Dios was growing exponentially at a rate of 1,915 hectares per year, in direct correlation with rising gold prices.[65]



Picture 9 - Chemical Truck Driving Past Mercury-Filled Lake Over 4,000 Feet above Lake Titicaca

In hard-rock mining, whole mountains can be perforated, damaging ecosystems and risking collapse of mining shafts or even entire mountains.[66] In La Rinconada, workers have to remove over 250 tons of rock to find one ounce of gold. Experts have also reported that mercury used in

gold mining in La Rinconada and Ananea, high in the mountains, makes its way down to rivers and even Lake Titicaca, which is over a hundred miles away.[67] In addition, the lack of a sewage system or garbage dump means that human and material waste contaminate vast stretches of land surrounding La Rinconada.



Picture 10 – Desert in the Middle of the Amazon Jungle, Guacamayo

Gold Laundering and Exports of Illegally Produced Gold

Another issue related to illegal gold mining in Peru is the laundering of illegally produced gold. Verité's research indicates that a significant amount of the Peruvian gold that is produced illegally and/or under conditions conducive to forced labor and human trafficking makes its way into Peru's exports. Because informal and illegal gold miners fail to declare their profits and pay taxes, the State loses an estimated USD 450 million in tax revenue.[68] Because these mines do not officially declare their profits, it is also difficult to determine the exact amount of gold that they produce. Estimates from Peruvian experts indicate that 15 to 18 percent of all of Peru's gold is produced in informal gold mines.[69] Other estimates indicate that approximately 20 percent of Peru's gold comes from ASM mining.[70] Estimates of the percentage of gold produced illegally go as high as 97 percent in Madre de Dios, and there is a great deal of illegal gold production in the Departments of Cusco, Puno, and Arequipa as well.[71]

Under a 2010 law that seeks to combat illegal mining (mostly in order to protect the environment and generate tax revenue), the government is now prohibiting the sale and export of gold that lacks a "receipt," which is only given to companies that are operating legally or are in the process of formalizing. A small percentage of informal mines in Peru have met these requirements, so they generally lack receipts. Therefore, self-employed informal ASM miners as well as large, Illegal mines that employ hundreds or thousands of workers under exploitative conditions, have found a number of ways to sell their illegally-produced gold, which is then "laundered" and exported to countries around the globe.

According to an in-depth study released in 2012 by Marcoconsult, a private Peruvian research firm, approximately 1.6 million ounces of illegally produced gold worth USD 2.9 billion was exported from Peru in 2011, representing approximately 22 percent of Peru's gold exports.[72] The director of the study claimed that illegal gold exports superseded cocaine exports from Peru,[73] which surpassed Colombia as the world's biggest cocaine exporter in 2012.[74] The study found that of this USD 2.9 billion in gold exports, USD 1.1 billion came from Madre de Dios and the other USD 1.8 billion came from other Departments.[75] The study found that the majority of this illegally produced gold was exported by formal businesses that helped to launder it.[76] According to the Andean Community, Peru was the only one of the Andean countries registering "*exportaciones oro lavadero*," gold exports associated with illegal mining.[77]



Picture 11 – Gold Buyer in Delta 1

Verité's research found cases in which large, formal businesses were implicated in exporting well over a billion dollars in gold likely produced illegally to Switzerland, Peru's largest trading partner and the global transit point for the vast majority of the world's gold. While the two largest exporters of Peruvian goods to Switzerland are large foreign-based mining companies, the third and fourth largest exporters are Peruvian-based gold export companies that Verité found to have a high risk of forced labor in their supply chains. A Swiss NGO representative has suggested that the Swiss gold industry was very opaque. While financial traders who buy and sell gold are regulated by Swiss money laundering laws, gold refining companies that purchase raw gold and produce ingots are not. Switzerland does not publish statistics on the countries of origin of its gold imports, but other countries that carry out a large amount of gold refining, such as Canada, Great Britain, and Germany are reportedly even less transparent.[78]

In Lima, Verité carried out expert interviews with NGOs, academics, and jewelry manufacturers to gauge whether indicators of forced labor were present in the production of gold jewelry and to investigate gold laundering. While Verité's informal research did not detect indicators of forced labor, it did obtain information on channels by which illegally produced gold is exported from Peru. Verité's research in Lima determined that a large amount of gold produced illegally in Madre de Dios is being manufactured into gold jewelry in Lima. Interviews with workers and gold jewelry manufacturers and retailers in Lima indicated that the vast majority of gold that makes its way into the jewelry manufactured in Lima (reportedly up to 90 percent) comes from

Madre de Dios, where almost all of the gold is produced illegally and under a high risk of forced labor. While some of the manufacturers specialize in custom-made jewelry for domestic consumption, others manufacture jewelry for export. By far, the largest gold jewelry export is gold rope chains. Although recent statistics are hard to come by, individuals interviewed reported that exports had been growing since 1999, when Peru exported USD 36 million in gold rope chains to the United States, as well as small amounts to Switzerland and Canada. Manufacturers based in Lima also produce artisanal gold-plated jewelry, approximately USD 1 million of which was reportedly sold in tourist areas in 2000, primarily in Lima and Cusco.[79]



Picture 12 – Gold Rings Made with Gold from Madre de Dios

Verité found that gold produced illegally and/or under conditions conducive to forced labor is laundered in a variety of ways in the Departments under study. In addition to being exported in gold chains from Lima, gold from Madre de Dios has been directly bought, laundered, and exported by large-scale gold buyers, as well as through a chain of smaller *accopiadores* who sell it along a line of middlemen before it gets exported. Some of the same large, formal *accopiadores* that operate in Madre de Dios are present in Cusco. Informal gold buyers also operate in the city of Cusco and in hardware stores that advance supplies to miners in Ocongate in exchange for repayment in gold. A large amount of gold from La Rinconada is sold directly by an "anonymous association" based in Juliaca, in which there is a large infrastructure for gold laundering. Gold from Arequipa, Cusco, Puno, and other Departments also makes its way to formal and informal processing plants in Chala, Arequipa, which are able to sell the gold as their own with help from *facturadores* (intermediaries who provide fraudulent receipts to facilitate gold laundering). In this way, gold produced illegally and/or with a high risk of forced labor makes its way into international markets, banks, and the hands of consumers (for additional information on findings on gold laundering by Department see the *Research Findings* section).

Government Enforcement Efforts

Government Efforts to Combat Forced Labor and Human Trafficking

Peru has laws that prohibit and sanction both forced labor and human trafficking and has established National Plans and multi-sectoral working groups to combat both of these problems. Although the government has faced challenges in certain areas, it has recently shown an increased recognition of the scale of forced labor and an increased willingness and capability to combat it.

The Constitution recognizes workers' freedom to choose their work and prohibits anyone from being forced to work without pay or against their free will. It defines debt servitude, slavery, and human trafficking as forms of forced labor. However, it does not include a full definition of forced labor, nor does it require the elimination of all forms of forced or compulsory labor.[80] The Penal Code imposes a punishment of two to ten years of imprisonment for people convicted of forcing others through violence or threats to render services without compensation.[81]

All forms of human trafficking are banned in Peru, as stated in Article 153 of the Penal Code, which mandates a prison sentence of eight to 15 years for engaging in human trafficking.[82] A 2007 human trafficking law assigns responsibility for combating trafficking to specific government agencies and mandates a minimum 25-year prison sentence for involvement in human trafficking for the purpose of forced labor.[83] In November 2009, the Law against Human Trafficking and the Illicit Trafficking of Migrants was approved, delegating responsibilities for combating trafficking to various government institutions and mandating the creation of a hotline for victims of human trafficking.[84]

In-country labor experts stated that the government has been increasingly active and effective in combating forced labor and human trafficking in recent years. In May 2007, the government launched the National Plan to Combat Forced Labor through the promulgation of Supreme Decree 009-2007-TR.[85] The Plan includes measures to address the structural issues contributing to forced labor, legislative reform, improvements to inspections, investigations in sectors where forced labor is concentrated, the development of a communications strategy to inform the public about forced labor, and the implementation of an electronic system for processing complaints of forced labor.[86]

The National Commission Against Forced Labor (CNLCTF) was created in January 2007 by Decree 001-2007-TR to coordinate actions to combat forced labor among workers' and employers' organizations and the Ministries of Labor, Education, Agriculture, Justice, the Interior, Tourism, and Women and Social Development. The ILO provided support to the Commission, which is directed by the Ministry of Labor.[87] There is also a Multi-Sectoral Committee Against Trafficking in Persons, directed by the Ministry of the Interior.[88] The National Plan to Combat Trafficking was enacted in 2011, but according to the U.S. Department of State, there was no budget assigned for this plan and each ministry was expected to assign funds from their own budget, with most ministries unwilling or unable to do so in practice.[89]

A 2007 law on human trafficking provides new tools for the investigation and registration of cases of human trafficking.[90] In January 2007, the Registry and Statistics System on the Crime of Human Trafficking (RETA) was created to register human trafficking complaints, police actions, and the number of victims of human trafficking. [91] However, the U.S. Department of State reported in 2013 that the system did not adequately track prosecutions and convictions, was unevenly used in different parts of Peru, and was not functioning for two months in 2012 due to a lack of funding.[92]

A human trafficking hotline was also established by the government,[93] which had received 1,268 calls as of June 2011, resulting in 13 interventions related to labor trafficking.[94] While the government reportedly continued to advertise the hotline during 2012, local NGOs reported that it was unable to accept calls from cellphones. [95]

In 2008, the first inspectors specialized in identifying forced labor were trained by the Ministry of Labor.[96] The Ministry of Labor has more recently created a Special Group of Inspectors against Forced Labor that received training from the ILO.[97] The government has trained many of the country's 412 labor inspectors on forced labor, and in 2009, the government created an elite team of five inspectors to address forced labor in the Amazon region.[98] The Ministry of Labor reported that it had carried out 1,136 inspections on forced labor between January 2007 and April 2011.[99]

In 2008, the Investigative Division on the Crime of Human Trafficking (DIVINTRAP) was created and was charged with combating trafficking and coordinating actions between police and government institutions.[100] In 2008, DIVINTRAP reportedly carried out 15 operations, resulting in 15 arrests and the liberation of 20 underage workers from forced labor. The numbers increased dramatically to 61 operations, 55 arrests, and 29 liberations in 2009; but fell slightly to 56 operations, 36 arrests, and 23 liberations in 2010.[101] By 2012, the government had 50 anti-trafficking police officers, but their efforts were reportedly limited by a lack of resources, especially outside of Lima.[102]

The rescue of three minors working under conditions of forced labor in a clandestine textile factory in Santa Anita in January 2007 was the first case in which perpetrators faced charges under the new human trafficking law, which requires a minimum 25-year prison sentence for involvement in human trafficking for the purpose of forced labor.[103] Police registered 199 cases of human trafficking (for sexual and labor exploitation and forced begging) in 2011, during which 84 human trafficking prosecutions were initiated and five individuals were convicted (one for labor trafficking and four for sex trafficking), with average prison sentences of four to eight years plus fines.[104] However, the ILO has noted that the lack of integrated criminal, labor, and civil law specifically addressing forced labor impeded enforcement, resulting in a relatively small number of prosecutions related to forced labor.[105]

Despite the aforementioned limitations, Verité's in-country research demonstrates that the government's willingness and capacity to combat forced labor, including in the mining sector, is beginning to increase. The Ministry of Labor has shown that it is increasingly aware and candid about the issue and scale of forced labor, including in gold mining, and it is dedicated to combatting it.

Verité interviews indicate that the Ministry of Labor has drafted a National Plan to Combat Forced Labor for 2013-2017. This new plan includes a number of advances, including: improved definitions of forced labor that are in line with ILO guidance; explicit acknowledgement of a lack of information on forced labor in the country; a baseline study in 2014 to address the lack of statistics; pilot interventions in 2013 and 2014 to combat forced labor in the regions with the highest incidence of forced labor; building the capacity of the CNLCTF as the main institution responsible for implementing the Plan; an improved funding structure; and strategic, progressive, and measurable goals. These goals include: awareness of the concept of forced labor and grievance mechanisms among 50 percent of the population; concrete actions to combat forced labor taken by 100 percent of regional and local governments in the regions with the highest incidence of forced labor; 100 percent design and implementation of a system to prevent, detect, rehabilitate, and provide comprehensive services to victims of forced labor; and a 20 percent reduction of the level of vulnerability to forced labor.



Picture 13 - Ministry of Labor Office in Huepetuhe, Madre de Dios

Another important development is the establishment of an independent, centralized Labor Inspectorate. Although many countries have attempted to decentralize labor inspectorates, in the case of Peru, centralization makes sense. This is due to the high level of corruption in many of the regions with the highest incidence of forced labor, in which mine owners hold a great deal of economic and political power and influence, as well as the uneven distribution of resources in different Departments.

Government Efforts to Combat Illegal Mining

The government of Peru has shown increasing dedication to combatting illegal mining. However, its efforts have generally focused more on environmental damage, tax issues, archaeological preservation, criminality, and laundering, with very little attention to forced labor or other forms of labor exploitation. The government has passed a series of laws seeking to combat illegal mining and has taken some progressive actions to combat this issue, but there is a need to coordinate efforts to combat illegal mining, forced labor, and human trafficking.

The government has passed a series of laws in the past few years seeking to combat informal and illegal mining and to encourage formalization. In 2012 alone, it passed Legislative Decrees Nos. 1099-1107 which, respectively, approve enforcement and environmental remediation efforts in Puno; regulate enforcement efforts to combat illegal mining; increase environmental inspections; include illegal mining as a crime in the Penal Code; establish regulations for the inspection of chemicals used in illegal mining; modify existing legislation on imminent domain; establish mechanisms for the formalization of ASM mining; provide tools to combat laundering and other crimes associated with illegal mining and organized crime; and establish mechanisms to regulate and inspect the distribution, transport, and sale of machinery and equipment used for illegal mining.[106]

In 2013, *La Defensoria del Pueblo* published a report on its supervision of 135 efforts to combat illegal mining carried out by 27 different government entities. It noted that the government had taken a number of positive steps, including 59 interdictions in Madre de Dios, Loreto, Junín, and Ancash and 100 preliminary investigations and nine prosecutions related to illegal mining. It

determined that the government's biggest accomplishments were the creation of an *Instrumento de Gestion Ambiental Correctivo* (Instrument for Corrective Environmental Management); the implementation of the National Registry of Declarations of Commitment; the approval of a Protocol on Joint Actions on Environmental Supervision and Inspections in Mines; the establishment of guidelines for training of regional government officials in charge of formalization; joint Ministry of the Interior and Police actions in Madre de Dios, Loreto, Junín, and Ancash; the establishment of control points to inspect for chemicals and machinery and equipment going to Madre de Dios; and the creation of a Permanent Multi-Sectoral Commission on Illegal Mining. [107]

The Permanent Multi-Sectoral Commission on Illegal Mining, which was created on July 17, 2012, is tasked with establishing a National Strategy for Interdiction and is responsible for supervising formalization processes, making recommendations for improvements to the processes, and drafting bi-annual reports on the implementation of the aforementioned Legislative Decrees. In addition, the Commission is tasked with developing remediation and alternative development programs, as well as social programs to eradicate child labor and the prostitution of minors in illegal mining areas.[108] The Commission is comprised of the Ministries of Energy and Mines, the Environment, Culture, the Interior, and Defense; the National Tax Administration (SUNAT); and the Assembly of Regional Governments.[109] There are also regional Multi-Sectoral Commissions on Illegal Mining and Verité confirmed that the Cusco Commission - led by the Governor of Cusco - was active in combatting illegal mining. While all of these goals are positive and needed, Verité notes that both on the national and regional levels, the Commissions lack the participation of the Ministry of Labor, which could be one of the reasons that they have not adequately addressed labor issues.

The government has become increasingly active in combatting money laundering as well. The government has passed new laws that require that gold buyers and exporters solicit a certificate verifying that the gold that they purchase was produced legally.[110] In terms of enforcement, the government has exposed and prosecuted large-scale exporters of illegally produced gold. In 2012, the government investigated 30 people and four businesses for illegal extraction of gold and laundering, which can carry prison sentences of up to 15 years.[111]

La Defensoria del Pueblo credited the government for its stepped-up enforcement efforts, but also noted some obstacles and areas for improvement. It recommended that the government simplify the formalization process, that funds be specifically designated to formalization initiatives, that SUNAT establish norms to register users of mercury and cyanide, that laws be passed and funds be assigned to better protect the environment, that the government better supervise and regulate the use of abandoned mines, and that enforcement efforts be carried out in Puno, which had not seen any to date. In its report, the *Defensoria* also lays out a series of specific recommendations for a large number of government entities to more effectively combat illegal mining.[112]

As can be seen above, the government has taken important and necessary steps to combat illegal mining by creating new laws and institutions and carrying out enforcement activities. However, most of these activities have been focused on combatting illegal activities, protecting the environment, collecting taxes, and combatting contraband and money laundering, with very little focus on forced labor or other forms of labor exploitation linked to illegal mining. While the current government has increased its focus on illegal gold mining in 2012, its strategy has been primarily to criminalize this practice.[113] This has caused massive protests by artisanal gold miners across the country, and Verité has found that this criminalization of informal mining has in fact made some workers more vulnerable to exploitation.[114]

Although the criminalization of illegal mining has made certain workers and self-employed ASM miners more vulnerable, the government should be commended for the actions that it has taken to combat illegal mining. The situation would be much improved for all miners if the sector is fully formalized and all workers are employed on payroll and working for formal businesses that pay benefits and are inspected by state authorities. However, the government must look at some of the short-term repercussions for workers and ensure that its efforts to combat illegal mining contain measures that ensure that workers' rights are protected. In order to successfully combat forced labor, human trafficking, and illegal mining, the government will first have to overcome a series of challenges.

Challenges to Government Enforcement Efforts

While the government has demonstrated increasing political will and capacity to combat forced labor and illegal mining, its enforcement efforts have been hindered by a number of factors. First, the government's capacity to enforce labor and criminal law in protected and remote areas is limited by the level of danger and costliness of entering these areas. All mining carried out in protected areas, most of which occurs in Madre de Dios, is automatically considered illegal. Therefore, the miners operating in these areas are doing so in blatant violation of the law, and have used violence to repel authorities or other outsiders who enter without permission. Due to fear of heavily armed groups operating illegally in these protected areas, authorities are not able to take any action or even step foot on these lands unless they are provided with military support, which has so far happened in only a very limited number of cases.

In the Department of Cusco, authorities were not able to enter into remote areas controlled by armed groups engaged in illegal mining. Verité conducted interviews with high-level officials from Cusco, which has established a regional Multi-Sectoral Commission to Combat Illegal Mining. The government carried out one operation in an area close to the highway in Quince Mil, Cusco, and found an armed group of Chinese nationals carrying out illegal mining and exploiting workers, including children. However, a high-level government representative reported that while there were reports of even worse conditions further from the highway, "we can't go further than two kilometers inland from the highway, because they are armed to the teeth."

Another high-level government representative in Cusco said that, "Gold is like drugs," in that it generates tremendous profits and breeds corruption at every level, making it extremely difficult to combat illegal gold mining. Both desk research and interviews with experts and workers suggested that corruption was in fact present around gold mining, especially in Madre de Dios, and that this corruption facilitated the continued operation of illegal mines and gold laundering and frustrated government enforcement efforts.[115] A former high-level government official from Madre de Dios interviewed by Verité reported that there had been no response by local police to complaints filed for labor abuses, sex and labor trafficking, and even the murder of a worker who was found floating in a river. The President of Madre de Dios admitted, "The weight of gold buys many consciences. I know there are people involved in corruption here in the regional government. We have found that there are public prosecutors who even own their own mining dredges."[116]

It has been discovered that powerful individuals were involved in illegal gold mining and gold laundering. In 2011, it was revealed that a Congressman from Madre de Dios owned various

illegal mines and backhoes through front-men. He was nicknamed, *Comeoro* (gold eater) after he said that the profits he turned from the gold mines were barely enough for him to purchase food.[117] After a protest against the central government's new policies restricting illegal mining turned violent, resulting in the deaths of multiple police and protestors, the central government began to investigate whether *Comeoro* was behind the protests. He was briefly suspended from his duties in 2011, but returned to Congress again in 2012.[118] *Comeoro* benefited from congressional immunity, and in October 2012, the second request to lift his immunity was denied.[119] In 2010, it was reported that another Congressman was a stockholder in mines in Puno and it was alleged that he was involved in laundering illegally-produced gold and tax invasion. He was one of Peru's largest tax debtors, owing PEN 550 million (USD 14 million) to SUNAT.[120]

Finally, research has shown that some Departments do not allocate the necessary resources and attention to labor inspections and forced labor. The *Defensoria del Pueblo* cited the lack of resources as a "common difficulty among the majority of entities."[121] For example, in Madre de Dios, a Department more than one and a half times the size of Costa Rica, research indicates that there was not one qualified labor inspector for the whole Department. A local official operating in a mining area reported that he had no budget to send documents to Puerto Maldonado, so he had to cover the expense himself. Even when reports were made, he reported that no follow-up enforcement actions were taken. The centralization of labor inspections in Lima, with targeted inspections in high-risk areas, should help to address some of these issues as long as the necessary resources and personnel are allocated. Military accompaniment for inspections in protected and remote areas would also allow inspectors to gain access to areas in which workers are most vulnerable to exploitation.

