

THE WORLD'S BIGGEST RISKS

## The Victims of the 21<sup>st</sup>-Century Slave Trade

Barbara Booth

Thursday, 3 Mar 2016 | 9:55 AM ET



In Thailand thousands of "sea slaves," held captive in shoddy fishing vessels, trawl for cheap forage fish used in canned pet food. In Pakistan, children as young as five are sold or kidnapped and forced to stand knee-deep in water, packing clay into molds to make bricks. In Ghana, poisonous dust and exposure to toxic chemicals and mine collapses threaten the health and safety of children who work in the artisanal gold mines.

Slavery, a practice successfully eradicated in the 19th century, is today a flourishing underworld, generating a whopping [\\$150 billion in illegal profits](#) each year, according to the International Labor Organization (ILO). Approximately 21 million people around the world — about 3 out of every 1,000 individuals, 5 million of them children — are victims of forced labor, according to the most recent estimate, up from 12.3 million in 2005, the ILO reports.

"[Trafficking in persons](#) ... is one of the largest income sources for international criminals, second only to drug trafficking," said U.S. Senator Ben Cardin (D-Maryland), ranking member of the Senate Foreign Relations Committee, at a Senate Foreign Relations Committee hearing last week to address the issue of modern slavery.

Over the past 16 years, numerous laws and conventions have been passed, including the [Victims of Trafficking and Violence Protection Act of 2000](#) and the United Nations Convention against Transnational Organized Crime — also known as the [Palermo Protocol](#). But while countries have steadily been increasing their commitment to address slavery, many challenges remain.

Now there's new hope: In a bold move last week, President Obama signed [H.R. 644](#), the "Trade Facilitation and Trade Enforcement Act of 2015," which includes an amendment to [close the](#)

[loophole](#) in the Tariff Act of 1930 allowing goods produced from slaves to enter the U.S. if American production could not meet 100 percent consumer demand.



[World at risk from refugee crisis: WEF](#)

"[H.R. 644] has an important signaling effect that the U.S. government has an interest in curtailing the worst forms of labor rights abuse in global supply chains ... particularly looking at issues in aquaculture and fishing," said Sarah Labowitz, co-founder and co-director of the NYU Stern Center for business and human rights.

The new ruling bars U.S. imports of goods made by convict, forced or indentured labor — a move that may have a profound impact on U.S. companies using foreign suppliers.

In his statement, President Obama said the act "will strengthen trade enforcement at our ports, improve our ability to combat evasion of our enforcement actions, and improve transparency, accountability, and coordination in enforcement efforts. ... The act provides new tools and authorities for U.S. companies and workers to more effectively hold our trading partners accountable — now and into the future — and press for the investigation of cases of duty evasion."

## More latitude to investigate

The ruling, which goes into effect on March 10, will give enforcement agencies more latitude to investigate companies suspicious of forced and child labor. Yet experts say it won't come without its challenges.

"Like all regulations, it relies on enforcement, and enforcement relies on actionable intelligence," said Benjamin Skinner, author of "A Crime So Monstrous: Face-to-Face with Modern-Day Slavery" and founder of Transparentem, a nonprofit intelligence unit that investigates slavery and other crimes in corporate supply chains.

Labowitz said that although the reporting requirement within the bill will have an important organizing effect, it also points to the need for bigger and even more comprehensive solutions to address the problem.



Afghan children in Kabul sort bricks at the Sadat brick factory, where they work from 8 a.m. to 5 p.m. daily.



### [Bill George: Are corporate ethics sliding again?](#)

"The standard of proof will be difficult to meet," Labowitz said, adding, "How do you demonstrate that a particular shipment of a particular commodity was produced with convict, forced or indentured labor? The bill doesn't come with increased resources to deal with this. It's going to take a coordinated effort on the part of the brands, the suppliers, government, financial solutions. You can't just police the first-tier suppliers."

Dr. Shawn MacDonald, director of programs and research at Verité, a nonprofit organization dedicated to helping companies build sustainable solutions into their supply chains to ensure that people around the world work under safe, fair and legal conditions, is optimistic.

While he believes that government enforcement agencies will have to "reinvent themselves" to address the issue and it will take a lot of corroboration to help turn the tide, the good news, he says, is that customs enforcement people now have sophisticated mechanisms for tracing supply chains. "They are doing it to counter terrorism, to counter drugs, to counter counterfeiting measures, so I think they are very sophisticated on those things," he said.

## The faces of modern slavery

A look at the demographics of modern slavery reveals alarming truths.

Of the \$150 billion in illegal revenue, \$99 billion comes from commercial sexual exploitation, claims the ILO. Yet just 22 percent of the victims, or 4.5 million people, are trafficked for that specific purpose. Sixty-eight percent — or 14.2 million — are exploited in the private economy by individuals or enterprises and forced to work involuntarily as traffickers employ debt bondage, document confiscation, physical abuse and other tactics to keep them hostage, the ILO reports.

The largest number of forced laborers — 11.7 million people, or 56 percent of the global total — are within the Asia-Pacific region, followed by Africa, at 3.7 million, and Latin America, at 1.8 million. And according to Polaris Project — the Washington, D.C.–based anti-trafficking nonprofit named after the North Star that guided slaves to freedom in the U.S. — our country is not immune.

As of September 2015, the latest data available, Polaris' National Human Trafficking Resource Center hotline received 16,678 tips regarding potential trafficking victims; of those, 4,168 cases have been verified. The most commonly cited industries for modern slaves in the U.S. include domestic work, farm work, factory work, door-to-door sales and restaurant and food services.

