

# The Cruelest Catch



Former indentured worker  
Yusril, 28, fishing on a small  
boat on the Java Sea



**In the waters off  
New Zealand,  
scores of  
indentured  
workers are  
trawling for  
seafood—and  
you may be  
buying it**

**By  
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**O**n March 25, 2011, Yusril became a slave. That afternoon he went to the East Jakarta offices of Indah Megah Sari (IMS), an agency that hires crews to work on foreign fishing vessels. He was offered a job on the *Melilla 203*, a South Korea-flagged ship that trawls in the waters off New Zealand. “Hurry up,” said the agent, holding a pen over a thick stack of contracts in a windowless conference room with water-stained walls. Waving at a pile of green Indonesian passports of other prospective fishermen, he added: “You really can’t waste time reading this. There are a lot of others waiting, and the plane leaves tomorrow.”

Yusril is 28, with brooding looks and a swagger that belies his slight frame. (Yusril asked that his real name not be used out of concern for his safety.) He was desperate for the promised monthly salary of \$260, plus bonuses, for unloading fish. His wife was eight months pregnant, and he had put his name on a waiting list for the job nine months earlier. After taking a daylong bus ride to Jakarta, he had given the agent a \$225 fee he borrowed from his brother-in-law. The agent rushed him through signing the contracts, at least one of which was in English, which Yusril does not read.

The terms of the first contract, the “real” one, would later haunt him. In it, IMS spelled out terms with no rights. In addition to the agent’s commission, Yusril would surrender 30 percent of his salary, which IMS would hold unless the work was completed. He would be paid nothing for the first three months, and if the job were not finished to the fishing company’s satisfaction, Yusril would be sent home and charged more than \$1,000 for the airfare. The meaning of “satisfactory” was left vague. The contract said only that Yusril would have to work whatever hours the boat operators demanded.

The last line of the contract, in bold, warned that Yusril’s family would owe nearly \$3,500 if he were to run away from the ship. The amount was greater than his net worth, and he had earlier submitted title to his land as collateral for that bond. Additionally, he had provided IMS with the names and addresses of his family members. He was locked in.

What followed, according to Yusril and several shipmates who corroborated his story, was an eight-month ordeal aboard the *Melilla 203*, during which Indonesian fishermen were subjected to physical and sexual abuse by the ship’s operators. Their

overlords told them not to complain or fight back, or they would be sent home, where the agents would take their due. Yusril and 23 others walked off in protest when the trawler docked in Lyttelton, New Zealand. The men have seen little if any of what they say they are owed. Such coerced labor is modern-day slavery, as the United Nations defines the crime. (The South Korean owners of the *Melilla* ships did not respond to requests for comment.)

The experiences of the fishermen on the *Melilla 203* were not unique. In a six-month investigation, *Bloomberg Businessweek* found cases of debt bondage on the *Melilla 203* and at least nine other ships that have operated in New Zealand’s waters. As recently as November 2011, fish from the *Melilla 203* and other suspect vessels were bought and processed by United Fisheries, New Zealand’s eighth-largest seafood company, which has sold the same kinds of fish in the same period to distributors operating in the U.S. (The U.S. imports 86 percent of its seafood.) The distributors in turn have sold the fish to major U.S. companies. Those companies—which include some of the country’s biggest retailers and restaurants—have sold the seafood to American consumers.

Yusril’s story and that of nearly two dozen other survivors of abuse reveal how the \$85 billion global fishing industry profits from the labor of people forced to work for little or no pay, often under the threat of violence. Although many seafood companies and retailers in the U.S. claim not to do business with suppliers who exploit their workers, the truth is far murkier.

**Hours after Yusril arrived in Dunedin, New Zealand, the *Melilla 203* officers put him to work unloading squid on the 193-foot, 26-year-old trawler. The ship was in bad shape, and the quarters were musty, as the vessel had no functioning dryer for crew linens or work clothes. Yet the conditions seemed comparatively decent to**

## **Crews work in dangerous conditions, sometimes for 30 hours at a stretch**

Yusril. Two years earlier he had worked on the *Dong Won 519*, operating under the auspices of Sanford, a 130-year-old, \$383 million New Zealand company. On that boat, Yusril says the officers had hit him in the face with fish and the boatswain had repeatedly kicked him in the back for using gloves when he was sewing the trawl nets in cold weather. Most unnervingly, the second officer would crawl into the bunk of Yusril’s friend at night and attempt to rape him. When asked for comment, Chief Executive Officer Eric Barratt said Sanford’s observers, which the company placed on all their foreign-chartered vessels (FCVs), reported that the ships “don’t have any issues with labor abuse.”