Corporate Social Responsibility Initiatives

As a complement to government enforcement efforts, a number of corporate social responsibility (CSR) initiatives have begun to develop standards to promote better conditions in gold mining. Consumers have recently started to take an interest in where their gold comes from and the conditions under which it is produced. In response to this shift in public opinion, a number of initiatives are seeking to address concerns about practices in gold mining, but most focus on large-scale gold mining. Because of the complexity and opacity of the gold supply chain, especially concerning ASMs, progress has been slow, but there are a number of promising new developments.[122]

The London Bullion Market Association (LBMA) has established a set of guidelines for gold refiners called the "Responsible Gold Guidance Program." Its purpose is to assist refiners in their efforts "to combat systematic or widespread abuses of human rights." Refiners who wish to be considered one of LBMA's trusted refiners (and placed on the Good Delivery Gold Refiners list) must comply with the LBMA's requirements, which came into effect in January 2012. The requirements include the establishment of systems to manage companies' gold supply chain oversight, identification and remediation of risks, third party audits, and transparent reporting. The LBMA also provides guidelines for third-party auditors in order to ensure that they adhere to LBMA standards.[123]

No Dirty Gold is an initiative of the nonprofit environmental organization, Earthworks. It works to put pressure on retailers to take steps to ensure that their supply chain is free from human rights abuses, environmental destruction, and displacement. The campaign works to draw

attention to labor issues and the effects of mining on communities. No Dirty Gold has established a retailer pledge called "The Golden Rules," which lays out the criteria by which retailers can judge the compliance of mining companies from which they source gold. These companies should respect human rights, workers' rights, and labor standards; ensure that they have communities' free, prior, and informed consent; make sure that mining does not take place on protected or ecological areas or displace individuals from their lands; prevent the contamination or dumping of waste into bodies of water; pay for all expenses related to the closing and cleaning up mines; transparently report on the effects of mining; and submit to third-party verification. More than 90 retailers have signed onto the "Golden Rules" pledge, including important companies such as JCPenney, Sears, Target, Tiffany & Co., and Wal-Mart.[124]

The Responsible Jewelry Council (RJC) is a non-profit organization comprised of over 420 companies from different levels of the jewelry supply chain, all of whom must be independently audited to ensure their compliance with the RJC Code of Practices. The RJC sets standards and establishes and manages certification programs, including the RJC Member Certification and the RJC Chain of Custody (CoC) Certification for precious metals. The CoC Certification, which was launched in 2012, seeks to ensure that gold and platinum are "responsibly-sourced," meaning that they are conflict-free and are produced responsibly with respect to standards on human rights, labor, the environment, and business ethics throughout the supply chain, from mines to jewelry retailers.[125]

The Better Gold Initiative (BGI) was launched by the Swiss government in order to promote ethical practices in gold production. Among its activities is a project to build the capacity of small scale and artisanal mines in Peru to come into compliance with international standards, including the RJC's standards.[126] It is also seeking to increase compliance with the Organisation for Economic Co-operation Development's (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and its Supplement on Gold, as well as with other standards on traceability, accountability, the environment, and social, community, and governance issues.

The Alliance for Responsible Mining (ARM) established the world's first certification system for responsible ASM gold mining, Standard Zero. This standard allows the buyer to trace where their gold comes from to ensure that it is "fairmined." It is modeled after fair trade in that it includes standards on the environment, social and economic development, and labor, but it has been adapted to the context of ASM mining. It also requires that everyone in the supply chain, from gold traders to jewelers, be licensed and certified and comply with requirements on reporting and auditing.[127]

ARM's standards have been successfully put into practice by a Peruvian NGO, Red Social, which is a member of the ARM network. According to representatives of Red Social, there is a great deal of overlap between the new government requirements and the Fairmined standards, meaning that miners who comply with the legal requirements may also easily meet the Fairmined standards and be able to receive a premium on the certified fair trade gold that they sell. This becomes an additional incentive for ASM miners to formalize, and Red Social helps them to do so by offering free training and consulting on the formalization process, bookkeeping, management, environmental protection, taxes, and the Fairmined standards.



Picture 14 – One of the Mining Cooperatives Exporting Fairmined Gold – Photograph provided by and used with the permission of Red Social

Red Social has had a number of success cases. Some of the mines, which just a few years ago used sleds to haul tons of rocks up hills with no PPE and sometimes used child labor, now have sophisticated machinery and PPE, as well as strict standards on health and safety and child labor. Some of the mines even control the whole supply chain, from the extraction of the mineral to the production of their own gold ingots, which they export directly. One of the mining cooperatives, which has 86 members plus additional outside workers, exports gold to France and is establishing a direct relationship with an ethical jeweler in Japan. Another cooperative has 329 members and approximately 120 outside workers. A third cooperative has 180 members and successfully implemented a plan to eradicate child labor. Expert interviews indicate that these mines are more likely to prohibit child labor and provide workers with contracts, PPE, and payment above the minimum wage.

Research Findings

This section contains Verité's research findings for the Departments of Madre de Dios, Cusco, Puno, and Arequipa. This section includes background information on each Department under study, as well as findings on indicators of forced labor, child labor, health and safety, and gold laundering. For additional information about the specific indicators of unfree recruitment, work and life under duress, and impossibility of leaving employers found in each Department, see *Appendix 1: Presence of ILO Indicators of Forced Labor.*

Research Findings in Madre de Dios



Picture 15 – Arial View of Deforestation in Madre de Dios

Background

Madre de Dios was chosen as a research locale due to its high concentration of informal/illegal gold mining, as well as the high risk of human trafficking and forced labor linked to the extreme geographic isolation of many mining areas and the challenges that the government faces in combatting labor abuses and human trafficking in illegal gold mining there. The Ministry of Energy and Mines reported that Madre de Dios was Peru's third largest gold producer.[128] During the first half of 2012, Madre de Dios produced 10.98 million grams of gold.[129] In 2012, SUNAT estimated that Madre de Dios produced PEN 2.2 billion (USD 848 million) worth of gold annually.[130]

According to experts interviewed, Madre de Dios is the Department in which the most illegal gold mining takes place. The Ministry of Energy and Mines reported that Madre de Dios was the number one producer of artisanally produced gold, producing 70 percent of Peru's artisanally mined gold in 1998.[131] In 2009, Peru's Environment Minister estimated that 99.9 percent of

Madre de Dios' mining concessions were illegal, due in large part to pervasive corruption.[132] In 2009, Madre de Dios had the largest number of unapproved mining permits out of any Department in the country.[133] By 2011, after the implementation of Peru's law to combat illegal mining, Peru's Vice-Minister of Mines still estimated that 97 percent of mining in Madre de Dios was illegal.[134]

Madre de Dios covers 85,000 square kilometers of territory, bordering Brazil and Bolivia, as well as the Departments of Cusco and Puno. It is in the heart of the Amazon and much of the territory can only be accessed by its extensive waterways, which traverse national boundaries and are extremely under-policed.[135] Madre de Dios has a vast network of rivers that feed the Amazon, contain deposits of gold, and facilitate the transport and trafficking of men, women, and children. Many of the mining camps lack a police presence and authorities lack the resources, and in some cases are afraid, to visit mines located deep within the dense Amazon jungle or on protected lands. In addition, an expert interviewed by Verité reported that there were no certified labor inspectors for the whole Department of Madre de Dios.

Due to the difficulty of accessing vast swaths of land and a weak government presence, Madre de Dios has been defined as a "low-governance" area where land use is not well regulated.[136] A local biologist has been quoted as saying that the authorities in Madre de Dios "have decided that this zone of forest has already been sacrificed, that this is one place where mining can just happen ... as long as it remains somewhat contained."[137] Verité's research suggests that authorities have largely been unable to carry out enforcement in extremely remote and protected areas due to a lack of resources and the level of insecurity in these areas.

Alluvial mining is predominant in Madre de Dios, as gold dust is contained in the soil of the Amazon jungle as well as in the Amazon River tributaries that crisscross the Department. Alluvial mining is done in a number of ways: through gold panning in the rivers; by large river boats (dredges) that suck up water from the rivers; and by cutting down trees, flooding the deforested areas, sucking up the water, and sluicing the gold from the water. Alluvial mining employs a large number of workers, who are almost exclusively migrants.



Picture 16 - Alluvial Mining in Madre de Dios

The recent completion of the construction of the Interoceanic Highway, which connects Peru with Brazil, has drastically cut down transit times from major sending areas for migrant workers (such as Cusco and Puno) from days to hours. This, combined with the dramatic rise in gold prices, has created a surge in migrant workers.[138] These workers are generally poor and employed in low-skilled jobs related to gold extraction.[139] A 2001 ILO study found that 75 percent of the families of child laborers were migrants, mostly from the Departments of Cusco and Puno.[140] By the time Verité carried out research in 2012, 100 percent of workers interviewed reported that they came from other Departments and experts reported that almost all workers were migrants, since Madre de Dios is sparsely populated and its residents are relatively wealthy. In 2011, Peru's Vice-Minister of Mines stated that illegal mining employed 18,000 people in Madre de Dios.[141] Another government estimate from 2011 put the number of small-scale miners at 50,000.[142]

Among these workers are *indocumentados*, Peruvians who lack a National Identity Document (DNI). For many *indocumentados*, the illegal mining sector constitutes their only chance for employment, as formal sector employers require that their workers possess a DNI. In some cases, they are extremely poor, geographically isolated, or indigenous Peruvians who never obtained a birth certificate and have thus been unable to acquire a DNI. These individuals are generally very vulnerable due to their lack of alternative employment and their low levels of education and socio-economic status. In other cases, the *indocumentados* are criminals or people suspected of having committed a crime who are running from the law and seeking refuge in the lawless environment of the mining camps. *Indocumentados* may thus be vulnerable to labor exploitation and/or individuals who prey on others as human traffickers, robbers, armed guards, or bouncers at brothels.



Picture 17 – *Machetero* Looking Out Window at Forest Cleared for Mining

There are a number of categories of workers. *Macheteros* are unskilled workers, including children and adolescents, who clear trees for mining. *Carreteros* are another group of unskilled workers who transport rocks and dirt. *Buzos* are divers who swim underwater with hoses

connected to *motores* (pumps) that are used to suck up gold-bearing particles of sand. *Maraqueros* are semi-skilled workers who operate the pumps, which mix mercury with the water in order to cause the microscopic gold particles to condense into globules. They then sort through the mercury covered particles with their bare hands to pick out the gold. This mercury makes its way into the pools in which the *buzos* dive and the water that the workers drink. There are also a large number of truck operators who dig holes and pile up the massive amounts of sand that have been processed. Finally, there is a large network of peripheral workers, including cooks, waitresses, transporters of goods and people, motorcycle washers, tire repairers, store clerks, and sex workers, many of whom are minors.

During research in Madre de Dios, Verité interviewed three government representatives, 22 workers, three labor intermediaries, an employer, three gold buyers, six sex workers, three child mechanics, a cook, and a schoolteacher. These interviews were carried out in Puerto Maldonado, Kilometro 108, Guacamayo, Delta 1, Huepetuhe, and Mazuko. Verité also obtained information about conditions in Madre de Dios from desk research, expert and worker interviews in Lima, Cusco, Puno, and Arequipa.

Indicators of Forced Labor

Worker interviews revealed that in most cases, *macheteros, buzos,* and truck operators are recruited to work in Madre de Dios. Workers are generally recruited in their communities, including in the city of Cusco, where there are a number of recruitment offices in which intermediaries place posters seeking workers. Some workers are given advances of money, clothing, tools, and transport, which are falsely construed as gifts by some intermediaries. Workers are told stories of miners striking it rich, but are provided with very little, or misleading, information about their conditions of employment. Some are informed that they will have to complete 90-day contracts, but many are not, constituting **deception and false promises about terms of employment**. In two cases, workers reported that they had been **sold into the ownership of another person** by family members, who had received a payment for recruiting them. These workers were subsequently told that they had to pay off this fee by working for 90 days.

Case Study – "Sale" of a Worker and Physical Confinement

When "Oscar" was 16 years old, his female cousin, who had worked in a bar in a mining camp far along the Colorado River in Madre de Dios, convinced him to take a job at the mine with stories of being paid in chunks of gold. When he finally arrived after a five-day canoe trip on the river, he discovered that his cousin had "sold" him to the mine owner and that he had to work for 90 days to pay off the money that his cousin had received for recruiting him before he could go. He had no money to leave, and even if he did, the canoes that transported workers were controlled by the mine owner. He was forced to carry at least 100 wheelbarrows full of sand and rock per day as a *carretero*. A couple of weeks after he arrived, he got sick with malaria. He was not given any medical attention and was left to die on the floor of a hut, but other workers kept him alive with their meager rations of plantain, yucca, and water. When he finally came to after 15 days, he was still weak and was told that he had to work in the kitchen if he wanted to eat.

After the three months were up, he approached the boss with his packed bag and asked for his pay, but was told that he would not be paid and could not go, because he had only actually worked as a *carretero* for 30 days. He then injured his foot and contracted a kind of fungus from having to work with no shoes, which he said prevented him from working and made his foot look like "a duck's flipper." The only person who would help him was a *nativo* (native of the jungle) who cured his foot by wrapping it in herbs. In the end, he had to work for eight months to fulfill his "90 day contract." He was finally allowed to go and was paid with ten grams of gold, which he sold to a gold buyer in Cusco, who cheated him and only gave him PEN 300 (USD 115) for his eight months of hard labor. A couple of days later, he came down with the symptoms of yellow fever, which he had contracted in the jungle. The money he had earned didn't come close to covering the costs of the hospital stay and he had to borrow money from his mother. He then had to go back to the jungle to earn money to pay his mother back.

When the workers arrive at the mining camps, many are told that they owe their recruiters for the advances. They find that their pay and working conditions are inferior to what they had been promised and are told that they have to work at least 90 days to pay off their debt before they are paid anything or are allowed to leave, which constitutes **induced indebtedness**.

In many cases, these "90-day contracts," which do not provide any protections or benefits to workers, require that workers complete 90 days of actual labor before they can be paid or are allowed to leave. In practice, workers employed under 90-day contracts often get sick or injured – from tropical illnesses, mosquito bites, exposure to mercury, animal and snake bites, and all-too-common workplace accidents – and are therefore unable to work for long stretches of time. They are not paid for the time that they are unable to work and accrue debts during this time, which does not count toward their 90 days. Verité interviewed workers who had worked for up to nine months to complete their "90-day contracts." Workers are unable to leave their employment before their contracts are up due to their extreme physical **isolation** and the lack of money to pay for transportation to leave their workplaces, which constitutes **physical confinement in the work location**.

Case Study – Deceptive Recruitment

Bomba (Bomb) was 14 years old and living on the streets when he met a labor intermediary in a restaurant in Cusco. The recruiter bought him dinner, and told him stories of workers becoming rich because they were paid in gold. The next day, the recruiter bought him fancy clothing and a plane ticket to Madre de Dios. He was looking for adventure, his first plane ride, and a way to make enough money to eat. But when he arrived, a supervisor told him that he owed the recruiter for everything, and that he had to work for 90 days to pay off his debt. His earnings were reduced by deductions for food and housing, and he wasn't paid for days when he couldn't work due to sickness or on days that he failed to find at least ten grams of gold—so in fact, he had to work for nine months instead of 90 days to pay off the debt. He said that he was lucky that he had a "good" boss, because he knew people who had had to work for two years to pay off their debts. He said that he was reluctant to leave before he paid off his debt because he could be "hurt" and he knew lots of people who had "disappeared."

Even after workers had completed their contracts, there were many cases in which they were not paid or were drastically underpaid (**withholding and non-payment of wages**). When they demanded their payment, many workers were threatened, including multiple workers who reported being threatened with guns. A large number of workers also reported that mine owners and contractors killed workers or sacrificed them to offer their blood to the earth so that it would produce gold. Multiple workers reported that they had friends who had disappeared and who they thought had been either killed for demanding their payments or had been sacrificed. They believed that they had been buried in unmarked graves or thrown into rivers or abandoned in the jungle. Workers throughout Peru also reported that the matron of one of the major mining families had a devil's tail and had ordered the killing of multiple workers. The bodies of miners have been recovered in rivers with bullet holes, but due to the lack of police in these areas, the killers have not been identified. While Verité was unable to verify any of the rumors of human sacrifices, workers' perception of a threat of **physical violence** and **supernatural retaliation**, even if based on rumor, may have the effect of preventing them from leaving before their contracts are up.

Case Study – Non-Payment of Wages and Violence

When *"Bebe"* was nine, his father died and his mother abandoned the family, leaving him with his grandparents. By the time he was 11, his grandparents decided that they couldn't take care of him, leaving him to fend for himself on the streets. When he was 17, he met the owner of a large recruitment agency (a mine owner's brother) who brought him to the mine in Madre de Dios in the back of a truck with a group of other teenagers and young men to haul sand and rocks as a *carretero.* When he said that he wanted to leave a few days after he arrived because the food was almost inedible and the work and heat were overwhelming, the *capataz* (supervisor) told him that he had to work for at least three months before he could leave or be paid. When he started to walk away, the *capataz* lifted up his shotgun and pointed it at his back. He instinctively spun around, grabbed the gun and flung it into the river without even thinking about what he was doing. Then he ran into the jungle, leaving everything he owned behind. He said that he was lucky that he was close to the highway and could escape and that it was "much worse" deeper in the jungle.

In Madre de Dios, *indocumentados* and/or workers with criminal records reported feeling vulnerable to **denunciation to authorities**. In addition, some workers reported that mine owners threatened to turn them over to authorities for crimes that they did not commit when they asked for their wages. In one case, a worker said that his employer falsely accused him of stealing a chicken and turned him over to the authorities when he asked for his wages. Since he had a very low level of education and no money, he was unable to defend himself and was found guilty. In other cases, workers were **forced to commit illegal acts,** such as smuggling contraband dynamite or gasoline. Finally, interviews revealed that some workers were **induced into addiction to illegal drugs** by their employers, who provided them with cocaine or other illegal stimulants so that they could work their long shifts. This may create another level of **dependence on employers**, in addition to workers' dependence on their employers for food and shelter, especially in remote mining camps.

Wage and hour violations in Madre de Dios are reportedly commonplace. Since workers have no contracts, are not on payroll, and there are no labor inspections, many workers reported working in excess of legal limits on working hours (eight hours per day) and receiving less than the minimum monthly wage of PEN 937.50 (USD 360) in the mining sector, with many workers receiving less than the minimum monthly wage of PEN 750 (USD 288) for unskilled workers. Interviews with workers indicated that *macheteros, buzos,* and truck drivers may go unpaid for months and even years in extreme cases. Even *maraqueros,* who have the most sought after and best-paid jobs in the camps, work under subminimum conditions, including 24-hour shifts, facing the risk of earning nothing if the group of *maraqueros* fails to meet their quota of 50 grams of gold per day, 38 grams of which goes to the mine owner. *Maraqueros* reported that they risked being fired if they failed to work the 24-hour shifts or repeatedly failed to meet the quota, representing a threat of **dismissal and removal from future employment.**

Child Labor

In Madre de Dios, while juvenile labor was common in mining, workers and experts interviewed reported it was becoming rarer and rarer to see children under the age of 15 working directly in the mines, since the work was so physically demanding. However, there were some reports of children working alongside their parents, gold-panning in streams and sorting through sand and rocks left over from mining. Underage miners are susceptible to health and safety risks on the job, as well as deplorable living conditions.

Multiple workers told stories of having come to the mining camps as teenagers and having been employed as *carreteros, macheteros,* and *buzos.* They spoke of being recruited on 90-day contracts and of not being able to leave for up to two years and/or until they paid their debts. Some workers said that they had not been paid at all when they were underage and that they were only given food and shelter and were told that they would not be paid until they turned 18. During worker interviews, it was reported that some workers had been killed when they turned 18 so that their employers did not have to pay them.

Case Study – Child Labor

Gordo was from the Northern Department of Iquitos, where his family had a farm until drug traffickers came in and forced them to sell their land, causing his family to move to the city. When he was 12, he had to leave school and migrate to work in Madre de Dios with a group of other children. He said that he didn't earn any money at all until he was 18, and that he worked for six years just for food and a mat to sleep on. He said that things had gotten better; now it was very uncommon to find children under the age of 15 working directly in the mines since it was such hard work. However, he said that a few months earlier, after a teenager he knew turned 18 and had demanded his pay for his past three years of work in a mine, he was murdered and buried in the cemetery in Delta 1 in an unmarked grave.

Child labor is clearly visible in peripheral services. Verité researchers witnessed dozens of children appearing to be as young as seven years-old working in mining camps in Madre de Dios. In the mining camps, boys were seen washing motorcycles, fixing flat tires, and working as store clerks; and girls were seen washing motorcycles, working as store clerks, selling fruit, and working at restaurants, food stands, and bars/brothels. In Puerto Maldonado, the capital city of Madre de Dios, boys were seen fixing motorcycles for miners at repair shops and girls were seen working at brothels. Verité researchers spoke with three boys who were working at repair shops in Puerto Maldonado who ranged from seven to 12 years of age and said that they worked for family members.



Picture 18 – Children Fixing Tires in Huepetuhe

Health and Safety

As mentioned above, adults, juvenile workers, and children working in mining face a series of health and safety risks. Workers interviewed shared information about the risks faced by each category of worker. *Maraqueros,* who work 24-hour shifts with their hands submerged in mercury, face the risk of extreme sunburn, exhaustion, and dehydration from exposure to the sun for long periods of time. They are also in danger of skin and respiratory diseases, organ failure, and neurological damage from extended exposure to mercury. Gold panners who sift

through the residue left behind by the miners also face risks associated with excess exposure to the sun and mercury.



Picture 19 – Gold Panners outside of Huepetuhe

Macheteros, who cut down and burn trees to clear the land for mining, also face risks related to long periods of exposure to the sun, as well as the risk of cuts, falling trees, poisonous animal bites, and burns. *Carreteros,* who carry loads of rock and sand, face the risk of exposure, as well as risks associated with carrying heavy loads. *Buzos,* who swim underwater, directing hoses that suck up gold-laced sand, face the risk of drowning in air bubbles or being buried underwater by mountains of sand that collapse on them, having their organs sucked out by the hoses, and extended exposure to mercury from swimming in mercury infested pools of water. Truck drivers and backhoe operators rarely receive any training or PPE and risk accidents, falling rocks, and falling off of mountains of sand. Workers interviewed reported that many backhoe operators had mistakenly driven their backhoes off of tall mountains of sand and had fallen to their deaths, as they did not receive any training and many had never even driven a car.



Picture 20 – Worker Housing Close to Guacamayo

In Madre de Dios, housing in mining camps was generally made of plastic sheeting. Most workers lacked electricity and running water, forcing them to drink mercury infested water. A study carried out in 2012 found that three quarters of adults in Madre de Dios registered levels of mercury 300 percent higher than the level considered to be dangerous.[143] For those who had electricity and running water, it was often controlled by mine owners, who set extremely high

prices and provided poor service. In remote mining camps, there was the constant threat of poisonous snake or spider bites, malaria and other insect borne diseases, and wild animal attacks, especially among workers who had to sleep in the open. Workers reported that in many mining camps, there was no medical attention at all. If workers could find medical attention, it was generally rudimentary and expensive. Workers interviewed reported that they had to pay for their own medical attention for work-related injuries and illnesses, were not given any compensation, and were not paid during the time that they were recuperating. Workers in Madre de Dios reported that most workers did not live past the age of 40.

Sex Trafficking

In 2010, *Asociación Huarayo*, a local NGO in Madre de Dios, calculated that there were approximately 2,000 sex workers employed in 100 brothels in Delta 1 alone. Based on their extensive experience rescuing girls from sex trafficking, they estimated that approximately 20 sex workers were employed in each brothel and that 60 percent of these workers were minors. Therefore, in Delta 1 alone, they estimated that there were 1,200 underage victims of sex trafficking.[144]

According to *Asociación Huarayo*, there are two different categories of sex workers: girls from the Andes ("ojotitas") who command a lower price and girls from the Amazon or coast ("cocoteras") who command a higher price. The majority of the girls from the Andes are reportedly smuggled in trucks and cisterns, while the girls from the Amazon or coastal regions are trafficked through the waterways. According to *Asociación Huarayo*, almost all of the girls trafficked to Madre de Dios are deceived, kidnapped, forced into debt bondage, and/or face threats if they complain or try to leave their employment. When they arrive at the mining camps, they are told that they have to provide sexual services or pay immediately for the clothing, transportation, and lodging that they thought was provided free of charge. Many are unable to pay, so they are told that they have to accept “el pase” (selling their virginity) under threats that their families could be harmed.[145]



Picture 21 – Girls being Transported in Madre de Dios

According to another NGO, *Capital Humano y Social (CHS)*, which carried out research on human trafficking in Madre de Dios, most of the traffickers were women between the ages of 30 and 40 that inspired feelings of trust among victims. They made false promises of high wages, good treatment, and work in restaurants or other establishments. Once the victims agreed, their National Identity Documents (DNIs) or other identification documents were confiscated and

they were given fake DNIs and new identities and were told what to say if questioned by authorities. There have also been reports of girls who have been drugged and have woken up in brothels in Madre de Dios.[146]

CHS further reported that most of the victims of sex trafficking are employed in bars where they have to "fichar" (accompany men while they drink for a percentage of the money that the men spend on the drinks). If they do not drink alongside the men, they can face fines of up to PEN 200 (USD 78), and may face other fines for trying to talk to family members or strangers. CHS found a high level of complicity between brothel owners and people who worked in the camps as informers and reported to brothel owners when the victims of sex trafficking tried to flee or "misbehaved." Many victims are reportedly under constant surveillance and their freedom of movement is hindered, making them virtual "prisoners."[147]

Verité field research indicated that sex trafficking was pervasive in Madre de Dios. Verité researchers witnessed girls and women being transported to the mining camps on the banks of rivers. In one group, there were girls who looked to be as young as 12 accompanied by an older woman. In other cases, groups of girls were in the custody of a boat or car driver. Verité also saw girls who looked to be as young as 12 waiting at the entrances to brothels in revealing clothing in Guacamayo, Kilometro 108, Delta 1, and Huepetuhe. Many workers also reported that women were brought to the camps from Brazil, Bolivia, Colombia, and Ecuador. Interviews with experts, workers, and victims indicate that girls are trafficked from Pucallpa, Lima, and Cusco, among other Departments. Verité spoke to six Peruvian sex workers in Madre de Dios, out of which Verité identified two victims of sex trafficking, one of whom was a minor.

In Cusco, researchers saw hand-written signs in recruitment offices advertising jobs in "discobars" throughout Madre de Dios for "senoritas" at least 18 years old. They said that the girls would receive "a good salary or 50 percent [of sales of liquor]." Interviews revealed that some girls and women who worked in brothels were recruited in this way and knew that they would be working in "bars." Some knew that they would have to provide sexual services, while others did not. In other cases, girls and women responded to advertisements or were directly recruited by middlemen that offered unspecified employment in the mining camps or jobs as cooks, store clerks, or waitresses, and were subsequently submitted to sexual exploitation.

Women who knew that their employment would involve sex work could generally not be considered as victims of sex trafficking, as they went on their own free will and knew ahead of time about their conditions of employment. Verité interviewed four women who fit in this category. All four of them had previously been employed as sex workers in Lima, Pucallpa, and other mining camps and demonstrated that they were aware of the type of work that they would be engaging in and the conditions of their employment and were free to move around. In general, these women were the easiest to interview because they traveled in public, were not accompanied by their traffickers or employers, and were not afraid to talk.

However, research suggests that there are a large number of cases in which women and girls are either deceived about the type of work that they will be carrying out or are sold by family members into the sex trade. Many are told that they will be working in restaurants or stores. Some are then required to provide sexual services to the clients at the restaurants and stores, while others are trafficked into brothels. Even in cases in which they were told that they would be "accompanying" men while they drank at bars, many women and girls did not suspect that they would have to provide the men with sexual services. Expert interviews indicated that new

arrivals at the camps, especially virgins, were auctioned off to the highest bidder the first Friday or Saturday after they arrive at the camps.

Victims of sex trafficking are also deceived about their payment and deductions. In many cases, they are simply not informed about what their payment and deductions will be, and in other cases, they are told that they will receive half of what men pay for all the drinks that the women serve them and that their transportation and lodging will be free. However, in practice, when they arrive at the bars, they are told that they will only receive half of the price of certain drinks that the men purchase and that deductions will be made for transportation, clothing, food, lodging, fines, and other expenses. The prices of the goods provided are generally extremely inflated and the record keeping is not transparent, allowing for fraud.

Victims are afraid to leave or are unable to do so because of isolation, physical confinement, or a lack of money to pay for transport. Even if they do have money, many boat and car drivers who transport people to and from the camps are complicit with brothel owners and human traffickers and may work as informers, or may even be the same people who trafficked the victims to the camps in the first place. The victims are either prohibited or discouraged from leaving their place of employment or talking to strangers, and are told stories of women being raped or killed on the lawless streets. Some women were reportedly explicitly threatened with violence against themselves or family members if they left. As there are no authorities in many of the camps and the victims do not have access to communication, they have little choice but to endure their circumstances.



Picture 22 – Brothel in Delta 1

Case Study – Underage Victim of Sex Trafficking

Verité researchers interviewed "Isabella," who appeared to be about 16, in Delta 1. She was visibly frightened and told Verité that she came from Pucallpa, a city deep in the jungle notorious for sex trafficking. She said that she had been walking on the street after school with three girlfriends when a new-looking car driven by a man in sunglasses and expensive clothing pulled up alongside them. He offered to take them on a trip to Madre de Dios where they could make a lot of money. They didn't ask exactly what they would be doing, but jumped blindly at the opportunity. The next morning, three of the four girls secretly left their homes and met the man at the edge of the river. He told them to get on the boat and that a friend would be meeting them in Madre de Dios. When they arrived in Delta 1, they were met by three men who led them each to different places.

"Isabella" was taken to the bar where she was assigned a small room on the second floor and told that she would be "accompanying" men while they drank. It had been three days since she got there. She said that she had sat with a couple of men while they drank, but they frightened her and she wanted to go back home, but she wouldn't leave without her friends, saying, "We came together so we will go back together." However, she couldn't find her friends because she didn't know where they worked, and she was scared to go outside because she had heard that there were shootouts and that people hurt girls walking by themselves. Additionally, she didn't have any money and didn't think that the boss would give her permission to leave the bar. When asked if the costs for housing, clothing, and food were deducted from her pay, she revealed that she did not know because she would not be paid anything until she had worked for one month. She asked an ex-government official what she could do if she wanted to leave and the official said that her only option would be to call the Peruvian equivalent of 911, if she could make it to a phone, with the miniscule possibility that a police officer would be sent to the camp to help her.

Gold Laundering

Research indicates that a large amount of gold that is likely produced illegally and under conditions that create worker vulnerability to forced labor is laundered by large, formal companies and informal *accopiadores* in Madre de Dios and jewelers in Lima, so that it may be exported. Peru's third largest exporter of goods to Switzerland was Universal Metal Trading Company SAC. It exported 19.2 tons of gold worth USD 901 million 0to Switzerland in 2011, up 27 percent from 2010,[148] and constituted the tenth-largest mining company operating in Peru in terms of exports.[149] This gold was reportedly transported directly to a major international gold ingot producer based in Geneva. [150] This company, which has over 400 employees in offices in 16 countries around the world, calls itself "a leading provider of precious metals to jewelry manufacturers and wholesalers throughout the world."[151]

In March 2012, the Director of Hydrocarbons for the Ministry of Energy and Mines (which is responsible for combating illegal gold mining) admitted that he owned the company, and that Universal Metal Trading Company was directed by his brother, who also owned other gold buying, exporting, and jewelry manufacturing ventures. He was removed from office, charged with tax evasion, and faces eight years in jail.[152]
Universal Metal Trading Company was buying gold through two offices in Madre de Dios. Verité research indicates that the vast majority of gold (97 percent) is produced illegally in Madre de

Dios,[153] which registered the largest number of indicators of forced labor and human trafficking. There have been reports that a mining family, which is being investigated for laundering illegally produced gold and was spoken of by multiple workers interviewed by Verité in Madre de Dios as among the most powerful and exploitative mine owners in Madre de Dios, directly sold their gold to the director of Universal Metal Trading. [154]

According to an in-depth report, by Peru's leading newspaper, *El Comercio,* illegal gold exports have been financing the expansion of illegal mining in Madre de Dios since 1997. It was reported that alongside Universal Metal Trading, other large, formal gold buyers and exporters including AS Perú & CIA, E & M Company, Minera Tambopata, Oro Fino, and Los Poderosos, all of which have agencies in Madre de Dios, exported 25 tons of supposedly illicit gold to Switzerland.[155] As of February 2011, only one of the six largest formal gold buyers in Madre de Dios reported that it did not buy illegal gold, while the other five refused to comment.[156] Verité was able to verify first-hand, through interviews with worker and company representatives, that some of these large chains were willing to buy gold from individuals who lacked receipts.

E & M Company reportedly exported USD 58 million to Switzerland in 2011 and its official office was located in a hotel owned by the mining family mentioned above. The owner of E & M is also reportedly the legal representative of AS Perú & CIA, which exported four tons of gold valued at USD 210 million to Geneva in 2011. In February 2011, the owner of E & M was caught by police outside of the Cusco airport with unlicensed guns, which he claimed were the property of an employee of the company who had recently transported 12 kilos of gold to Lima to be exported to Switzerland. [157] Minera Tambopata, which was owned by an ex-employee of one of the biggest gold exporters based in Puno, exported a half a ton of gold valued at USD 22 million in 2011.[158]



Picture 23 – AS Perú & CIA in Mazuko (Offices in Huepetuhue, Puerto Maldonado, Cusco, Quince Mil, Juliaca)

Oro Fino was ranked as the 165th largest company in all of Peru in terms of sales in 2011.[159] Verité saw Oro Fino gold-buying offices throughout Madre de Dios. The owner of Oro Fino claims that they buy 1,000-6,000 grams of gold per month. While workers claimed that there were over 30 Oro Fino gold-buying offices, the owner claimed that there were only eight. The owner of Los Poderosos reported that his company bought approximately 150 kilos of gold

monthly, for which he paid PEN 60,000 (USD 23,000) in taxes. The owner of Los Poderosos stated that he purchased his gold from smaller *accopiadores* usually operating out of storefronts in Madre de Dios that bought the gold directly from workers.[160] In July 2012, it was reported that the owners of Oro Fino and Los Poderosos were facing an investigation and eight years of jail time for tax evasion (along with the powerful mining family) for allegedly selling "gold of unknown origin" to Universal Metal Trading. [161]

As many workers are paid in gold instead of in cash and receipts are not issued to individual workers, the workers have to sell their gold to these *accopiadores* who pay them a lower price for their gold. This gold may be sold directly to large businesses like Los Poderosos or may be sold along a long line of middlemen who transport it to Lima, create fake receipts, and "launder" the gold so that it can be exported. Verité researchers witnessed firsthand how carloads of young men bought illegally produced gold from informal gold buyers on the side of the highway. Verité was able to interview some of these small-scale *accopiadores,* who reported that they purchased gold from workers, employers, and other lower-level *accopiadores.* One said that he used to traffic cocaine and spoke of the similarities between trafficking gold and cocaine.

Research Findings in Cusco



Picture 24 – Self-Employed Miners in Ocongate, Cusco

Background

The Department of Cusco is Peru's eighth largest gold producer out of 24 Departments, and in the first half of 2012 it produced 1.42 million grams of gold, according to official statistics.[162] While it is not among the largest producers of gold overall, it does have a large number of informal alluvial and hard-rock mines and is one of the principal sending regions of workers to Madre de Dios due to its proximity, as well as the economic necessity of many residents. While Cusco has attracted foreign capital for large formal copper mines, it also has a number of large

gold mines that operate illegally with foreign capital but cannot be found on maps or in official records. Additionally, there are a large number of small, informal mines operated by self-employed miners.

The Department of Cusco is comprised of 7.2 million hectares, bordering both Madre de Dios and Puno. Almost 14 percent of all of Cusco's territory had been assigned as mining concessions as of 2010, during which mining employed approximately 4,000 workers in Cusco. In 2007, mining and hydrocarbons generated 13 percent of Cusco's GDP, or PEN 573 million (USD 223 million).[163]

There is a common misperception that the residents of the Department of Cusco are well-off due to the large amount of tourism in the capital city of Cusco and Machu Picchu. However, Cusco is actually one of the poorest Departments in Peru. While the GDP per capita was PEN 6,330 in Peru in 2007, it was PEN 3,556 in Cusco; and while the poverty rate was 36.2 percent nationally, it was 58.4 percent in Cusco.[164] While some of Cusco's Districts are relatively well-off due to tourism, Cusco also houses Peru's two poorest districts, in which 97.8 percent of residents live below the poverty line.[165] This poverty, combined with stories of striking it rich in the mining sector, the rising price of gold, and deceptive labor recruiters, drive many residents of Cusco to informal mines within Cusco, as well as in neighboring Madre de Dios and Puno.

In Cusco, Verité spoke with four government representatives, an NGO representative, 23 workers, eight self-employed miners, a gold buyer, and a worker transporter. The interviews took place in the city of Cusco and the towns of Ocongate and Ccatca. Verité found a number of indicators of forced labor among workers who had migrated to work in Madre de Dios and La Rinconada (findings are included in the corresponding sections), as well as mines about an hour away in La Cumbrera and Quince Mil, Cusco. Verité found some indicators of forced labor among self-employed miners, but not enough to constitute forced labor in most cases.

Indicators of Forced Labor

During worker interviews in Ocongate, Verité researchers were informed that in La Cumbrera and Quince Mil, Cusco, on the border with Madre de Dios, there were relatively large gold mines controlled by heavily armed groups reportedly directed by Chinese, Korean, and Colombian nationals. Although individuals from other countries are not legally permitted to obtain mining concessions, these individuals reportedly did so through proxies. Workers stated that these individuals had used **deception and false promises about terms of employment** to get workers to the mines. Once they were there, they were told that they had to complete 90-day contracts, as they had incurred a debt as part of their recruitment (**induced indebtedness**). Some of these employers failed to pay workers any money when their contracts were up, claiming that they were broke (**non-payment of wages**).

Workers who wanted to leave were held against their will with the **threat of physical violence** by heavily armed guards. Some workers interviewed also reported that the gangs had brought in "**kidnapped"** Ecuadorian immigrants and prevented them from leaving with the threat of violence. A miner from Ocongate who had worked for a Chinese national in La Cumbrera said that the man and approximately 20 armed Chinese and Peruvian guards literally held workers captive at gunpoint and made them work for no pay. The town finally organized a huge party armed with machetes and elicited the help of the police. They freed the miners and kicked out the five Chinese citizens and their armed thugs.

Case Study – Indicators of Forced Labor in Quince Mil

"Roberto" was from Ocongate, one of the biggest sending regions for migrant workers in Madre de Dios. He had previously worked in Madre de Dios, but said that his recent experience working in Quince Mil was even worse. He was recruited by a person that he knew from town who had begun to work for the mine owners and was told that in Quince Mil he would find gold nuggets (compared to gold flakes in Madre de Dios). But when he got there, he found that he had to work 90 days and would be paid by the day instead of in gold. He was told that he would not be paid anything until he had completed his 90-day contract. He was scared to leave because the mine was patrolled by armed Chinese mine owners and Peruvian guards who he said looked like they had military training.

In Quince Mil, "Roberto" worked in hard-rock mining deep in the mountains. He said that although it was a large mine owned by Chinese immigrants with lots of money, the miners were not provided with any modern technology or machinery. Instead, they used dynamite to make holes in the rocks without the aid of engineers or PPE. Then they had to lift rocks with wooden poles "like the Incas" and carry the rocks on their backs. At the mine, high in the mountains, it rained all the time, and they were only provided with a piece of plastic to cover themselves. They were given one bowl of soup each day and if they wanted more, they had to get food on credit, since they were not being paid, at inflated prices from a store connected to the mine owner. He said, "How I underappreciated my mother's bread. There [in Quince Mil], there was no bread. You are enslaved to the big mine owner."