When the *Melilla 203* set sail for the deep waters of the Southern Ocean, conditions worsened, according to the accounts of Yusril and a dozen other crew members. The ship trawled for up to two months at a time, between 12 and 200 miles offshore. The boatswain would grab crew members’ genitals as they worked or slept. When the captain of the ship drank, he molested some of the crew, kicking those who resisted. As nets hauled in the catch—squid, ling, hoki, hake, grouper, southern blue whiting, jack mackerel, and barracuda—the officers shouted orders from the bridge. They often compelled the Indonesians to work without proper safety equipment for up to 30 hours, swearing at them if they so much as asked for coffee or a bathroom break. Even when fishermen were not hauling catches, 16-hour workdays were standard.

The resulting fatigue meant accidents, which could bring dismemberment in the cramped below-deck factory where the fish were headed and gutted by hand, then passed along conveyor belts to be frozen. Over the past decade at least two crew members of the *Melilla* ships have died, according to local newspaper accounts and reports by Maritime New Zealand, a government regulatory body. Dozens of *Melilla* crew members suffered injuries, some crippling.

When Ruslan, 36, a friend of Yusril’s on the *203*, snapped two bones in his left hand in a winch, it took three weeks before he was allowed to go to a hospital. The morning after his discharge he was ordered back to work but could not carry out his duties. The company removed him before any follow-up medical appointments. “I was a slave, but then I became useless to the Koreans, so they sent me home with nothing,” he says. Today, back in his home village in Central Java, Ruslan



**Yusril, with his son in Indonesia, says he was paid less than \$1 an hour on the *Melilla 203***

has a deformed hand. While IMS, the recruiting agency, finally paid him \$335 for three months of work, it has blacklisted him, according to Ruslan, because he spoke to investigators, and it has refused to help with medical bills.

During the last decade, New Zealand authorities repeatedly fined or seized the *Melilla* ships for ecological infractions, such as a 2005 oil discharge in Lyttelton Harbor, which the country monitored by satellite and occasional inspections by Ministry of Fisheries observers. Crimes against humanity were secondary. Scott Gallacher, a spokesman for New Zealand's Ministry of Agriculture and Forestry (which merged with the Ministry of Fisheries in July), explained that "observers are not formally tasked" with assisting abused crew, though they may report abuses to the Department of Labour. Yet Yusril said that when he once whispered a plea for help, an observer expressed sympathy but said it was "not my job."

New Zealand authorities had plenty of prior evidence of deplorable working conditions on foreign vessels like the *Melilla*. On Aug. 18, 2010, in calm seas, a Korean-flagged trawler called the *Oyang 70* sank, killing six. Survivors told the crew of the rescuing vessel their stories of being trafficked. A report co-authored by Christina Stringer and Glenn Simmons, two re-

searchers at the University of Auckland Business School, and Daren Coulston, a mariner, uncovered numerous cases of abuse and coercion among the 2,000 fishermen on New Zealand's 27 foreign charter vessels (FCVs). The report prompted the government to launch a joint inquiry. The researchers gathered testimony from New Zealand observers who saw abuses being committed even after they had boarded ships. "Korean officers are vicious bastards," one observer said, as quoted in the report. "Factory manager just rapped this 12kg [26-lb.] stainless steel pan over [the crew member's] head, split the top of his head, blood pissing out everywhere." The observer said he gave the Indonesian fisherman 26 stitches.

After eight months aboard the *Melilla 203*, Yusril and 23 other crew members finally protested their treatment and pay to the captain. Their move came after a Department of Labour investigator, acting independently, visited the ship in November 2011, when it was docked in Lyttelton. The official gave Yusril a government fact sheet stipulating that crew members were entitled to certain minimum standards of treatment under New Zealand law, including pay of at least \$12 per hour. When deductions, agency fees, and a manipulated exchange rate differential were subtracted, the fishermen

were averaging around \$1 per hour.