After the 90 days were up, he was told that he could not leave because, although he had completed his time, he was now in debt to the store. Later, when he had paid off his debt and earned some money, he asked for his wages, but the mine owner said that he didn't have any money. After about a year at the mine, the mine owner finally paid him, but only for six months of work. He left with what he could get, feeling fortunate that the mine was not as bad as others in the area where workers were held captive and paid nothing. However, after a year of hard labor he said, "my body is no good."

The Governor of Cusco, who leads an inter-institutional roundtable on illegal mining, as well as representatives of the Ministry of Labor, confirmed these assertions. They reported that five Chinese citizens had been captured and deported by police. However, the workers never received any compensation, the mine owners never faced charges, and a number of these clandestine groups are still operating in Cusco, as well as in Madre de Dios. Interviews with officials in Cusco indicated that they did not want to send inspectors into remote areas to capture these individuals and to free the forced laborers due to the severe risks to their safety. They considered that much of this area had become lawless and that the situation was getting worse rather than better.

In Ocongate, self-employed ASM miners reported that they received loans from financiers to purchase supplies that they needed to dig tunnels or that they received these supplies from stores at inflated prices. In order to obtain the loans, they needed to promise to pay back the financiers and stores with a certain amount of gold at a set price, generally below the market rate (**induced or inflated indebtedness)**. If they failed to pay them back, they feared **denunciation to the authorities**, the confiscation of property or possessions, and/or the inability to get future loans. Due to the unpredictability of hard-rock mining and their lack of

sophisticated equipment, there were many cases in which they did not find any gold and were unable to earn any money or pay back the loans for long periods of time.

Child Labor

Interviews with workers and a local representative of an NGO in Ocongate revealed that while children were not generally employed in the mines, some adolescents were. They were reportedly promised high wages and then told that they had to work for 90 days. Representatives of the Ministry of Labor in Cusco reported that during a wage and hour inspection in informal mines in Quince Mil, they saw children working. When they came back to rescue the children, the local police would not allow them into the mine. They also reported that children worked alongside family members who were self-employed miners.

Health and Safety

Workers employed in mines in Cusco face a series of health and safety risks. Those employed in alluvial mining face dangers similar to those employed in Madre de Dios, while workers employed in hard-rock mining face a different set of hazards to their health and safety. Workers in hard-rock mining face exposure to vibrations from drilling, explosives, repetitive motions, mine collapses, carrying heavy loads, and exposure to mercury and the elements. Both workers and self-employed miners had little to no PPE (the most being a hard hat) and worked in tunnels that were not designed by engineers and had no internal bracing or escape routes. Representatives of the Ministry of Labor reported that they had conducted a joint operation with the Ministry of Energy and Mines on health and safety and issued orders for non-compliant mines to cease mining activities, but the mines re-initiated activities soon thereafter.



Picture 25 – Mine Shaft in Ocongate

Sex Trafficking

While Verité did not find evidence of sex trafficking into mining camps in Cusco, interviews with workers and a local NGO representative in Ocongate revealed that women, teenagers, and girls are trafficked for sexual exploitation in Madre de Dios. Interviews revealed that recruiters arrive in the area to recruit cooks and waitresses. In the case of minors, they sometimes offer their parents money to gain their consent. Verité also saw signs in recruitment offices in the city of Cusco advertising jobs for women as cooks or in "discobars" in Madre de Dios and Puno. Research indicates that once they arrive at the mining camps, these women may be subjected to sexual exploitation. Expert interviews indicated that women and girls were "captured" by sex traffickers who threatened that if they complained or tried to flee, they would not be paid anything, would be "taken to the woods," or their family members would be harmed.



Picture 26 – Recruitment Office in the City of Cusco

Gold Laundering

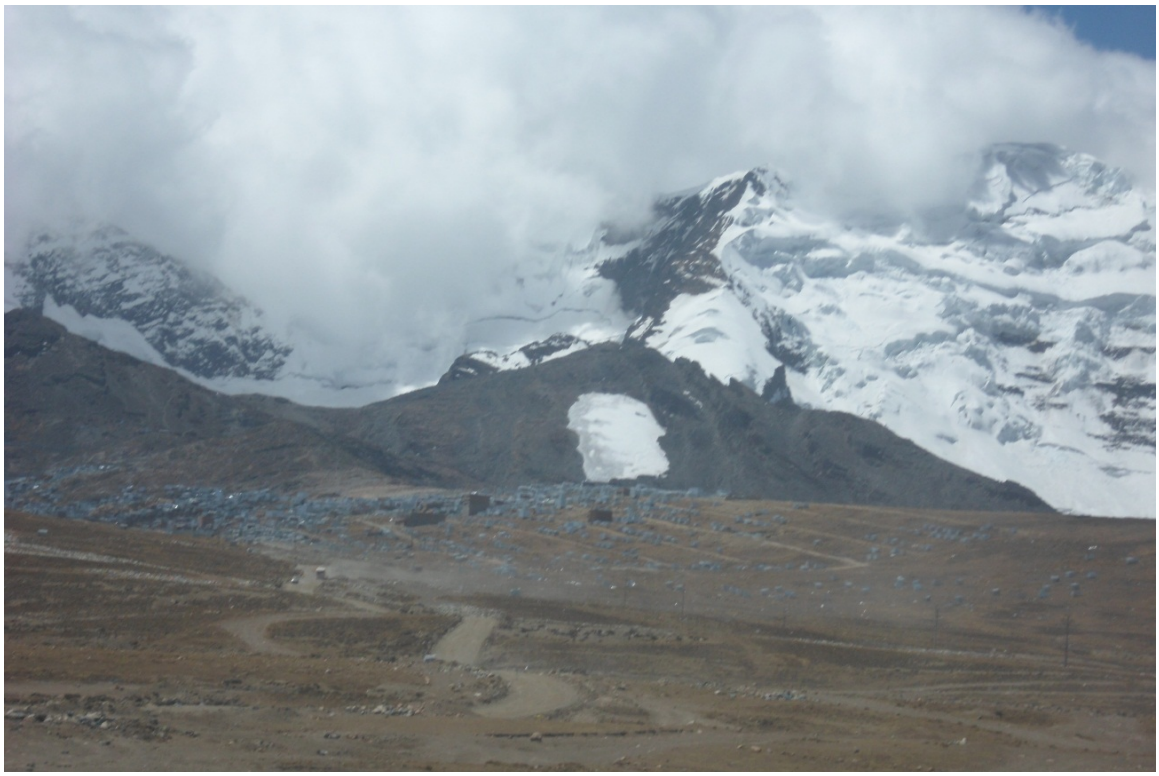
Gold buying and laundering operations are smaller in scale in Cusco because the level of gold production is lower than in the other Departments under study. However, field research indicates that a number of the large-scale *accopiadores* headquartered in Madre de Dios also had offices in Cusco. For example, the owner of Oro Fino reported that the company had offices in Cusco.[166] Verité field research indicated the AS Peru & CIA had offices in the city of Cusco and Quince Mil. In Ocongate, Verité researchers saw gold buyers with chains in Madre de Dios.

In addition to these chains, Verité noted the presence of a large number of small-scale gold-buyers. In the city of Cusco, Verité noted the presence of many small, informal gold buyers. According to in-country experts interviewed by Verité, these gold buyers are used to launder gold. In addition, Verité noted the presence of hardware stores that also bought gold in Ocongate. In interviews with Verité, informal self-employed miners reported that some of these stores advanced them supplies needed for mining in exchange for promises to pay back the loans in gold at below-market prices.



Picture 27 – Hardware and Convenience Store that Buys Gold in Ocongate

Research Findings in Puno



Picture 28 – View of La Rinconada

Background

Puno is both an important sending region for migrant workers and Peru's seventh largest gold producer.[167] The Department of Puno is comprised of over 6.7 million hectares and borders both Cusco and Madre de Dios. In 2010, it was the Department with the second largest area under mining concessions in all of Peru (1,643,746 hectares, or about a quarter of its territory).[168] According to the Ministry of Energy and Mines, Puno also had the fourth largest amount of gold reserves out of all of the Departments in Peru in 2010.[169]

Official statistics indicate that Puno produced 2.18 million grams of gold during the first six months of 2012.[170] However, as a large amount of gold is produced illegally and hidden from tax authorities, there are no official estimates of the amount of gold produced in La Rinconada or other illegal mines in Puno. In La Rinconada alone, where there are no formal mines, it was estimated in 2009 that two to ten tons of gold were produced each year, valued at USD 60 to 300 million.[171] In the first two months of 2010, Puno generated USD 72.7 million in exports, 96 percent of which was generated from mining and 90 percent of which was generated from gold exports.[172]

Puno is second to Madre de Dios in the amount of gold produced in artisanal mines. There are informal gold mines in Ananea, La Rinconada, Cerro Lunar, Ancoccala, Sandia, Patambuco, Ayapata, Phara, San Gabán, Inambari and Río Suches, among other areas. In 2010, the Regional Director of the Ministry of Energy and Mines stated that approximately 30,000 people were employed in the informal mining sector, earning about a gram of gold per day. With gold selling for PEN 65 to 102 per gram, this means that they earned about USD 25 to 40 per day.[173]

However, research in Puno indicated that the three main cooperatives in La Rinconada employed 30,000 workers each and that these workers generally earned much less than this- USD 25 to 40 per day.



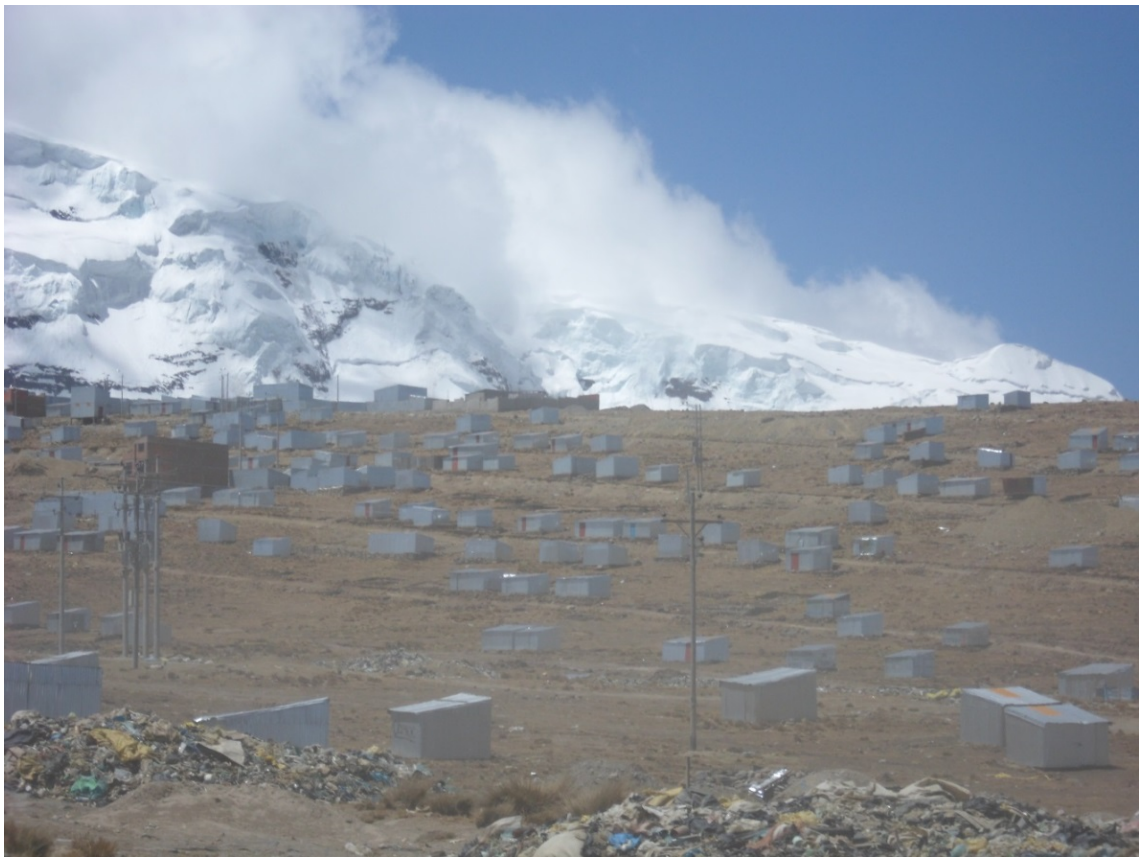
Picture 29 – Ananea: "Welcome to the Golden City of the Andes"

There are a number of mines in Puno, high in the Andes, including in Ananea and La Rinconada, which is the highest city in the world at over 5,000 meters above sea-level (approximately the elevation of a Mount Everest base camp).[174] In La Rinconada, there are three "cooperatives" that exploit mines in icy tunnels underneath glaciers. However, research in La Rinconada determined that these are not authentic cooperatives, but rather associations of labor intermediaries who receive a large percentage of the gold that each person that they recruit finds.

Verité chose to focus its research on La Rinconada, since it utilizes the *cachoreo* system to pay workers. Under this system, workers have to work for a certain amount of time for the "cooperatives" for no pay before they are able to extract gold for themselves. This system was originally used to reward salaried workers, who were paid for their work during their six day workweek and then were allowed to extract as much gold as they could for themselves on their day off if they so chose. However, it has been corrupted in current-day La Rinconada, where workers are only paid through *cachoreo*.

A *National Geographic* report from 2009 indicated that workers had to work for 30 days before they were able to extract as many rocks as they could carry on the 31st day, which may or may not contain gold. This could result in workers laboring for a whole month for no pay. The report cited a manager of one of La Rinconada's bigger mines who said that the mine extracted about 200 kilograms of gold per year (worth about USD 5 million), while each worker earned about one kilogram per year (worth about USD 3,000). [175] While Verité did not find this extreme form of exploitation in which workers had to work a month in order to extract gold for one day, researchers did find cases in which they had to work six days before being able to extract gold for themselves on the seventh. Despite their meager earnings and the risks that the miners faced, they continued to migrate to La Rinconada due to the possibility of hitting the jackpot in what has widely been described as a modern-day gold rush.

La Rinconada is a very isolated area in which there is a severe lack of services and presence of government institutions. Until recently, there was no police station.[176] Now there are four police officers for a city of over 100,000 where crime is rampant. People live in hastily constructed sheet metal boxes, and the town lacks a sewer or a dump. In addition to the risk of criminals, miners face severe risks to their health and safety and all of the residents of La Rinconada face the risk of mercury exposure.



Picture 30 – Worker Housing in La Rinconada

In the Department of Puno, Verité interviewed four workers, three labor intermediaries, one gold buyer, three cooperative members, and one worker transporter in the cities of Juliaca, Puno, and La Rinconada. Verité garnered additional information from expert consultations in Lima, as well as interviews of workers in Madre de Dios, Cusco, and Arequipa who had worked in La Rinconada.

Indicators of Forced Labor

In La Rinconada, Verité researchers interviewed three cooperative members, one of whom was a leader of the cooperative and an engineer by training. He said that the cooperative, one of La Rinconada's three main cooperatives, each of which employs about 30,000 workers, mined about five kilograms of gold per week, or 280 kilograms per year. With gold selling for about USD 62 per gram on the international market, that means that the cooperative was mining about USD 17.6 million in gold per year. The cooperative members also said that there was an association of *accopiadores* that bought about one kilogram of gold per day from workers, or 365 kilograms per year, valued at over USD 22.3 million on the international market.



Picture 31 – Workers and Cooperative Members in La Rinconada

The cooperative members told researchers that each one of the members acted as a labor intermediary. Each intermediary recruited 50 to 200 workers and paid workers through the *cachoreo* system. They said that their payment structure was fairer than others, as workers had to excavate 25 meters of rock for the cooperative for no pay, which took about 20 days, before they were able to excavate 20 meters of rock for themselves. They reported that in one of the other cooperatives, workers had to excavate 40 meters of rock for the cooperative (which can take over a month) before they could excavate ten for themselves, while in another they had to work for six days for no pay before being able to work the seventh day for themselves. In all cases, if workers did not finish extracting gold for the cooperatives or found no gold on the days that they extracted gold for themselves, they earned nothing.

Even though this cooperative's *cachoreo* system paid workers a higher share of the gold that they found than others in La Rinconada, the cooperative members reported that they received, on average, 125 percent of the earnings of each of the 50 to 200 workers that they recruited. They justified this system as "shared risk," saying that when there was a lot of gold, everyone earned money, and when they was not much gold, everyone's earnings decreased. However, the cooperative members could spread their risk out among hundreds of workers, while each individual worker depended on sheer luck.

They told the story of an old man who found three kilos of gold on one day when he was working for himself as an example of how workers can benefit from this system. These types of stories were repeated by workers who explained the tactics used by cooperative members to recruit them. The workers said that recruiters told stories about miners striking it rich, but shared few details about the actual payment system. In some cases, the recruiters deceived workers outright about the nature of the *cachoreo* system, the amount that they would have to work for their recruiters before they would be able to work for themselves, and the unpredictability surrounding hard-rock mining. Labor intermediaries/cooperative members are encouraged to recruit as many workers as possible, including through **fraud and deception**, because they earn a portion of the earnings of each worker that they recruit.

Workers employed by cooperatives in La Rinconada had to work for no pay for six to 40 days before they could mine for themselves. However, due to the unpredictability of hard-rock mining, there were times when they did not find any gold, or found very little gold when they worked for themselves. This means that workers may work up to 40 days without any pay, and an additional 20 days for little or no pay, constituting **non-payment of wages.** A worker interviewed in Arequipa reported that he had recently returned from La Rinconada, where he had worked for over one month without receiving any pay. Unlike other workers, he had brought his savings with him, and although he had gone through all of his savings, he did not become indebted during this time.

Case Study – Work for No Pay in La Rinconada

"Arturo" was working as a shoe shiner in Arequipa when researchers interviewed him. He appeared to be about 75 years-old and was hunched over and raspy and out of breath as he spoke. He told the researchers that he had come back from his first stint in La Rinconada about six months earlier. Under his agreement with his labor intermediary, he had to work 15 days for the business before he could work one day for himself. He worked for 30 days for the cooperative in the extreme cold in La Rinconada, but during the two days that he worked for himself, he found no gold at all. Fortunately, he had some money saved, so he did not have to become indebted to pay his living expenses, but after a month, he left because he had used up all of his savings, had not made any money, and could not tolerate the cold any longer. He said that he would have been scared to leave if he had been indebted, as he had heard pervasive rumors of human sacrifices, including a widespread rumor that a large number of homeless people who had disappeared from Arequipa had been rounded up and shipped off to La Rinconada to be sacrificed. While he was in La Rinconada, he had seen a llama sacrificed as "payment to the land."

The long periods of time during which workers receive little to no pay sometimes force them to take out loans for their living expenses. Worker and expert interviews revealed that some workers were provided with loans by their recruiters/cooperative members in the form of cash advances or food and supplies at inflated prices. This could lock workers into a cycle of debt, resulting in **induced indebtedness**. Workers reported that in La Rinconada there was a widely-held superstition that workers who were decent would not find gold, and that only drunkards and womanizers were lucky. According to workers, this contributed to spending on alcohol and prostitutes and the cycle of indebtedness.

Workers reported that they were reluctant to leave their employment at La Rinconada before paying off their loans due to fear of violent reprisals or **supernatural retaliation.** Multiple workers interviewed reported that they had heard and believed rumors of human sacrifices in La Rinconada; for example, it was rumored that people were killed for their brains, which were offered to the earth so that it would produce gold. Even if the rumors were untrue, workers' belief in their veracity constituted a menace of penalty. There were also multiple reports of friends and family members who had gone to La Rinconada and had disappeared. This also creates a menace of penalty of **physical violence** for failing to repay loans. Workers in La Rinconada also reported being afraid of being **blacklisted and excluded from future employment** if they failed to pay back their loans or left their employment before completing their work for the cooperatives.

Case Study – *Cachoreo* in La Rinconada

Alejandro was interviewed in his hometown of Ocongate. He said that he had just returned from La Rinconada a week earlier. He had worked for a mining "cooperative" that paid him through the *cachoreo* system. Their system of payment was fairer than some other cooperatives, requiring him to work six days for no pay and allowing him to extract as many rocks as he could carry on the seventh day (which could contain a great deal of gold, but more often contained little to no gold). If he failed to work for the full six days, he was not paid anything. He generally found less than a gram of gold, worth about PEN 70-80 (USD 27-31) on the seventh day, meaning that he earned about PEN 300 (USD 115) per month, less than a third of the minimum wage for the mining sector. In addition, he was not provided with the legally mandated day of rest per week, received no benefits, and was exposed to a number of health and safety risks.

Because he worked in hard-rock mining, which is very unpredictable, there were weeks when he did not find any gold or found very little gold and therefore had to take out loans at high interest rates or had to get products from stores on credit at inflated prices. This generated a cycle of debt in which he had to continue working for the cooperative to pay off his debts. He said that he was wary of trying to leave before paying off his debts because he had heard rumors of miners being sacrificed and their brains being buried (in accordance with ancient Inca beliefs) so that the earth would sprout gold. He said that he had friends who had disappeared without a trace. He said that a "gold fever" kept him in La Rinconada. He spoke of mining like an addiction, similar to gambling; he always thought that the illusive big payoff for his years of hard work was right around the corner.

Child Labor

Verité researchers did not detect evidence of child labor in La Rinconada, but they did observe adolescents in the city dressed in soiled mining clothes who had obviously just returned from working in the mines.



Picture 32 – Adolescent Miners in La Rinconada

Health and Safety

Workers in La Rinconada face the same dangers as workers employed in hard-rock mining in Cusco, including vibration, explosives, repetitive motions, mine collapses, carrying heavy loads, toxic gasses, mercury, and the elements. In 2009, a local engineer reported that only a few of the 200 mining companies operating in La Rinconada complied with legislation requiring the provision of PPE to workers.[177] Workers in La Rinconada also face a set of unique risks associated with working and living at extremely high altitudes, including altitude sickness, pulmonary and cerebral edema, and exposure to extreme cold, as they work in icy tunnels dug under glaciers high up in the Andes. In 2009, National Geographic reported that in La Rinconada, the average life expectancy was 50 years, compared to an average of 71 years on a national level.[178]

Workers are exposed to mercury during the processing of gold. Each worker is responsible for extracting and processing the gold from the rocks that they mine for themselves. They use an ancient process used by the Incas. First, they crush the rock into dust in grinders. Then it is mixed with mercury in rustic stone basins called *Quimbaletes*. The workers or women paid to carry out the work rock back and forth on stones placed atop the basins to separate the gold from the dust. They squeeze out the excess mercury through cloths with their bare hands, producing small mercury-covered nuggets of gold. Finally, they burn off the rest of the mercury in cans or bring it to shops where it is burnt off in rustic wood stoves. As the vapor escapes from the cans, the workers breathe it into their lungs, or if it goes out through the chimneys in the shops, it condenses in the cold air and falls onto the snow on workers' roofs, which serves as the only source of drinking water for many workers and their families. Peru's National Institute of Health and Work has reported that up to 95 percent of children living in La Rinconada demonstrated signs of damage to their nervous systems.[179]



Picture 33 – Woman with Child on Back Working at Quimbalete in La Rinconada

Most workers live in small sheet metal boxes without any plumbing facilities or kitchens. The city of over 100,000 also lacks a sewage or trash collection system, so inhabitants are faced with a constant stench of waste. Worker and expert interviews indicate that there is also a high rate of pulmonary illnesses and other diseases caused by the unsanitary conditions as well as the extreme cold.



Picture 34 – Trash and Sewage Running Down Hill in the Center of La Rinconada

Sex Trafficking

Verité researchers did not find direct evidence of sex trafficking to La Rinconada and were unable to interview any sex workers there. However, there were brothels very similar to the ones seen in Madre de Dios. When researchers visited recruitment offices in Cusco, they saw advertisements from "discobars" in La Rinconada seeking young women that were very similar to the ones advertising these positions in Madre de Dios. Women interviewed in Arequipa reported that they had been forced to provide their employers with sexual services after being contracted to work as cooks in La Rinconada and that they had seen cases in which women and adolescent girls had been deceived into accepting employment as cooks or waitresses in La Rinconada, where they were subjected to sexual exploitation in brothels.

Gold Laundering

In 2011, Peru's fourth largest exporter of goods to Switzerland and fourteenth largest exporter of mining products overall was Sociedad Minera Rinconada Sociedad Anónima Cerrada (meaning "closed anonymous association," a common business classification in Latin America in which the owners of the business are not disclosed). This Association exported over USD 448 million in gold to Switzerland in 2011.[180] As the vast majority of gold produced in La Rinconada is extracted using workers paid through the *cachoreo* system, this gold was likely produced under conditions that cause worker vulnerability to forced labor.

Puno's largest city, Juliaca, is the center of illegal gold transactions for the Department, with 30 gold buying shops and five wholesalers in 2010. In La Rinconada, there were approximately 150 gold buyers. They buy much of their gold directly from workers who prefer to sell their gold at lower prices rather than pay for transport and risk being robbed on their way to Juliaca. The owner of one of the shops in La Rinconada reported that the majority of the gold that they bought came from artisanal miners in La Rinconada and that they bought between 300 and 500 grams per week. They also bought gold from other Departments, in which case they could accumulate up to a kilogram per week. They sold this gold to gold shops and wholesalers in Juliaca, which they say bought and exported between ten and 20 kilograms per week. With gold priced at about USD 62 per gram on the international market, this means that these gold larger-scale *accopiadores* moved between USD 620,000 and 1,240,000 worth of gold per week. There are also reports that drug traffickers have used gold as a way to launder their dirty money in Puno since such huge quantities of money quickly change hands.[181]

Research Findings in Arequipa



Picture 35 – Mine Control Tower next to Beach in Chala, Arequipa

Background

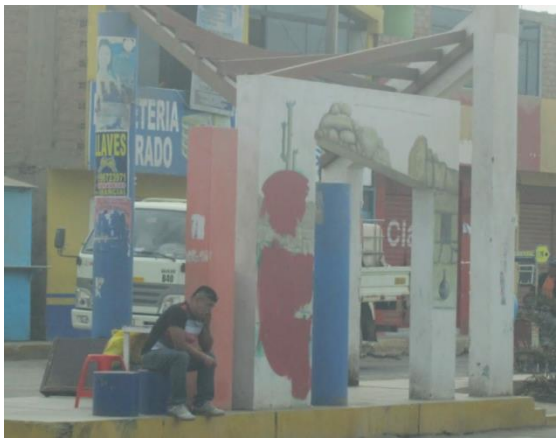
Arequipa is one of Peru's largest gold producers and includes regions that produce and process a large amount of illegally-mined gold. The Department of Arequipa borders Ayacucho, Apurímac, Cusco, Puno, and Moquegua, as well as 528 kilometers of coast line. In 2011, it had a population of 1,231,553 and the capital city of Arequipa was the second most populous city in Peru. Arequipa's mining sector contributed 9.3 percent to Arequipa's overall GDP and 9.7 percent to the nation's mining GDP.[182] In 2009, it produced 8.5 percent of Peru's gold.[183] Arequipa was considered Peru's fourth largest gold producer in the first half of 2012, during which it produced 9.44 million grams of gold according to official Pictures.[184]

In Arequipa, there is a large amount of both formal and informal gold mining. There were reportedly 429 registered formal mines in 2012: 180 artisanal formal mines, 240 small formal mines, and 9 medium-sized and large formal mines. However, there was also a large amount of informal mining in Arequipa. Some estimates indicate that 18,000 people were employed by informal mining in Arequipa.[185] However, in November of 2012, the regional director of the Ministry of Energy and Mines reported that there were 70,000 to 80,000 informal miners in Arequipa who had taken some steps to formalize and an additional 7,000-8,000 informal miners who had taken no steps to formalize, for a total of 77,000-88,000 informal miners in the Department.[186]

The vast majority, 70 percent, of informal mining in the Department of Arequipa reportedly takes place in the Caravelí region. It has been estimated that 98 percent of gold mining in Caravelí is informal. In Caravelí, gold mining takes place in Cháparra, Quicaña, Huanuhuanu, Tocota, Atico, Cahuacho Acarí, Camaná, and Condesuyos, among others. However, the center of

gold mining and processing for Caravelí is the District of Chala, a small town overlooking the Pacific Ocean, and the areas around it. Chala hosts a large number of formal and informal gold mines and small, informal gold processing plants (*quimbaletes*), as well as eight formal gold processing plants.[187]

Chala, due to its strategic location on the Pan-American Highway and its relative proximity to a large number of major gold producing regions such as Puno, Cusco, and Ayacucho, has been the staging point for massive protests, which have turned deadly on some occasions. In April 2010, over 6,000 miners from various Departments gathered in Chala where they blocked the highway and two bridges to protest government laws to combat illegal mining as part of a nationwide strike.[188] A government representative reported that the strike was allegedly instigated by Brazilian, Russian, and Bolivian mine owners.[189] The protesters and police clashed, resulting in the deaths of five protestors, 20 injuries, ten to 20 "disappearances," and the arrest of 28 protesters, 27 of whom were later released.[190] Local workers interviewed reported that the death toll was higher than the official Pictures indicated.



Picture 36 – Place where Multiple Protestors were Killed

Verité interviewed 43 workers, as well as government representatives, a lawyer specialized in mining law, workers, gold buyers, gold processors, self-employed gold miners, union representatives, and worker transporters in the city of Arequipa and in Chala and Atico.

Indicators of Forced Labor

Verité detected fewer indicators of forced labor in Arequipa than in Madre de Dios, but research did uncover a system by which employers overcharged workers for goods purchased in company stores, creating vulnerability to debt bondage. In addition, Verité found some indicators of vulnerability to forced labor in formal mining and among self-employed miners, whose vulnerability was increased by deceptive mineral processing companies and new laws against illegal mining. Verité also found some child labor and poor health and safety conditions in Arequipa. Verité noted that underage and female workers presented a higher degree of vulnerability in Arequipa than adult male workers.

A high-level local official interviewed by Verité reported that the isolation of many mines in Arequipa posed significant problems for inspections: it made identifying possible violations difficult, it complicated the logistics of inspections, and it made inspections expensive and dangerous. In remote areas, although there had been many complaints, it was difficult for the government to carry out inspections, since some of these areas were up to 15 hours away from the Departmental capital of Arequipa. The official also asserted that while he believed that there was forced labor and human trafficking in the area of Caravelí, inspectors had not been able to go into these areas due to security concerns. He said he would "never send inspectors there alone [without police or military accompaniment] because their life would be in danger" because mine owners' "law reigns there, not the national law."

An aspect that set Arequipa apart from other regions is that Verité found highly exploitative conditions of work in formal mines that increased workers' vulnerability to forced labor. There were also reports that formal processing plants have their own mining concessions. Some of these plants reportedly employed workers to extract gold from their mining concessions, paying them low wages, lowered further by deductions, and failing to provide them with benefits.[191]



Picture 37 – Formal Processing Plant in Chala

During interviews with Verité, some workers reported that they had worked in small and medium-sized formal mines and had been contracted by labor intermediaries as temporary contract workers. Workers interviewed who had worked at medium-sized formal mines reported that the mines employed two categories of workers: permanent and temporary. In one mine, there were reportedly only about 30 permanent workers who were direct employees of the company, while the rest were temporary subcontracted workers who were recruited by labor intermediaries and hired on 30-day contracts, which were renewed every month. Workers who are employed on contracts of less than 30 days are not eligible for many benefits and are not provided with the right to unionization. If these workers try to organize or protest about their conditions, their contracts are simply not renewed, so they are easily dismissed and are not eligible for severance pay or covered by laws on unfair dismissal. This makes them vulnerable to **exclusion from future employment**. Intermediaries who recruited temporary workers reportedly provided some of them with little information about their working conditions and no written contracts, making them vulnerable to **deception about their terms of work**. Some of the temporary workers interviewed reported that their actual working conditions were worse than those originally promised to them; for example, wage payments approximately 25 percent lower than those promised by the intermediaries and/or received by permanent workers. They reported having to excavate a certain amount of mineral in order to receive payment while being exposed to poisonous gases deep underground.

While there were some indicators of vulnerability to forced labor in small and medium-sized formal mines, conditions were generally much worse in informal and illegal mines. Workers interviewed who had worked in informal mines in Arequipa reported that labor intermediaries

in the capital city of Arequipa recruited workers for jobs in these mines. Recruiters operated formal employment agencies, posted advertisements for employment, or recruited workers directly, mainly in parks. For example, in Arequipa's main plaza, individuals in search of work knew to sit in a certain location so that they would be approached by recruiters. According to workers interviewed, these labor intermediaries generally charged workers a small fee up front of around PEN 20-25 (USD 7.75-9.68) and then deducted another larger fee of approximately PEN 100 (USD 39) from workers' first paycheck, sometimes without their knowledge or consent. Some intermediaries also reportedly **deceived workers about their terms of employment**, especially regarding their salary, working hours, and working conditions.

Multiple workers reported being promised PEN 1,000-1,200 (USD 387-464) per month for working eight hours a day under decent conditions. However, when workers arrived at their workplaces, many found that they had to work 12 hours a day under dangerous conditions for PEN 700-900 (USD 271-348) per month, less than the minimum monthly wage of PEN 750 (USD 290) nationwide and of PEN 937.50 (USD 360) in the mining sector. Workers reported that they were also charged previously undisclosed fees for transportation of PEN 200 (USD 78) or more; overpriced food and supplies; and in some cases training. In addition, some workers reported that they were told upon arrival at the mines that they had to work for one to two months before they could leave, and during which they would not be paid any wages, except for a small "advance" of approximately PEN 90 (USD 35) per month, representing **withholding of wages**.

Case Study – Indebted Juvenile Miner

"Esteban" was 17 when he went to visit an uncle in a mine in Arequipa. When he arrived, he was encircled by labor intermediaries who offered him a job. He said that he didn't want a job at the mine, but that he felt pressured by the intermediaries and was eventually convinced by their inflated promises of earnings. He had to agree to a 30-day "contract," under which he would not be paid and could not leave for the first 30 days. When he began to work, he found that he only earned PEN 6 (USD 2.30) per day before deductions and PEN 3 (USD 1.15) per day after deductions for food. Since there was no running water in the camp, he had to buy it from the company store, along with food not included in the meager meals that the mine provided, all of the supplies that he needed to mine, medicine, and other products. As the prices for these products were drastically inflated and deducted from his wages, he ended up indebted to the mine, even without any initial debt for transport to the mine. He told of the grueling, dangerous work and rumors that the bodies of some workers who died due to accidents were thrown into the ocean. He also said that the mine had a "cama caliente (hot bed)" policy in which workers worked in rotating 12 hour shifts, with a single bed for every three workers who had to agree about when each one would be able to sleep. Under these conditions, "Esteban" wanted to leave after the first two weeks, but could not leave until he was finally able to pay off his debt after three months of work. When he told his supervisor that he wanted to resign and asked for his pay, the supervisor had the security guards throw him out of the isolated mine with no money and he had to beg for a ride home from passersby.

Some workers reported that they were provided with basic food and housing, but if they needed to buy more food, medicine, or supplies, they had to do so at company stores. Workers reported that these stores were owned by the mine owners who charged them two to four times the normal cost of products, the cost of which was deducted from their wages. They reported that

they were not provided with transparent records of their debts and payments, which creates vulnerability to fraud and **induced indebtedness**. Some workers also reported that deductions were made from their wages for training, PPE, and fraudulent social security, medical insurance, and/or pension contributions.

While most workers were able to pay off these debts, workers who spent money on beer and prostitutes often became trapped in a cycle of debt to their employers. Workers reported that in some camps, the mine owner also owned a brothel on the camp and charged workers around PEN 50 (USD 19) for sexual services. Workers also reported that the company stores charged workers PEN 20 (USD 7.75) per liter of beer, versus PEN 5 (USD 1.90) at a normal store. While beer and prostitutes are not necessities for workers, and workers who used prostitutes were in many cases contributing to sex trafficking, mine owners were reportedly able to take advantage of some workers' vices in order to trap them in a cycle of debt.

Some of the workers interviewed reported that they had worked in mines that were extremely physically isolated and that transport was only provided to the mine, but not back to workers' homes. Some miners recounted that the only transport was controlled by mine owners, while others reported that since they were not paid for the first month, they were unable to pay for transport back home. Other workers interviewed reported that the mines in which they worked had locked gates and armed guards who would not let them out of the mining area without permission, resulting in **physical confinement of workers in the work location**.

Case Study – Echoes of Madre de Dios in Arequipa

"Ricardo" started working in mining in Madre de Dios when he was 22. He had to complete a 90-day "contract" before he was able to leave, saying "they kidnapped me for three months." Still, he said that his experience in Madre de Dios was better than his experience in a mine about 20 minutes from Chala because "at least in Madre de Dios they pay you a percentage" (ten grams of every 150 grams of gold he found).

In the city of Arequipa, he was approached by a labor intermediary in a park in Arequipa. The intermediary told him that he would be paid PEN 1,200 (USD 462) a month, and this promise of a paycheck sounded attractive. However, when he got to the camp he was told that he had to work for two months, owed money for his transport to the mine, would only be receiving PEN 900 (USD 347) per month before deductions, and would not be paid and could not leave until he had worked for two months.

The workers were only provided with a helmet and had to buy other PPE, supplies, and food at inflated prices at a company store because the camp was very isolated and had a locked gate and armed guards who would not let workers out without permission. They were given a maximum "advance" on the wages that they had already earned of PEN 90 (USD 35) per month that they could spend at the store and everything else they bought on credit was deducted from their next payment. "Ricardo" said that the mine owner, who was from Brazil, even had a brothel. While workers who simply bought staple products at the store generally did not become indebted, workers could become rapidly indebted if they spent their money on prostitutes or beer, which was four times the normal price.

Case Study – Echoes of Madre de Dios in Arequipa (continued)

According to "Ricardo," workers who owed money or had not finished their two-month "contracts" were not allowed to leave under any circumstances, "you can't leave even if your father has died." He said that it was very hard to leave the camp without the mine owner's permission due to its isolation, a complete lack of communication with the outside world, a lack of transport not controlled by the owner, and the locked gates and armed guards. Even if workers were able to escape, they were hesitant to do so because the mine owners were "angry people, they might even kill you … you have to accept the conditions." He had heard of human sacrifices in Chala, where it was rumored that people were buried alive, and knew workers who had simply disappeared and imagined that they might have been killed. This fear, based on reality or not, caused him to stay at the job despite having to work under worse conditions for lower wages than originally promised.

Eventually, the workers became fed up with the conditions and organized. They decided to attack the armed mine owners and guards with dynamite, the only weapon they had. The mine owners and guards shot back at them, hitting "Ricardo" with a bullet in the leg and killing some of his friends. The workers were able to take over the mine and the mine owners fled into the mountains, but were never captured by police for their crimes. The workers started mining independently in the mine and continue to do so to this day. However, "Ricardo" had to leave the area due to the injury to his leg, and the bullet scar is all that he had to show for his months working at the mine.

Workers interviewed also reported that they perceived a **threat of physical violence**. Multiple workers reported that they believed widespread rumors of human sacrifices in Chala; they heard that workers were buried alive. Although Verité could not verify the veracity of these rumors, workers' strong belief in their occurrence indicates that they perceived a menace of penalty. Additionally, one worker stated that he had been directly threatened with violence. Another worker interviewed reported that he was shot in the leg by a mine security guard when he and other workers were protesting their low wages and poor conditions and that other workers were killed during an ensuing clash between workers and mine owners and management. There have also been armed clashes between miners and the police/military in Chala, which serves as a strategic point for national-level road blocks to protest government policies on informal mining. Multiple workers were killed in these clashes.

Verité was able to interview a number of women who had worked at mining camps, mostly as cooks. According to these women, the mine owners took advantage of vulnerable women: the naiveté of young women and the economic necessity of older, uneducated single mothers. Women who lacked a DNI were reportedly more vulnerable, as their job prospects were severely limited. These women reported that they were deceived about the nature and terms of their work. They were offered PEN 1,000-1,200 (USD 387-464) per month to work as cooks, but when they arrived, they found that they would only be earning PEN 600-800 (USD 232-310). In some cases, they were offered jobs as cooks and had to also work in the mines and/or provide sexual services. They had to work up to 20 hours a day and were also responsible for safekeeping all of the miners' possessions. If anything was lost, it was deducted from their meager salaries, representing a **financial penalty**. In some cases, the women were also expected to work in the mines between meals. Some of the women reported that mine owners had sexually abused and raped them, and if they denied them sexual favors, they were **threatened**

with dismissal. Two women interviewed reported that they had actually been fired for refusing to provide their employers with sexual services.