The captain dismissed the document and threatened to send them home to face retribution from the recruiting agency. Believing that the New Zealand government would protect them from such a fate, Yusril and all but four of the Indonesian crew walked off the boat and sought refuge in Lyttelton Union Parish Church. Aided by two local pro bono lawyers, they decried months of flagrant human rights abuses and demanded their unpaid wages under New Zealand's Admiralty Act.

**Ten miles from Lyttelton, in neighboring Christchurch,** stands the headquarters of United Fisheries, the company that exclusively purchased the fish that Yusril and his mates caught. The building features gleaming Doric columns topped with friezes of chariot races. It was designed to resemble the temples to Aphrodite in Cyprus, the homeland of United founder Kypros Kotzikas.

The patriarch started in New Zealand with a small fish-and-chip restaurant. Some 40 years later, his son, Andre, 41, runs a company that had some \$66 million in revenue last year. Although three *Melilla* crew members, citing abuse, had run away nine days before I spoke with Kotzikas, he told me he had heard of  no complaints from crew on board

the ships, and he had personally boarded the vessels to ensure that the conditions “are of very high standard.”

“I don’t think that claims of slavery or mistreatment can be attached to foreign charter vessels that are operating here in New Zealand,” he said. “Not for responsible operators.”

In an e-mail, Peter Elms, a fraud and compliance manager with Immigration New Zealand, cited a police assessment that found that complaints from crews amounted to nothing more than disputes over “work conditions, alleged (minor) assaults/intimidation/workplace bullying, and nonpayment of wages.” Elms said his department had two auditors who visited each vessel every two or three years, and they had found nothing rising to the level of human trafficking, a crime punishable in New Zealand by up to 20 years in prison. Kotzikas said that while New Zealand’s labor laws are “a thousand pages of, you know, beautiful stuff,” he believed they did not necessarily apply beyond New Zealand’s 12-mile territorial radius.

Half of United Fisheries’ annual revenue is generated outside New Zealand, spread across five continents. In the U.S., which imports an estimated \$14.7 billion worth of fish annually, regulators are beginning to pay attention to the conditions under which that food is caught. The California Transparency in Supply Chains Act, as of Jan. 1, requires all retailers with more than \$100 million in global sales to publicly disclose their efforts to monitor and combat slavery in their supply chains. The law covers some 3,200 corporations that do business in the state, including several that trade in seafood.

In our interview, Kotzikas said his company sold ling, a species of fish caught by the *Melilla* crews, to Costco Wholesale, America’s largest wholesaler and the world’s seventh-largest retailer. As is true with many seafood exports from New Zealand, the exact quantity of United’s sales to Costco was untraceable through public shipping records. Costco representatives did not respond to requests for comment about the sales and the abuse allegations.

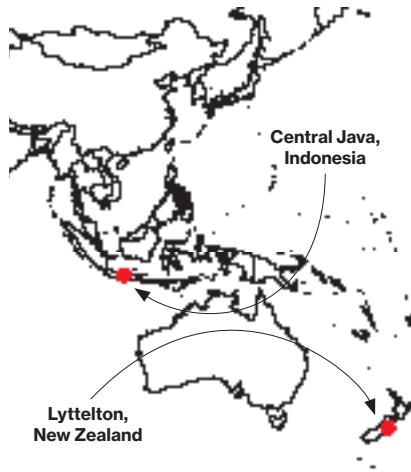
In New Zealand, there is no independent auditing of catch method once a fish has been landed and processed. Ling caught by longlines is considered to be of higher quality and more environmentally sustainable than ling hauled by trawlers. As a result, longline-caught fish can fetch double the price, providing incentive for fraud and mislabeling. As recently as 2008 the *Melilla* ships were fined more than



One of the *Melilla* fishing vessels docked in Lyttelton, New Zealand

\$300,000 for “trucking,” which means misreporting catches from one fishing area to another. New Zealand officials have not, however, accused them or any other vessel of trying to mislabel trawler-caught fish as longline-caught.

Dean Stavreff, managing director of Quality Ocean—the Christchurch-based company that exported the fish and whose largest shareholder is Kotzikas—said Costco purchases ling that is processed through the facility at United Fisheries headquarters. While he did not oversee that process, Stavreff insisted that all of the ling that Quality Ocean sold Costco had been caught on “longline” vessels operated by Talley’s and Okains Bay, two fishing companies that “stay well away from the alleged slave labor that is associated with the *Melilla* ships.” Costco advertises that it offers only chilled, longline-caught ling to U.S. consumers. The retailer, which annually audits United’s processing facility but not its vessels, had issued the company a six-page Supplier Code of Conduct, which laid out minimum labor conditions and specifically prohibited “slave labor,



human trafficking ... and physical abuse of employees.”

**Other large U.S. retailers also do business with United Fisheries.** (Thirteen employees at nine seafood companies contacted for this article agreed to speak only on background.) P.F. Chang’s China Bistro, a Scottsdale (Ariz.)-based chain with more than 200 restaurants worldwide and more than \$1.2 billion in annual revenue, purchased squid exclusively through Turner, a California-based importer. According to Import Genius and Urner Barry shipping records, Turner bought at least 568,554 lb. of squid from United since November 2010. Squid was one of the most common seafood species caught by fishermen held on the *Melilla* boats, according to Yusril and other crew members. Turner did not respond to requests for comment. A representative for P.F. Chang’s declined to comment on record.

Honolulu-based importer P&E Foods has also bought at least 48,940 lb. of squid from United since November 2010. According to P&E’s president, Stephen Lee, his company sells squid to Sam’s Club, the 47 million-member wholesaler. Lee said he was unaware of allegations of abuse on ships chartered by United, a company with which Lee has done business for “20, 30 years.” He added that he did not know whether any of P&E’s buyers required him or his suppliers to sign a code of conduct for labor practices. Carrie Foster, senior manager for corporate communications at Sam’s Club, said her company does require such signed agreements from their suppliers.

Another New Zealand company with ties to U.S. retailers is Sanford, the country’s second-largest seafood enterprise. On Nov. 3, I interviewed crew members of the *Dong Won* and *Pacinui* vessels, charters catching fish for Sanford, near the docks at Lyttelton. These men risked punishment by speaking out: Less than a week earlier three *Pacinui* crew members who had complained were sent back to Indonesia to face the recruiters.

A *Dong Won* deckhand said he felt like a slave as he simulated a Korean officer kicking him on the ground. Their contracts, issued by IMS and two other Indonesian agents, were nearly identical to those signed by the *Melilla* crew. They reported the same pay rates, false contracts, doctored time sheets and similar hours, daily abuse, intimidation, and threats to their families if they

walked away. After several desertions over the past decade, New Zealand labor audits of the *Dong Won* ships turned up some of the same complaints. In 2010, Sanford assured the government that it would improve oversight of foreign-chartered vessels and address allegations of abuse or wage exploitation. Barratt, Sanford's CEO, said observers of his company's foreign vessels did not find instances of abuse and that three deported *Pacinui* crew had returned voluntarily.

According to Barratt, his company exports to the U.S. through at least 16 seafood distributors, the majority through Mazzetta, a \$425 million corporation based in suburban Chicago that is the largest American importer of New Zealand fish. Mazzetta sells the same species caught on the *Dong Won* and *Pacinui* ships to outlets across the country. On Feb. 21, after the publication of an online version of this article, CEO Tom Mazzetta sent a letter to Sanford's Baratt demanding an investigation of labor practices on Sanford's foreign-chartered vessels.

Sanford also sells to the \$10 billion supermarket chain Whole Foods Market, according to Barratt. A Whole Foods spokesperson, Ashley Hawkins, said that "for proprietary reasons we cannot reveal who we source from for our exclusive brand products," including the chain's Whole Catch New Zealand hoki products. Asked about allegations that FCVs in New Zealand employ slave labor, Hawkins said Whole Foods is "in compliance with the California Transparency in Supply Chains Act. According to the U.S. Department of Labor, New Zealand is not considered high-risk."