Picture 38 – Female miners (*"pallaqueras")* in Arequipa – Photograph provided by and used with the permission of Red Social

Case Study – Cook in Arequipa

"Sara" was a strong, opinionated woman who proudly wore a gold cross on a gold chain around her neck. She was not afraid to openly share her experiences in mining camps around Peru, where she had lived for over 30 years since she was a girl. When she was about five, her mother, who worked as a cook, had brought her to a mining camp in Madre de Dios, where she helped her mother with her labors.

"Sara" had worked in Madre de Dios, La Rinconada, and most recently Arequipa, where she reported that she regularly worked from 4AM to 11PM cooking for 29 men in the camp, and was responsible for caring for their equipment. If anything was lost, its cost was deducted from her salary of PEN 600 (USD 232) per month. Because of this, and because she was afraid for the safety of her young daughter who slept with her in an open room with all 29 miners, she constantly awoke during the few hours that she had to sleep.

"Sara" alluded to the fact that she had been raped as a girl in the camps and did not want this to happen to her daughter. It was something that she worried about constantly. She also said that she had had to fight off constant advances from her employers and miners, who routinely groped cooks in the camps. She also said that many employers threatened cooks with dismissal if they refused them sexual favors, and that while many of the cooks yielded to these demands due to a lack of other opportunities and the need to provide for their children, she had refused them and had been fired for doing so "various times."

Still, she did not complain about her circumstances, but rather voiced her concern for others. She told of the alcoholic miners in La Rinconada and Chala, and of how she had to force them to eat. She told of teenaged boys who had been tricked into coming to the camps with promises of high wages, and were only paid PEN 400 (USD 155) per month; and of teenaged girls who were offered positions as waitresses, only to find themselves forced to work as prostitutes in the bars with no way out.

Verité found that while self-employed miners in Arequipa were generally less vulnerable to forced labor than workers employed by informal mines, they did exhibit some vulnerability to induced indebtedness, which was exacerbated by new government regulations. Some of these ASM miners have to borrow money from financiers for mining supplies and living expenses. They may also work on a concession owned by another person and have to pay them and/or money lenders a percentage of the gold that they find. As they work in a very unpredictable sector in which they may go months without finding any gold, self-employed miners are very vulnerable to becoming indebted.

Case Study – Self-Employed Mine

"Beto" was 21 when he first started working for an employer in an abandoned mine shaft in Chala, Arequipa. He worked for 17 years at the mine, where he saw various accidents. In one, a half ton of mineral fell on a 17 year-old co-worker. In another, a man's face was disPictured by a drill. There was also the constant threat of falling rocks and cave-ins due to dynamite blasts and earthquakes, which are common in the region.

After 17 years, he managed to get a loan from an investor to buy supplies so that he could start mining independently in partnership with two friends from Cusco. The investor gave the financial backing, in exchange for the labor of "Beto" and his two partners. They had to pay this loan back with interest with about a quarter of the gold that they found. They formed an association and were legally obligated to pay back the loans. The loan grew because they had to purchase about 40 sticks of dynamite per day.

After months of work without pay, they finally found the *beta* (gold-bearing vein). "Beto" had more experience than his partners, so he knew that hard rock gold mining was extremely unprintable. He was also very concerned about paying back the investor due to fear of legal problems. However, the other partners started spending all of the money because they thought "that they were rich" and "the gold drove them crazy." This generated a series of arguments and disagreements. One day while they were in the mine, "Beto," who was hidden away in one of the tunnels, overheard their plans to kill him by burying him alive with a dynamite blast. He immediately decided to get out of the association alive, but had to give up his claim and pay each partner PEN 12,000 (USD 4,644) to buy his way out.

In order to comply with new government regulations, self-employed ASM miners have to spend money on environmental certifications, legal fees, and taxes in order to become formalized, which cuts into their already small profit margins. More problematically, the regulations require that miners obtain a letter from the concession owner in order to continue to mine legally. In some cases, the miners had been working the land for years or decades, and the concession owners were powerful, well-connected individuals who had recently obtained the concessions. The new regulations gave the concession owners leverage over the miners, because if they fail to obtain a letter of consent, they will become "illegal" miners who are considered criminals. Some of the concession owners have reportedly taken advantage of this fact to extort the miners into paying huge lump sum payments of USD 30,000-100,000 or to agreeing to pay them a *regalía* of up to 30 percent of the gold that they produce (even though the Ministry of Energy and Mines establishes a maximum of one percent for *regalías*). This makes small-scale, self-employed miners who are already living precariously, vulnerable to **debt bondage**.

Some self-employed miners interviewed also reported that the concession holders had **threatened them with violence and/or denunciation to authorities** if they did not pay up or abandon the lands that they had been working on. In some cases, miners reported being threatened verbally or with weapons. In other cases, the police reportedly forcibly evicted workers from concessions.

There are a large number of formal processing plants in Chala. Self-employed gold miners reported that these processing plants buy low grade gold that cannot be processed in the quimbaletes and/or buy gold from workers when they do not have enough time to process the gold by hand. These formal processing plants also buy gold from informal and illegal miners, constituting a channel for "laundering" gold and representing the only option for informal miners to sell their low-grade gold or large amounts of mineral. They reportedly buy the gold at a lower price from miners who lack a receipt, deceive them about the weight, and tack on a number of penalties and fees. Miners reported that many of these plants cheated them out of money and that they received about 50 percent of what their gold was actually worth. They reported that the plants, many of which have their own laboratories, fraudulently undervalued the amount and quality of gold contained in the mineral and charged them excessive fees for transporting the mineral and "penalties" if the gold was of a lower quality or required more cyanide to process than expected. They also reported long delays in payment for their gold and a lack of mechanisms to verify the quantity or quality of their gold or to seek redress. Finally, there are reports that these processing plants have made agreements with concession owners to deduct their *regalías* directly from the payment owed to the miners without their consent. Since ASM miners (and especially informal ones) have no leverage and no other way to sell their mineral, they have to accept these conditions or carry out protests. In one case, approximately 1,500 miners who staged a protest over the low prices paid to them for their gold in front of one of the largest processing plants in Chala were met by 20 police and five armed security guards.[192]



Picture 39 – Worker Handling Mercury-Contaminated Water with Bare Hands at *Quimbalete* in Chala

Case Study – Self-Employed Miner Cheated by Processing Plants

"Alberto" came from the rural highlands of Arequipa to Chala when he was 16 to work in a small, informal gold mine. After years of hard work, he had finally been able to get a loan to start working in a mine alongside three other partners, all of whom were brothers. He said that they worked together in the isolated mine, and that their wives and children joined them when they were on school vacation, but they did not allow their children to work alongside them because the work could be dangerous, as they worked with dynamite and mercury.

"Alberto" said that, in most cases, they were able to bring the mineral that they mined to a *quimbalete*, where they grind the stones into powder and then process this powder into nuggets of gold with mercury using a concrete basin, which is filled with mercury and water. The owner kept all of the *relave* (left over material) as compensation. However, when they produced a large amount of mineral or the gold that they extract was of low quality, their only option was to take it to a processing plant. Since "Alberto's" mine was not formalized, they had to accept a lower price for their gold from the processing plants, which he said cheated small miners (formal and informal alike) when they sold their gold to the plants. He reported that these plants underreported the weight and quality of the gold, charged workers excessive fees for transporting the raw mineral, and imposed "penalties" for a number of things, such as having to use more cyanide than expected.

Child Labor

Verité's interviews with workers in Arequipa indicate that juvenile workers between the ages of 15 and 18 years of age worked in mines in the Department. According to workers interviewed, in many cases, these minors worked under worse conditions than adults, were deceived more often, and were paid as little as PEN 400 (USD 154) per month. Because these juvenile workers were less knowledgeable of the conditions under which they would be working and had less life experience, they were reportedly more vulnerable to deceit.

Interviews indicated that there were also some children as young as 12 years old working in mines. However, this was reportedly not widespread and most children who worked in mines did so alongside parents who were self-employed miners. In these cases, they generally worked outside of school hours and were assigned light tasks that did not present risks to their health and safety.

Health and Safety

A local official interviewed by Verité reported that while workers generally worked under fair conditions in large and unionized formal mines, inspections had detected extremely poor conditions of work in formal small and medium-sized mines in Arequipa. These included dangerous working conditions, especially ventilation problems that made workers vulnerable to exposure to toxic gasses, as well as the risk of falling rocks. In the area of Cayoma, the official reported that 60-70 percent of all mines were sanctioned for labor violations.

There were a large number of reports of health and safety risks and fatal mining accidents in Arequipa. Workers interviewed reported that they worked under dangerous conditions, including exposure to falling rocks, explosives, and poisonous gasses in mine shafts. They further

reported that they were generally not provided with any PPE; at most gloves and a helmet were available for purchase. Employers generally failed to provide workers with any form of medical insurance, social security, or health care in practice (even though medical insurance and social security contributions were sometimes deducted from workers' paychecks). Workers explained that many workers and their families were not given any compensation if they were injured or killed on the job.

Verité researchers witnessed workers at a number of *quimbaletes* handling mercury with their bare hands. Workers interviewed who had worked at formal processing plants reported that they had to wade into pools filled with cyanide without any PPE. There were also reports that the runoff from the plants contaminated the drinking water of Chala.

Sex Trafficking

Women interviewed in Arequipa reported that when they were younger they had been hired to work as cooks and were deceived by recruiters who subjected them to sexual exploitation in "bars" in mining camps in Arequipa. They reported that this was still occurring in the camps in which they worked, with adolescent girls being promised jobs as waitresses and then being forced to work in the "bars." According to the women interviewed, if the girls had documents, they were retained, and the girls were given alcohol and told that they had to provide clients with sexual services and were sometimes told that they had to offer them drugs as well. Some of the girls were reportedly threatened with violence or being denounced to authorities for robbing something if they refused their employers' demands or tried to leave. Women interviewed who had worked as cooks also reported that they had been raped and/or had been forced to provide their employers with sexual favors under threat of dismissal.

Gold Laundering

Chala is a center for the processing and laundering of illegally produced gold from Arequipa and other Departments, including Cusco, Puno, Piura, and Ayacucho. There are two main ways in which gold is processed in Chala. The first way is in small, informal "*quimbaletes"* in which workers process their own gold using mercury. The *quimbaletes* are generally very small operations, with one grinder and one to two basins, and dozens can be found close to the center of Chala, each cordoned off by straw fences. The workers pay nothing for the service, but the *quimbalete* owner gets to keep the "*relave,*" the dust and mud left over (about 30 percent of the gold contained in the mineral), tons of which are sold to formal processing plants. In this system, workers grind their mineral in gas-powered grinders and then deposit the dust into a rustic concrete basin to which they add water and mercury by hand. They then rock back and forth on a rock above the basin until the gold is separated from the dust and condenses into a small globule of gold. After they burn off the amalgam, they can sell this gold to one of the many gold buyers in Chala, generally for PEN 90 (USD 35) per gram, well under the market price.[193] Verité research shows that many of these shops also sell mercury and interviews with various workers and gold buyers in Chala indicated that they openly buy small quantities of gold without asking for a receipt.



Picture 40 – Gold Buyer Next to Police Station in Chala

While some self-employed miners are able to process their gold using the *quimbaletes*, it requires water (which some do not have access to), is very labor intensive, and does not work with mineral containing low-grade gold. Therefore, ASM miners with no water, large quantities of gold, little time, or low-grade gold must look for another alternative. The second option for these miners is to sell their gold to large, formal gold processing plants, which use cyanide to process the gold. These plants, many of which are owned by foreigners, buy the mineral from workers, who reported that in many cases they only receive about half of what the gold is worth. This is allegedly due to excessive fees for transport of raw mineral, fraud in the weighing and measurement of quality of gold, erroneous charges for taxes, and "penalties" for the use of more cyanide or lower quality gold than expected.

In Chala alone, there are eight formal processing plants, which are not legally required to verify where the gold that they buy comes from due to a legal loophole. According to a local Ministry of Energy and Mines official interviewed by a local newspaper, the government drafted a decree to close this loophole in 2009, but it was revoked due to pressure from miners. He stated that "the plants know that the gold comes from informal mines, and they in turn sell them explosives and mercury without asking them for anything … the law does not require them to." [194] Formal processing plants in Chala have their own formal mines, and according the Peruvian NGO, Grupo de Análisis para el Desarrollo, although they produce very little gold in reality, their official books show that they produce large quantities. This is because they purchase a great deal of gold from informal miners, including truckloads of gold from the Department of Piura.[195]

A gold buyer interviewed by Verité, who had worked for one of the largest processing plants through 2012, reported that he and other representatives of the processing plants were sent to mining communities to try to convince both formal and informal miners to sell them their minerals, often deceiving them about the conditions. He reported that the plant bought a large amount of mineral containing gold from Bolivia, as well as from Tumbes, on the Ecuadorian border. He also reported that the processing plant bought gold from illegal gold mines in and

around Chala, paying miners 20 percent less if they lacked a receipt. The processing plant had another plant in Lima to which it sent the gold to be further processed and exported.



Picture 41 – Artisanal Miners' Meeting in Chala

While in Chala, researchers were able to attend an artisanal miners' union meeting in which a foreigner, representing a large, foreign-owned processing plant that had signed an agreement with the union, offered to buy the miners' gold under better conditions than other plants. He claimed that the plant was able to process 200 tons of mineral per day, was owned by a company registered on the New York Mercantile Exchange, and exported gold to the U.S. A miners' rights lawyer who was present at the meeting reported that in the past, the union had required its members to sell their gold to certain processing plants in exchange for kickbacks.

Facturadores in Caravelí reportedly facilitate the laundering of gold by providing fraudulent receipts when informal and illegal miners sell their gold to processing plants or *accopiadores.* In this case, the plants pay for the mineral, plus an additional 21 percent for taxes, which the *facturadores* must pay because the gold is officially registered as being sold under their name. In this case, the *facturadores* receive 30 percent of the value of the gold contained in the mineral sold to the processing plants by the informal miners, and the miners only receive 70 percent of its value. It is also reported that if informal miners sell their gold to the plants without using *facturadores,* they only receive half of the value of the gold.[196] A confidential source interviewed by Verité, who has seen the books of hundreds of small-scale informal miners, reported that a large percentage of miners who are not legally able to sell their gold because they lack receipts end up selling their gold to *accopiadores, facturadores,* the processing plants, or larger formalized mines who then sell this gold as their own.

Conclusions and Recommendations

Verité's research found a large number of indicators of forced labor, as well as child labor, risks to workers' health and safety, and sex trafficking in illegal gold mining in the Departments of Madre de Dios, Cusco, Puno, and Arequipa. The most severe exploitation was found in Madre de Dios, and research indicates that problems may be even worse deeper in the jungle. Verité also found that gold produced illegally and with a high risk of forced labor is being "laundered" and exported to major gold brokerage, manufacturing, and consumer nations. This gold finds its way into gold bullion, watches, jewelry, and electronics and into the hands of consumers.

Therefore, it is essential that the government take urgent action to combat the forced and child labor, health and safety hazards, and sex trafficking that is pervasive in Peru's illegal gold mining. Other governments and CSR initiatives must also take action to better monitor the supply chain and track the origins of gold to ensure that gold tainted by forced and child labor, human trafficking, and other severe forms of exploitation does not make its way into consumer nations or corporate supply chains. Verité has drafted the following recommendations for the governments of Peru and the United States and brands that have gold in their supply chains.

Recommendations to the Government of Peru

As indicated above, the government of Peru has shown an increased awareness of the problem of forced labor in gold mining and an increased willingness to combat it. However, there are some steps that the government should take to ensure that their efforts are successful.

1. *La Defensoria del Pueblo* has outlined important recommendations to combat illegal mining. Although these recommendations are not specifically focused on labor issues, it is important that the government implement the general recommendations laid out by the *Defensoria del Pueblo* to combat illegal mining, including:
    a. simplification of the formalization process;
    b. designation of funds for formalization initiatives;
    c. establishment of norms to register users of mercury and cyanide;
    d. improved supervision and regulation of the use of abandoned mines; and
    e. implementation of enforcement efforts in Puno.

2. Peru has a Permanent Multi-Sectoral Commission on Illegal Mining, a Multi-Sectoral Committee against Trafficking in Persons, and a National Commission Against Forced Labor (CNLCTF). While each has taken positive actions in their respective fields, they could benefit from increased cooperation by:
    a. integration of efforts to combat forced labor and illegal mining;
    b. implementation of an inter-agency information sharing plan;
    c. inclusion of Ministry of Labor representatives in the Permanent Multi-Sectoral Commission on Illegal Mining; and
    d. execution of joint enforcement actions, in coordination with the police and military where needed.

3. The Ministry of Labor has drafted a National Plan to Combat Forced Labor for 2013-2017. This new plan includes a number of advances, which the government should ensure are adopted, adequately funded, and fully implemented, including:
    a. establishment of better definitions of forced labor;

b. implementation of a baseline study in 2014 to address the lack of statistics;
c. execution of pilot interventions in 2013 and 2014 to combat forced labor in the regions with the highest incidence of forced labor;
d. strengthening the capacity of the CNLCTF as the main institution responsible for implementing the Plan;
e. design of an improved funding structure; and
f. establishment of strategic, progressive, and measurable goals, including:
    i. awareness of forced labor and grievance mechanisms among half the population;
    ii. concrete actions to combat forced labor taken by all regional and local governments in the regions with the highest incidence of forced labor;
    iii. a 20 percent reduction to the level of vulnerability to forced labor; and
    iv. full design and implementation of a system to prevent, detect, rehabilitate, and provide comprehensive services to victims of forced labor.

4. In order to detect and remediate forced labor and other extreme forms of labor exploitation, it is essential to improve the capacity of the labor inspectorate by:
    a. following through on plans to create an independent, centralized labor inspectorate;
    b. providing inspectors with police and military assistance as necessary;
    c. taking measures to protect labor inspectors, including the ability to prosecute individuals who threaten, intimidate, or harm them;
    d. taking measures to ensure that the number of active labor inspectors in each Department is adequate for the number of inhabitants;
    e. providing the labor inspectorate with sufficient resources;
    f. paying for labor inspectors' transport and the cost of sending documents and reports;
    g. providing inspectors with financial incentives to carry out inspections in illegal mining areas and remote locations, and for detecting labor law violations;
    h. increasing labor inspectors' salaries in order to combat corruption;
    i. setting standards for the amounts of fines for each violation in order to combat corruption and favoritism;
    j. increasing the amount of fines for labor violations to dissuasive levels;
    k. improving systems to ensure that labor intermediaries and cooperatives are complying with legal requirements and are not engaging in deceitful or coercive recruitment practices;
    l. setting up systems to verify compliance with laws on forced labor, human trafficking, minimum wages, child and juvenile labor, and health and safety;
    m. establishing a system to verify that scales used to weigh gold used as payment to workers are accurately calibrated;
    n. training labor inspectors to detect indicators of lack of consent and menace of penalty among workers in the gold mining sector; and
    o. setting up a system to verify and ensure employer payment of fines and compliance with remediation requirements.

5. In addition to reforms in the labor inspectorate, the government should take measures to ensure that other institutions are able to adequately detect, report, refer, and prosecute cases of forced labor and other forms of labor exploitation and protect victims by:

a. training members of the Ministry of Labor, police, NGOs, service providers, and health workers on the signs of and laws covering forced labor, labor trafficking, and labor exploitation;
b. training police, prosecutors, and judges on laws that can be used to convict and sanction exploitative employers and labor intermediaries;
c. training police and prosecutors on interviewing victims, collecting evidence, and building successful cases against employers, labor intermediaries, and complicit public officials;
d. ensuring that the Registry and Statistics System on the Crime of Human Trafficking (RETA) is adequately funded and fully functioning throughout the country;
e. ensuring that the human trafficking hotline is able to accept calls from cellphones and that complaints are responded to in a timely and effective manner;
f. establishing a system for reporting cases of forced labor and labor trafficking to appropriate authorities for the prosecutions of offenders;
g. creating and distributing information on labor rights, forced labor, and labor trafficking to workers in the mining sector and potential victims;
h. designing mechanisms to refer victims of forced labor and labor trafficking to government and NGO service providers;
i. improving victim services to adult and child victims of forced labor and labor trafficking; and
j. providing victims of forced labor and other forms of labor exploitation with free legal assistance and witness protection, as necessary.