Other buyers of Sanford's fish include Nova Scotia-based High Liner Foods, which sells products containing the same seafood as that caught by the indentured fishermen on the *Dong Won* and *Pacinui* ships. High Liner's customers include U.S. retailers such as Safeway, America's second-largest grocery store chain, and Wal-Mart Stores, the world's largest retailer. When alerted by *Bloomberg Businessweek*, spokespeople for both retailers pledged swift investigations. "As with all of our suppliers, we have a process under way to obtain documentation that [High Liner] is complying with the laws regarding human trafficking and slavery, and that [they are] reviewing their supply chain to insure compliance," said Brian Dowling, Safeway's vice president of public affairs, on Feb. 17. "We have not yet received certification from High

Liner. However, we are following up with them immediately and asking that they provide us with certification."

Henry Demone, High Liner's CEO, said he "abhorred" slavery and labor abuse and that his company "tries very hard to do the right thing." He said that in the case of the FCVs used by Sanford, "we bought from a company whose labor practices in the [processing] plant were fine. We audited that. We didn't audit the fishing vessels. But we relied upon a well-known New Zealand-based company and their assurance of 100 percent observer coverage."

It is unclear exactly how much seafood caught by indentured fishermen ends up on the plates of American consumers. Public shipping records—which do not report seafood imported on planes, and only detail some seafood imported to the U.S. by boat—are sparse, and seafood distributors rarely disclose their specific suppliers. Alastair Macfarlane, a representative of New Zealand's Seafood Industry Council, declined to comment on which American companies might be buying fish from troubled vessels such as the *Melilla 203*.

However, an analysis of several sources of data—including New Zealand fishery species quota and FCV catch totals made available by the Ministry of Agriculture and Forestry—suggests roughly 40 percent of squid exported from New Zealand is caught on one of the vessels using coerced labor. Perhaps 15 percent of all New Zealand hoki exports may be slave-caught, and 8 percent of the country's southern blue whiting catch may be tainted.

Despite the prevalence of foreign-chartered vessels, which in 2010 earned \$274.6 million in export revenue and hauled in 62.3 percent of New Zealand's deepwater catch, some New Zealand companies have determined they are not worth the risk. "The reputational damage is immeasurable," says Andrew Talley, director of Talley's Group, New

Zealand's third-largest fishing company, which submits to third-party social responsibility audits on its labor standards, a condition of its contract to supply McDonald's with hoki for its Filet-O-Fish sandwiches. "New Zealand seafood enjoys a hard-earned and world-leading reputation as a responsible fisheries manager, with a product range and quality to match," says Talley. "There is nothing responsible at all about using apparently exploitative and abusive FCVs."

### The main thoroughfare that bisects

Yusril's Central Java village feeds into a chain of divided tollways that run all the way to Jakarta. Travelers along the road quickly leave the briny air of the fishing kampungs and pass through green rice paddies dotted with water buffalo and trees bearing swollen, spiky jackfruit. Sixty years ago, Yusril's grandfather worked that land. Today, thousands journey along the highway to seek new lives.

When I found him last December, Yusril was back in his in-laws' modest home, tucked well off a side road. He was out of work and brainstorming ways to scratch out a living by returning to his father's trade, farming. IMS, the recruiting agency in Jakarta, had blacklisted him and was refusing to return his birth certificate, his basic safety training credentials, and his family papers. It was also withholding pay, totaling around \$1,100. In total, Yusril had been paid an average of 50¢ an hour on the *Melilla 203*. (An IMS attorney did not respond to repeated e-mails requesting comment. When I showed up at the agency's offices in Jakarta, a security guard escorted me out.)

Two of the 24 men who walked off the *Melilla 203* returned to work on the ship rather than face deportation. The ship's representatives flew the remaining 22 resisters back to Indonesia. When they returned to Central Java, they say, they were coerced by IMS into signing documents waiving their claims to redress for human rights violations, in exchange for their originally stipulated payments of \$500 to \$1,000. Yusril was one of two who held out. On Jan. 21, when I last spoke to him, I asked why he had refused to sign the document.

"Dignity," said Yusril, pointing to his heart. **E**

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## 40 percent of New Zealand squid exports may be caught on ships with slaves