Recommendations to the Government of the United States

1. Draft legislation similar to the *Dodd-Frank Wall Street Reform and Consumer Protection Act* that requires companies to disclose whether gold and other precious metals in their supply chains are produced with forced labor.

2. Enforce the *Executive Order on Strengthening Protections Against Trafficking In Persons In Federal Contracts* and promote similar legislation, such as the *California Transparency in Supply Chains Acts,* in other states to prohibit procurement of products tainted by trafficking and promote transparent reporting by companies.

3. Take measures to ensure that gold produced illegally is not imported into the United States and prosecute individuals and companies that engage in gold laundering.

4. Continue to fund projects to combat labor trafficking, forced labor, and violations of workers' rights in Peru, specifically in the mining sector, including:
    a. projects to research working conditions;
    b. projects to train workers, NGOs, cooperatives, unions, and government authorities on worker rights and signs of forced labor, labor trafficking, and exploitation;
    c. projects to improve the government's capacity to detect and prosecute cases of forced labor, labor trafficking, and labor exploitation; and
    d. projects to improve victim services.

Recommendations to Buyers and Corporations

1. Ascribe and adhere to CSR initiatives such as the London Bullion Market Association's (LBMA) "Responsible Gold Guidance Program," No Dirty Gold's "Golden Rules" pledge, the Responsible Jewelry Council's (RJC) Chain of Custody (CoC) Certification for precious metals, and the Alliance for Responsible Mining's (ARM) Standard Zero.

2. Increase purchases of fair trade and fairmined gold as a percentage of gold sourced by the brand.

3. Improve sourcing mechanisms to increase respect for labor rights by:
    a. sourcing gold directly from mines and cooperatives with demonstrated compliance with labor laws instead of through intermediaries, refineries, or export companies; or
    b. sourcing gold from refineries that are members of CSR programs and have verified records of tracking where their gold comes from and ensuring respect for workers' rights, when direct sourcing is not possible.

4. Ensure that gold produced illegally and/or under conditions conducive to forced labor does not make it into the supply chain by:
    a. implementing systems to track where gold used in the supply chain comes from;
    b. establishing standards prohibiting the use of illegally produced gold or gold tainted with forced labor in the company's supply chain;
    c. carrying out and funding risk assessments in order to determine the risk of purchasing gold that is produced illegally or tainted with forced labor and other forms of exploitation according to the country and region of origin; and
    d. carrying out risk assessments and audits in order to determine the risk of sourcing gold from certain companies, refineries, and suppliers.

5. Improve mechanisms to reduce the risk of forced labor and other forms of severe exploitation in the gold supply chain by:
    a. establishing codes of conduct that prohibit forced labor, human trafficking, child labor, and other forms of worker exploitation and clearly communicating these policies to suppliers;
    b. carrying out scheduled audits of mines and suppliers that cover indicators of forced labor, hiring mechanisms, child labor, working hours, the payment of minimum wages, deductions, and health and safety;
    c. training management, supervisors, suppliers, and workers on workers' rights; and
    d. creating, implementing, and monitoring action plans and systems to improve compliance.



**Picture 42 – Cooperative Miners that Produce Fairmined Gold –
Photograph provided by and used with the permission of Red Social**

Appendix 1: Presence of ILO Indicators of Forced Labor

After data collection and analysis were completed using the 2005 ILO indicators "Forced Labor in Practice", Verité undertook a post-hoc analysis of the research findings with respect to a broader spectrum of indicators of forced labor presented in the ILO's 2011 publication, *Hard to See, Harder to Count: Survey Guidelines to Estimate Forced Labor of Adults and Children*. The following is a chart of indicators of forced labor found in Madre de Dios, Cusco, Puno, and Arequipa.

Indicators of unfree recruitment	
Strong Indicators of Involuntariness:	
Tradition, birth (birth/descent into 'slave' or bonded status)	
Coercive recruitment (abduction, confinement during the recruitment process)	In Madre de Dios, some workers reported that indigenous peoples native to the Amazon were sometimes forcibly recruited at gunpoint from their villages and forced to work at remote mining camps.
Sale of the worker	Some workers interviewed, who had worked in Madre de Dios, reported being "sold" by relatives to a mine and having to complete "90-day contracts" to pay off the debt for the fees paid to their relatives before being able to leave the mine.
Recruitment linked to debt (advance or loan)	Many workers interviewed, who had worked in Madre de Dios, reported having received advances or loans of food, clothing, transportation (bus or airplane tickets and boat rides), cash, and supplies as part of their recruitment. These workers had to work off their loans or complete "90-day contracts," which stretched out to up to two years due to illness, injury, or fraud. In Cusco, some self-employed miners reported that they received loans and supplies from financiers and stores and then had to pay off the loans with gold. In Arequipa, some directly-employed workers interviewed were told that they had to pay back transport and recruitment fees. Some self-employed miners in Arequipa reported that they received loans to buy mining supplies and had to pay back these loans with gold.
Deception about the nature of the work	While most miners interviewed in Madre de Dios were aware that they would be working in mines, some workers interviewed reported that they were not aware of the type of work that they would be carrying out. Some thought that they would work as *maraqueros*, which is higher skilled and higher paid, but had to work for years as *macheteros*, *buzos*, or truck drivers before they were promoted. In Madre de Dios, some victims of sex trafficking were reportedly told that they would be working as cooks, bartenders, or store clerks, rather than as prostitutes.

	In Arequipa, some workers reported that they were recruited to work in higher-skilled and higher-paid jobs in the mines, but upon arrival they were given lower-skilled, lower-paid jobs. In addition, some women reported that they were told that they would be working as cooks and were sometimes told to work in the mines or forced to provide mine owners with sexual favors.
Medium Indicators of Involuntariness:	
Deceptive recruitment (regarding working conditions, content or legality of employment contract, housing and living conditions, legal documentation or acquisition of legal migrant status, job location or employer, wages/earnings)	Multiple workers who had worked in Madre de Dios were not told about their 90-day contracts until they arrived at the mines. Workers were also told that they would be earning more than they earned in practice and were not informed in many cases of the poor living conditions, the location or type of employment, deductions, or dangers related to their jobs. In Cusco, some workers in Quince Mil reported being deceived about working conditions when recruited. In Puno, workers reported being deceived about the nature of the *cachoreo* system – the amount that they would have to work for their recruiters before they would be able to work for themselves – and the unpredictability surrounding hard-rock mining. In Arequipa, some workers reported that they were promised higher wages and better working conditions than those provided to them in practice.
Deceptive recruitment through promises of marriage	
Strong Indicators of Menace of Penalty:	
Denunciation to authorities	
Confiscation of identity papers or travel documents	
Sexual violence	
Physical violence	In Madre de Dios, some workers reported that indigenous peoples native to the Amazon were sometimes forcibly recruited at gunpoint from their villages and forced to work at remote mining camps.
Other forms of punishment	
Removal of rights or privileges (including promotion)	
Religious retribution	
Withholding of assets (cash or other)	
Threats against family members	

Medium Indicators of Menace of Penalty:	
Exclusion from future employment	
Exclusion from community and social life	
Financial penalties	
Informing family, community, or public about worker's current situation (blackmail)	

Indicators of work and life under duress	
Strong indicators of involuntariness:	
Forced overtime (beyond legal limits)	Some *maraqueros* in Madre de Dios reported that they had to meet a quota before they would be paid anything. Their shifts were generally 24 hours long, which violates Peru's legal limit on working hours of eight per day as well as its prohibition of forced overtime. In Arequipa, workers reported that they regularly were required to work 12-hour days with no overtime compensation.
Forced to work on call (day and night)	
Limited freedom of movement and communication	In Madre de Dios, some workers reported that they were extremely physically isolated in mining camps located deep in the Amazon jungle. In some cases, employers reportedly controlled the only transportation out of the camps, and workers were unable to leave the camps during certain periods of the year when the river rose or fell too much. Workers reported that transportation was extremely expensive and many did not have the money to pay for transportation, especially if their wages were retained. In other cases, some workers were threatened with violence or perceived a threat of violence if they left their employment before they had completed their contracts. In Cusco, workers reported being held against their will by armed gangs. In Arequipa, some workers reported that they worked in very isolated areas that lacked any form of communication as well as non-employer controlled transportation to the outside world. Some workers also reported living and working in mining camps that had locked gates and armed guards that would not let workers leave without permission.
Degrading living conditions	In Madre de Dios, many workers reported that housing in mining camps was generally made of plastic sheeting. Many workers reported that they lacked electricity and running water. Some workers who had electricity and running water reported that it was often controlled by mine owners, who set extremely high prices and

	provided poor service. In remote mining camps, workers reported that there was the constant threat of poisonous snake or spider bites, malaria, or animal attacks, especially for workers who slept in the open. In La Rinconada, some workers reported that they faced extreme cold and lived in small sheet metal boxes. The city of over 100,000 reportedly lacked a sewage or trash collection system, so inhabitants were faced with the constant stench of waste, pulmonary illnesses, and diseases. There was also little alternative but to drink mercury-contaminated water for many workers.
Medium indicators of involuntariness:	
Forced engagement in illegal activities	In Madre de Dios, workers reported being forced to smuggle contraband gasoline and explosives.
Forced to work for employer's private home or family	
Induced addiction to illegal substances	There were reports that some miners in Madre de Dios, especially *maraqueros* were given drugs, including cocaine and other illegal stimulants so that they could work their 24-hour shifts, creating addiction and dependence on their employer for the drugs.
Induced or inflated indebtedness (by falsification of accounts, inflated prices for goods/services purchased, reduced value of goods/services produced, excessive interest rates on loans, etc.)	Some workers in Madre de Dios reported that they received loans and advances in the form of cash, clothing, transportation, and supplies, as part of the recruitment process. In many cases, these items were presented as gifts, but when they arrived at the workplace they were told that they had to work until they paid off their loan and/or until they completed a 90-day contract. In Cusco, some self-employed miners reported that they received loans from financiers to purchase supplies that they needed to dig tunnels for rock mines or that stores provided these supplies to them at inflated prices. In order to obtain the loans, they needed to promise to provide the financiers and stores with a certain amount of gold at a set price, generally below the market rate. If they failed to pay them back, they feared legal consequences, the confiscation of property or possessions, and/or the inability to get future loans. Due to the unpredictability of hard-rock mining and their lack of sophisticated equipment, there were many cases in which they did not find any gold and were unable to pay back the loans. In La Rinconada, some workers had to work for no pay for six to 40 days before they could mine for themselves. Due to the unpredictability of hard-rock mining, there were times when they did not find any gold when they worked for themselves. This resulted in long periods of time during which some workers received no pay and thus had to take out loans for their living expenses. Some workers reported that they were provided with advances of cash or food and/or supplies at inflated prices, which could lock them into a cycle of debt.

	In Arequipa, some workers reported that they were only given an "advance" during their first one to two months of employment and had to buy everything else that they needed from a company-owned store at inflated prices, as there were no other alternatives. Self-employed miners in Arequipa reported that the gold processing plants that bought their gold cheated them on the quantity and quality of the gold that they sold them and made deceptive deductions from their payments for a number of "penalties." In both cases, workers reported that they were not provided with measures to ensure that deductions and payments were fair. In addition, some workers reported fraudulent deductions for social security and medical insurance
Multiple dependency on employer (jobs for relatives, housing, etc.)	In Madre de Dios, workers depended on their employers for food and housing. In remote mining camps, there were generally no other alternatives.
Pre-existence of dependency relationship with employer	
Being under the influence of employer or people related to employer for non-work life.	
Strong indicators of penalty (or menace of penalty):	
Denunciation to authorities	In Madre de Dios, some *indocumentados* and/or workers with criminal records reported feeling vulnerable to denunciation to authorities. In addition, some workers who were not *indocumentados* reported that mine owners threatened to turn them over to authorities for crimes that they did not commit when they asked for their wages. In Cusco, some self-employed miners reported that they feared denunciation if they were unable to pay back loans/advances to financiers/stores who provided them with working capital/supplies. In Arequipa, self-employed miners reported that influential people had obtained mining concessions on land on which they had been mining for years or decades, and that these concession owners had threatened to call the police if they did not leave the land.
Confiscation of identity papers or travel documents	
Confiscation of mobile phones	
Further deterioration in working conditions	
Isolation	In Madre de Dios, some workers reported that they were extremely physically isolated in mining camps located deep in the Amazon jungle. In some cases, employers reportedly controlled the only

	transportation out of the camps, and workers were unable to leave the camps during certain periods of the year when the river rose or fell too much. Workers reported that transportation was extremely expensive and many did not have the money to pay for transportation, especially if their wages were retained. In Arequipa, some workers reported that they worked and lived in mining camps that were very isolated and lacked communication with the outside world and non-employer controlled transportation.
Locked in workplace or living quarters	In Madre de Dios, some women reported that they felt unable to leave their living quarters for fear of being harmed on the streets and/or because they did not know whether their employer would allow them to. Some workers in Arequipa reported that they worked and lived in mining camps that had locked gates and armed guards who would not let them out of the camps without permission.
Sexual violence	In Madre de Dios, some females interviewed expressed a fear of leaving their workplaces due to the threat of being raped on the streets of the lawless mining camps. In Arequipa, some female cooks interviewed reported that they had been raped and/or had been threatened with dismissal if they failed to provide their employers with sexual favors.
Physical violence	In Madre de Dios, Cusco, Puno, and Arequipa there was a strong sense of menace of physical violence among workers interviewed. In Madre de Dios, workers reported rumors of human sacrifices, workers being killed for asking for their payment or leaving their jobs before their contracts were up, and that a powerful local mine owner had a devil's tail and could enact supernatural retaliation on workers. Some workers reported that the presence of criminals and armed guards and employers made them scared for their wellbeing. Multiple workers reported being threatened with guns when they asked for their wages. In Cusco, some workers reported the presence of armed gangs of foreigners that held the Ecuadorians and local workers in mines against their will. In La Rinconada, workers reported rumors of human sacrifices, with workers' brains being buried so that the earth would produce gold. There were also multiple reports of friends and family members who had disappeared in La Rinconada. In Arequipa, some workers reported rumors of human sacrifices, with workers believed to be buried alive. Armed confrontations between miners and their employers and armed guards and/or the authorities have reportedly taken place in Arequipa. Some workers

	interviewed reported fear of leaving their jobs before completing a certain amount of time worked and/or paying back their debts due to fear of violent reprisal.
Other forms of punishment (deprivation of food, water, sleep, etc.)	
Violence against worker in front of other worker	Some workers employed in Madre de Dios reported seeing and/or hearing about other workers being killed when they demanded their wages or wanted to leave. One worker reported that he saw another worker being whipped with a rope.
Removal or rights or privileges (including promotion)	
Religious retribution	Workers in Madre de Dios, Cusco, Puno, and Arequipa reported a rumor that, in Madre de Dios, there was a woman who had a devil's tail and had killed multiple workers. They assigned her supernatural powers. Some workers also reported rumors of human sacrifices to appease the gods and make the earth produce gold by spreading human blood on the ground in Madre de Dios, burying human brains in La Rinconada, or burying workers alive in Arequipa. Even if the rumors were untrue, workers' belief in their veracity constitutes a menace of penalty.
Constant surveillance	Some workers in Madre de Dios reported that they were under constant surveillance by armed guards or employers.
Withholding of assets (cash or other)	
Withholding of wages	Some workers in Madre de Dios reported that they were not paid anything until they completed their 90-day contracts, which could stretch out to up to two years. Some workers reported that they were not paid anything when they were underage and could only request their payment once they turned 18. Some workers reported that they were not paid even after they completed their contracts or turned 18. Some workers in Cusco reported that their wages were retained and that their employers stated that they did not have any money when they asked to be paid. Workers interviewed who reported that they were held captive by armed gangs said that they never received any compensation for their work after they were freed. Under the *cachoreo* system, workers in La Rinconada reportedly had to work for a certain amount of time (usually six days) without pay before they were able to extract gold for themselves, or they had to excavate 25-50 meters of rock for the cooperative before they could excavate 10-20 meters for themselves. On the days that they worked for themselves, there were times when they found no gold, and thus received no pay for their work.

	Some workers in Arequipa reported that their wages were retained for their first month to two months of employment, during which time they were only "advanced" a small amount of money.
Threats against family members	Some victims of sex trafficking in Madre de Dios were reportedly told that their family members could be harmed if they complained or tried to leave their jobs.
Medium indicators of penalty (or menace of penalty):	
Dismissal	Some workers in Madre de Dios reported being afraid of being dismissed for making production mistakes or not working 24-hour shifts. Female workers in Arequipa reported threats of dismissal for failing to provide their employers with sexual favors.
Exclusion from future employment	Some workers in Madre de Dios and La Rinconada reported being afraid of being blacklisted if they failed to pay back their loans or left their employment before completing their contracts. Some temporary contract workers in Arequipa reported that they feared that their contracts would not be renewed if they complained about their conditions or attempted to unionize.
Exclusion from community and social life	
Extra work for breaching labor discipline	
Financial penalties	Some workers in Madre de Dios reported deductions for damaging equipment. Some truck drivers reported that when rocks fell on the trucks through no fault of their own, the damage was deducted from their wages. Some female cooks in Madre de Dios reported that they were responsible for taking care of the belongings of miners and that if anything was lost, its value was deducted from their wages.
Informing family, community or public about worker's current situation (blackmail)	

Indicators of impossibility of leaving employer	
Strong indicators of involuntariness:	
Reduced freedom to terminate labor contract after training or other benefit paid by employer	Some workers in Madre de Dios who had received loans/advances of cash, clothing, food, and supplies reported that they were informed upon arrival at the mines that they had to pay back their loans and/or to complete a "90-day contract" before they could leave. Some workers in Arequipa reported that they were told, upon arrival at their workplaces, that they had to work for one to two months before they would be paid and that they had to pay back their transportation and recruitment expenses.

No freedom to resign in accordance with legal requirements	Some workers in Madre de Dios who had received loans/advances of cash, clothing, food, and supplies reported that they were informed, upon arrival at the mines, that they had to pay back their loans and/or to complete a "90-day contract" before they could leave Some workers in Cusco reported that they were held against their will by armed gangs and were not allowed to leave. Some workers in Arequipa reported that they were not permitted to resign before they had worked for one to two months and had paid back any outstanding loans.
Forced to stay longer than agreed while waiting for wages due	Some workers in Madre de Dios reported that they had to complete their 90-day contracts, pay back their loans, and/or work until they were 18 before they would be paid. In Cusco, some workers reported that they were not paid by employers who claimed that they did not have any money. In La Rinconada, under the *cachoreo* system, some workers reportedly had to work six to 40 days for no pay before they could work for themselves. On the days that they worked for themselves, some workers reported that there were times when they did not find any gold and thus received no payment and had to continue working to pay off their debts. Some workers in Arequipa reported that they had to work for one to two months before they would receive their payment. During this time, some were reportedly only provided with a small "advance" on the wages already due to them.
Forced to work for indeterminate period to repay outstanding debt or wage advance	Some workers in Madre de Dios reported that they were told that they had to work for 90 days, when in fact they had to work for up to two years. In La Rinconada, due to the unpredictability of gold mining, some workers reported that they had no idea about when they would be able to pay back their loans.
Strong indicators of penalty (or menace of penalty):	
Denunciation to authorities	
Confiscation of identify paper or travel documents	
Imposition of worse working conditions	
Locked in work or living quarters	In Madre de Dios, some women reported that they felt unable to leave their living quarters for fear of being harmed on the streets and/or because they did not know whether their employer would allow them to.

	In Arequipa, some workers reported that they worked in very isolated areas that lacked any form of communication as well as non-employer controlled transportation to the outside world. Some workers also reported living and working in mining camps that had locked gates and armed guards that would not let workers leave without permission.
Sexual violence	In Madre de Dios, some women interviewed expressed a fear of leaving their workplaces due to the threat of being raped on the streets of the lawless mining camps.
Physical violence	In Madre de Dios, Cusco, Puno, and Arequipa there was a strong sense of menace of physical violence among workers interviewed. In Madre de Dios, workers reported rumors of human sacrifices, workers being killed for asking for their payment or leaving their jobs before their contracts were up, and that a powerful local mine owner had a devil's tail and could enact supernatural retaliation on workers. Some workers reported that the presence of criminals and armed guards and employers made them scared for their wellbeing. Multiple workers reported being threatened with guns when they asked for their wages. In Cusco, some workers reported the presence of armed gangs of foreigners that held the Ecuadorians and local workers in mines against their will. In La Rinconada, workers reported rumors of human sacrifices, with workers' brains being buried so that the earth would produce gold. There were also multiple reports of friends and family members who had disappeared in La Rinconada. In Arequipa, some workers reported rumors of human sacrifices, with workers believed to be buried alive. Armed confrontations between miners and their employers and armed guards and/or the authorities have reportedly taken place in Arequipa. Some workers interviewed reported fear of leaving their jobs before completing a certain amount of time worked and/or paying back their debts due to fear of violent reprisal.
Other forms of punishment (deprivation of food, water, sleep, etc.)	
Removal of rights or benefits (including promotion)	

Religious retribution	Workers in Madre de Dios, Cusco, Puno, and Arequipa reported a rumor that in Madre de Dios, there was a woman who had a devil's tail and had killed multiple workers. They assigned her supernatural powers. Some workers also reported rumors of human sacrifices to appease the gods and make the earth produce gold by spreading human blood on the ground in Madre de Dios, burying human brains in La Rinconada, or burying workers alive in Arequipa. Even if the rumors were untrue, workers' belief in their veracity constituted a menace of penalty.
Under constant surveillance	Some workers in Madre de Dios and Cusco reported that they were under constant surveillance by armed guards or employers.
Violence imposed on other workers in front of all workers	Some workers employed in Madre de Dios reported seeing and/or hearing about other workers being killed when they demanded their wages or wanted to leave. One worker reported that he saw another worker being whipped with a rope.
Withholding of assets (cash or other)	Some workers employed in Madre de Dios reported that they had to flee their employment, leaving behind all of their possessions.
Withholding of wages	Some workers in Madre de Dios reported that they were not paid anything until they completed their 90-day contracts, which could stretch out to up to two years. Some workers reported that they were not paid anything when they were underage and could only request their payment once they turned 18. Some workers reported that they were not paid even after they completed their contracts or turned 18. Some workers in Cusco reported that their wages were retained and that their employers stated that they did not have any money when they asked to be paid. Workers interviewed who reported that they were held captive by armed gangs said that they never received any compensation for their work after they were freed. Under the *cachoreo* system, workers in La Rinconada reportedly had to work for a certain amount of time (usually six days) without pay before they were able to extract gold for themselves, or they had to excavate 25-50 meters of rock for the cooperative before they could excavate 10-20 meters for themselves. On the days that they worked for themselves, there were times when they found no gold, and thus received no pay for their work. Some workers in Arequipa reported that their wages were retained for their first month to two months of employment, during which time they were only "advanced" a small amount of money.
Threats against family members (violence or loss of jobs)	Some sex workers in Madre de Dios were reportedly told that their family members could be harmed if they complained or tried to leave their jobs.
Medium indicators of penalty or menace or penalty:	
Dismissal	
Exclusion from future employment	Some workers in Madre de Dios and La Rinconada reported being afraid of being blacklisted if they failed to pay back their loans or

	left their employment before completing their contracts. Some temporary contract workers in Arequipa reported that they feared that their contracts would not be renewed if they complained about their conditions or attempted to unionize.
Exclusion from community and social life	
Extra work for breaching discipline	
Financial penalties	Some workers in Madre de Dios reported that they would receive no pay for the time that they worked if they left their job before completing their 90-day contracts or before paying off their loans. Some workers in La Rinconada reported that they would not receive any payment under the *cachoreo* system if they left before they had finished the period of unpaid work. In Arequipa, some workers reported that they would not receive any payment for the work that they had completed if they left before completing their one to two month contracts.
Informing family, community or public about worker's current situation (blackmail)	

Appendix 2: Sample Interview Questions

El entrevistador deberá confirmar o sospechar que el entrevistado fue o es víctima del trabajo forzoso, usando las preguntas de identificación de víctimas potenciales.

Fecha:
Género:
Etnicidad:

Preguntas Generales Sobre la Persona

1. Cuénteme un poco sobre usted mismo/a –
    a. ¿De dónde es?
    b. ¿Cuántos años tiene?
    c. ¿Tiene hijos y/o esposa? ¿Cuántos hijos?
    d. ¿Tiene algunos estudios? ¿Qué nivel escolar completó?
    e. ¿Puede hablar y leer bien el español? ¿Qué otros idiomas/dialectos?

2. ¿Dónde está ubicada la mina donde trabajó/a?

3. ¿En que temporadas trabaja en la mina? ¿Ha trabajado todo el año en la misma mina?

4. ¿Cuántos años lleva viajando para ir a trabajar en las minas?

5. ¿Ha regresado a una misma mina varias veces?

6. De acuerdo al código de trabajo existente, ¿Conoce usted sus derechos laborales?
    a. Si
    b. No

7. En el caso de que sus derechos sean violados, ¿Sabe usted a donde ir para denunciarlo?
    a. Si
    b. No

Reclutamiento, Contratación, y Transportación: Caminos hacia el Cautiverio y el Trabajo Forzado

Preguntas Generales – Sobre el Trabajo:

8. ¿Por qué decidió obtener un trabajo en la minería?

9. ¿Hay varias personas de su aldea, pueblo o ciudad que trabajan en las minas?
    a. Si es así, ¿en qué lugares?
    b. ¿Qué tipo de trabajo hacen?
    c. ¿Cómo encuentran el trabajo?
    d. ¿Cómo deciden las personas donde van a trabajar y qué tipo de trabajo harán?

10. ¿Hay ciertas temporadas en las que muchas personas trabajan en las minas? Si es así, ¿En que temporadas y por qué?

11. ¿Hay ciertas temporadas en las que intermediarios/empleadores llegan a las aldeas, pueblos o ciudades a reclutar personas para trabajar en las minas? Si es así, ¿En que temporadas y por qué?

Intermediarios – Selección del Trabajador

12. Cuénteme, ¿cómo consiguió el trabajo en la mina?

13. ¿Alguien lo ayudó a encontrarlo?
    a. Si es así, ¿cómo conoció a esa/esas persona/s?
    b. ¿Cómo escucho sobre esta/estas persona/s por primera vez?

14. ¿Quién lo contrato?
    a. Contratista quien es empleado por los propietarios de la mina
    b. El propietario de la mina o concesión
    c. Contratista que trabaja por cuenta propia
    d. Otro trabajador
    e. Otra persona, por favor explique

15. ¿Por qué eligió a esa persona?

16. ¿Le tuvo confianza a su intermediario? Si No ¿Por qué? ¿Por qué no?
    a. ¿Hizo algo para averiguar o estar seguro de que el intermediario era alguien de confianza?

Intermediarios/Contratistas – Cobros

17. ¿Tuvo Usted que pagar a la persona que le consiguió el trabajo? Si es así, ¿Cuánto tuvo que pagar?

18. ¿Qué gastos se suponía que cubriría el dinero que usted pago? ¿Fueron estos gastos cubiertos? (De ser posible, especifique cantidades)
    a. Pago al intermediario por su servicio
    b. Transporte
    c. Una garantía (un pago para asegurar el cumplimiento de su trabajo o el pago de una deuda)

19. ¿Le tuvo que pedir dinero prestado a alguien para pagar al intermediario o para gastos relacionados con el trabajo?
    a. Si es así, ¿a quién le pidió dinero prestado?
    b. ¿Le cobraron intereses? ¿Cuál fue la tasa de interés de este préstamo?
    c. ¿Pudo pagar el préstamo?

20. Para iniciar con el trabajo, ¿Recibió Usted comida, herramientas, dinero, o algo más de un prestamista?
    a. ¿Cuánto prestó?
    b. ¿Le dieron algún documento sobre el préstamo?

c. ¿Tuvo que pagar intereses? ¿Cuánto?
d. ¿Tuvo que venderle su oro al prestamista?
e. ¿Tuvo que quedarse en la mina por cierta cantidad de tiempo o hasta pagar haber pagado la deuda?

Intermediarios – Antes de salir

21. ¿Le explicó su intermediario con anticipación sobre el tipo de trabajo que usted haría?

22. ¿Firmó Usted un contrato antes de salir de su pueblo?
    a. Si es así, ¿podrías explicar el contrato?
    b. ¿Tiene Usted una copia de su contrato?
    c. ¿Su contrato estuvo escrito en un idioma que usted podía entender?

Traslado/Transporte a Lugar de Trabajo

23. ¿Cómo llego de su aldea, pueblo o ciudad hasta su lugar de trabajo?
    a. ¿Cómo fueron las condiciones durante tu viaje?
    b. ¿Estuvo cómodo?
    c. ¿Se sentía seguro?
    d. ¿Habían demasiadas personas viajando con Usted? ¿Estuvo incómodo, apretado o limitado de espacio?
    e. ¿Pasó algún incidente que le hay hecho preocuparse o asustarse? Si es así, por favor describe lo que pasó.

En el Trabajo: Mecanismos de Coacción y Cautiverio

Recepción y Asignación del Trabajo

24. Cuando llegó al sitio de trabajo ¿Era este el lugar y trabajo que esperaba o fue diferente?

25. ¿El trabajo que le dieron fue el mismo que su intermediario le había ofrecido antes de salir de su pueblo?

26. A su llegada, ¿Pudo iniciar su trabajo inmediatamente?

27. ¿Cómo fue la vivienda/casa a donde llegó a dar?
    a. ¿La vivienda fue como la esperaba?
    b. ¿Tuvo que pagar por la vivienda?

28. Cuando llegó al lugar de trabajo, ¿Tuvo que firmar un contrato diferente al que ya había firmado antes de salir de su pueblo, o los términos de trabajo que le explicaron fueron diferentes a los originales?
    a. Si fue así, ¿qué diferencias habían entre los términos originales y los nuevos?

Libertad de Movimiento

29. En el lugar de trabajo ¿Se sentía usted libre de movilizarse y salir a dónde quisiera?

30. ¿Cómo obtenía su comida?

31. ¿Tenía Usted que pedir permiso para salir de su vivienda/casa, o lugar de trabajo? Si fue así, ¿Cuáles fueron los pasos a seguir para poder conseguir el permiso?

32. ¿Había alguien quien lo vigilaba cuando estaba trabajando, y/o cuando estaba fuera de horas de trabajo?

33. ¿Había un guardia o guardias en el lugar de trabajo y/o en la vivienda/casa?

34. Durante el tiempo que trabajo allí, ¿Alguna vez vio a alguien llevando un arma?

35. ¿Alguna vez fue encerrado bajo llave?

Aislamiento

Nota para el entrevistador: La meta consiste en evaluar la ubicación geográfica de los sitios de trabajo, con respecto al aislamiento físico, social y/o cultural de los trabajadores.

36. ¿Podría describirme el lugar donde trabajo?
    a. ¿Podía salir caminando de su lugar de trabajo a carreteras principales o a un pueblo?

37. En caso necesario, ¿Había alguna forma de encontrar ayuda,, incluyendo servicios médicos?

Esclavitud por Deuda – Penalidades Financieras

38. ¿Podían los trabajadores abandonar su trabajo sin haber cumplido con el contrato o tiempo obligatorio o sin haber pagado sus deudas? De ser posible,
    a. ¿Tenía que pagar una multa/penalidad? ¿De cuánto?
    De no ser posible, ¿Qué les sucedía si lo hacían?

39. Si alguien era despedido, ¿Podía encontrar empleo en otra mina? De no ser así, explique.

40. Si el trabajador abandonaba el empleo antes de tiempo, ¿El empleador le pagaba todo el salario y prestaciones que correspondían o recibiría algún tipo de sanción?

41. ¿Alguna vez su intermediario o empleador le obligó a pagar una multa/penalidad por no haber hecho algo que le pidieron, o porque usted cometió un error en el trabajo? Si es así, por favor explique lo que pasó.

42. ¿En algún momento temía a perder su empleo?
    a. Si fue así, por temor a perder su empleo, ¿Hizo usted cosas en el trabajo que no quería hacer? Por favor explique.

Esclavitud por Deudas – Métodos de Pago

Nota para el entrevistador: Explore aquí formas en las cuales la estructura de pago en sí creaba riesgo al trabajo forzoso.

43. ¿Cómo le pagaban?
    a. ¿Por hora, tarea, o peso?
    b. Si fue por peso, ¿piensan que pesaban bien el oro?

44. ¿Cuánto le pagaban?

45. ¿Le pagaban todo su salario en efectivo?

46. ¿Le pagaban parte o todo de su salario en vales, beneficios, alimentación, vivienda,, vales canjeables en ciertas tiendas, o en otra forma?

47. Si le pagaban con cheque, ¿cómo lo cambiaba?
    a. ¿Tenía que pagar un monto por cambiar su cheque?

48. ¿Su intermediario o empleador le explicó el monto que ganaría, la razón de ello y las deducciones que le harían?

49. Cuando le pagaban por su trabajo, ¿le daban un codo o comprobante de cheque u otro documento que mostrara la cantidad que ganaba y las deducciones?
    a. Si fue así, ¿Estaba este documento escrito en un idioma que usted podía entender bien?
    b. ¿Usted podía guardar esta constancia de pago o tenía que devolverla a su intermediario/empleador?

50. ¿Le explicaron claramente como fue calculado su pago, incluyendo horas extras, deducciones obligatorias de impuestos, seguridad social, etc.?

Esclavitud por Deudas

51. ¿Hubo alguna parte de su dinero que no le pagaron?

52. ¿Su empleador le cobro gastos de vivienda, entretenimiento, comida, seguro médico, o alguna otra cosa? Si fue así, ¿cuánto le cobró y por qué gastos?

53. ¿Alguna vez su intermediario/empleador "guardó" algo de su pago, un documento de identificación, o un objeto para dárselo cuando terminara su contrato?
    a. Si fue así, ¿Qué guardó? ¿Lo recibió cuando salió del trabajo?
    b. ¿Su intermediario/empleador le pidió permiso/autorización para guardarlo?

54. Al momento de recibir su pago, ¿Qué deducciones le hicieron?
    i. Transporte
    ii. Alimentos
    iii. Vivienda
    iv. Anticipos

v. Servicios médicos
vi. Seguro medico
vii. Otros

55. Si hubo algún descuento de su pago, ¿Entendió Usted para que fue esta deducción?

56. ¿Usted tiene algún registro o prueba de estas deducciones?

57. ¿L os ahorros obligatorios, deducciones, multas, etc., estuvieron incluidos y claramente explicados en el contrato original o en los términos de trabajo que le explicaron?

58. Después de todas las deducciones, ¿Cuánto dinero recibía?

59. ¿El intermediario o empleador cumple con todos los beneficios que le ofreció a los trabajadores?
    a. Si
    b. No

60. ¿Pudo Usted pagar las deudas que tenía, relacionadas con el trabajo? ¿En cuánto tiempo pudo hacerlo?

Habilidad para Ganar

61. ¿Pudo ganar lo que necesitaba para poder pagar sus gastos y deudas?

62. ¿Pudo ganar lo que esperaba o pensaba que iba a ganar?
    a. Si no fue así, ¿Tuvo Usted que prestar dinero al empleador o a otra persona? ¿A quién? ¿Cuánto prestó? ¿Para qué?

63. ¿Hubieron temporadas en las cuales no podían ganar lo que esperaba, necesitaba o quería ganar?

Miedo y Violencia – Hechos y Amenazas

Situaciones que pudieron haberlo hecho sentir asustado o incómodo.

Nota para el Entrevistador: Buscar información sobre abuso, perpetrador, y cómo se sentía el trabajador en relación a su seguridad y bienestar.

64. ¿Puede contarme de alguna/s experiencia/s que lo hicieron sentir asustado/a o temeroso/a?
    a. ¿Alguna vez alguien lo amenazo de alguna manera?
    b. ¿Alguna vez alguien hizo algo que lo hizo sentir asustado/a o temeroso/a?

Situaciones de algunos tipos específicos de amenazas o abusos que pudo haber sufrido en el lugar de trabajo.

65. ¿Alguna vez su intermediario/empleador lo amenazó con denunciarlo a las autoridades?

66. ¿Alguna vez alguien lo amenazó con lastimarlo/a físicamente o lo/la atacó físicamente? Si fue así, por favor explique.

67. ¿Alguna vez alguien amenazó de lastimar a su familia? Si fue así, por favor explique.

68. ¿Alguna vez alguien fue abusivo verbalmente con Usted? Si fue así, por favor explique.

69. ¿Alguna vez alguien le hizo a Usted o algún otro trabajador proposiciones sexuales no deseadas?

70. ¿Alguna vez alguien le pidió a usted o a algún otro trabajador favores sexuales no deseadas?

71. ¿Alguna vez alguien cometió algún tipo de violencia sexual contra Usted o contra algún otro trabajador?

72. ¿Alguna vez alguien le dijo que si Usted no hacía algo que esta persona quería, entonces esa persona se vengaría de usted o de su familia?

73. ¿Alguna vez su intermediario o empleador le pidió o le forzó a usar alcohol/drogas?

74. ¿Alguna vez Usted fue extorsionado?

<u>Otras Prácticas de Explotación</u>

75. ¿Cómo fue su día de trabajo regular?
    a. ¿cuál fue el horario de inicio y salida?
    b. ¿Hubieron ocasiones en las que trabajó jornadas muy largas? ¿Podría describirlas?
    c. ¿Podía Usted elegir si quería trabajar jornadas largas de trabajo?
    d. ¿Le pagaban dinero extra por trabajar horas extras?
    e. ¿Tenía algún medio para regresar a su casa/vivienda cuando no quería seguir trabajando después de finalizado su horario normal de trabajo?
    f. ¿Había alguna multa o penalidad si no trabajaba las horas extras?

76. ¿Tenía algún día libre de trabajo?

77. ¿Tenía descanso en los días feriados?

78. ¿Qué pasaba cuando se enfermaba o se lastimaba? ¿Tuvo acceso a algún servicio médico? ¿Le pagaban cuando estaba enfermo?

79. ¿Qué pasaba si se lastimaba en el trabajo? ¿Su empleador le pagaba el cuidado médico?

80. ¿Trabajaron niños en la mina?
    a. ¿Durante que épocas del año?
    b. ¿Qué actividades llevaron a cabo?
    c. ¿Trabajaron los niños con mercurio o en algún tipo de trabajo peligroso?
    d. ¿Habían niños que no iban a la escuela porque tenían que trabajar?
    e. ¿Cuántas horas al día trabajaban los niños?

f. ¿De qué edades eran los niños?
g. ¿Los niños trabajaban directamente para el propietario de la mina o lo hacían en compañía de sus padres?
h. ¿Les pagaban directamente a los niños o a sus padres?

81. ¿Sufrió Usted de discriminación en el trabajo?
    a. ¿Tratan diferente a los indígenas, mujeres, o trabajadores migrantes en las minas?
    b. ¿Qué actividades realizan los hombres, mujeres, indígenas, trabajadores migrantes?

82. ¿Llevo Usted a cabo actividades peligrosas?
    a. ¿Trabajó Usted con mercurio u otros químicos?
    b. ¿Estuvo Usted expuesto a animales peligrosos?
    c. ¿Tuvo cargas muy pesadas?
    d. ¿Habían otras actividades peligrosas?

Salida del Trabajo

83. ¿Alguna vez quiso Usted salir de su trabajo? ¿Lo pudo hacer? Sí no, ¿Por qué no pudo hacerlo?

84. ¿Era posible salir de su trabajo antes de terminar su contrato o pagar la deuda? Si no fue así, ¿Por qué?

85. ¿Cómo salió de su trabajo?
    a. ¿Fue despedido?
    b. ¿Renunció?
    c. ¿Terminó Usted su contrato?
    d. ¿Tuvo Usted que salir huyendo?

86. Cuando salió del lugar de trabajo, ¿Hubo alguna amenaza o represalia?

87. Si tenía alguna garantía o documento retenido, ¿Se lo devolvieron?

88. Cuando salió, ¿Todavía le debía dinero a alguien?

89. ¿Ha escuchado o ha sido testigo de alguna amenaza a algún trabajador que si se haya cumplido?

90. ¿Cuáles son las quejas más frecuentes de los trabajadores?
    a. El salario recibido no fue el acordado
    b. Por el transporte
    c. Por la alimentación
    d. Por las deducciones no acordadas
    e. Por las condiciones de trabajo no acordadas.
    f. Otros

Preguntas Finales

91. ¿Tiene algo más que contar sobre su experiencia o la experiencia de alguna otra persona que trabajó en las minas en los últimos cinco años?

92. ¿Qué otras personas podrían dar más información para este estudio?

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