Victims span all demographics and are exploited in every corner of the world. They include foreign nationals and citizens, the skilled and unskilled, educated and non-, with diverse ethnic and socioeconomic backgrounds. The characteristic they all share, however, is vulnerability, which makes migrants among the easiest targets.

And with the wave of mass migration flooding Europe's borders, this number is expected to grow exponentially.



"Refugee crises sadly lead to an increase in human trafficking and gender-based violence," said Congresswoman Caroline Maloney (D-New York). "The reports we're getting is that the ongoing crisis in Europe is no different. It's something that the global community needs to consider as it responds to the crisis."

Olivia Enos, research associate at the Davis Institute for National Security and Foreign Policy at The Heritage Foundation, agrees: "Instability during the migrant crises in Europe and Southeast Asia contributed to increased vulnerabilities to trafficking," she said. "Organized criminal groups have taken advantage of these vulnerabilities to exploit migrants in labor and sex trafficking, and some of the profits are going to terrorist groups like ISIS and Boko Haram."

## Countries on the hot list

In its "List of Goods Produced by Child Labor or Forced Labor" — a report mandated under the Trafficking Victims Protection Reauthorization Act of 2005 — the Bureau of International Labor Affairs (ILAB) revealed that more than 136 products from 74 countries are produced by forced and child labor. These are products used by consumers worldwide every day.

Topping the list for agriculture are cotton, sugarcane and tobacco. In the manufacturing sector, bricks, garments, carpets and footwear; in mined or quarried goods it's diamonds, coal and gold.

More than 20 products on the list come from India; Bangladesh, Burma, Brazil and the Philippines are also some of the highest producers of goods made from forced labor.

What generates the most profits are construction, manufacturing and mining, at \$34 billion per year; and agriculture, including forestry and fishing, at \$9 billion per year, Houtan Homayounpour, operations officer for the ILO's program to combat forced labor, told CNBC.

Tim Isgitt, a spokesperson for Humanity United, said that consumers need to be made more aware of what is in the products they buy. "Companies are producing products that get put into other products that end up in our cars or on our tables," he said. "We live at the end of the supply chain."

Palm oil, he said, is a prime example.

Labeled simply as "vegetable oil," it is in almost half of the products in our grocery stores, including fuels, soaps and shampoos, processed foods, cereals, toothpaste, cosmetics, cleaning products and candles.

The palm oil industry lures migrants in need of work to Indonesia and Malaysia, where more than 85 percent of the world's palm oil supply is produced. Once there, the individuals — many of them children — are held captive, facing dangerous and abusive conditions. Currently, there are about 3.7 million slaves working on the plantations. Yet government officials there largely turn a blind eye.

The Department of Agriculture reports that the U.S. is the sixth-largest importer of palm oil, followed by China, India and Europe.

"American consumers are very interested in where their food and clothes and other products come from, said NYU's Labowitz. "Companies can't ignore the fact that their home country government and their consumers have rising expectations around global supply chains – and labor rights in particular."

## Holding Big Biz accountable

The push to explore forced labor in global supply chains gained new interest after the passage of the California Transparency in Supply Chains Act, which went into effect in January 2012. Under this act, midsize and large retailers and manufacturing companies with worldwide annual revenues

of \$100 million or more are required to report on their specific actions to eradicate slavery and human trafficking in their supply chains.

Since then, many U.S. companies have come under fire, including [Whole Foods](#), [Kroger](#), [Wal-Mart](#), [Dollar General](#) and Petco, after the Associated Press led an investigation into the \$7 billion Thailand shrimp industry and found slave labor existing in their supply chains.

"Companies aren't knowingly looking the other way," said Natalie Pregibon, director of research at [Concordia](#), a nonprofit that promotes effective public-private collaboration to create a more prosperous and sustainable future. "They just can't believe that slavery exists in their supply chain. So we need to start from an assumption of good intentions."

In November 2015, after self-policing its own supply chain, [Nestlé](#) announced publicly that it found slave labor existed in the production of its cat food brand Fancy Feast, which contained seafood sourced from Thailand.



Rohingya migrant Muhammad Solim, 20, sits in a house in Nakhon Si Thammarat province, Thailand, April 28, 2015. Muhammad Solim, a Rohingya previously living as a refugee in Bangladesh, said he suffers from the effects of malnutrition after spending nearly three months at sea and 90 days in a jungle camp before he was ransomed for the equivalent of US\$2,240, paid in baht and ringgit.

Many applaud the giant food-and-beverage company for publicly disclosing its findings, claiming it a groundbreaking move. "Whenever you have a company that does a public report, it kind of changes the way other companies can respond," said Verité's MacDonald. "They can no longer say, 'Well, our supply chain is much different than the Nestlé supply chain.' Companies have to assume they have these problems and not wait until somebody catches them out. These problems are systemic. So you're more likely to have these problems than not."

Pregibon said that while some companies may be hesitant to discuss their efforts publicly, they shouldn't be. "They're afraid of it becoming a blame game. But you can't fix a problem if you don't know it exists. That's being proactive," she said, adding, "Once businesses do that, it will set the standards for others to follow."

Already, institutional investors are looking for more corporate accountability. For example, Norges Bank Investment Management, the \$810 billion sovereign wealth fund — the largest in the world — is raising its focus on human rights by polling their portfolio companies on slavery to make sure the companies it invests in follow ethical standards. In a [written statement](#), the fund said "it expects companies to respect human rights, and address human rights issues in their business practices."

Some observers, like MacDonald, see an uptick in companies reaching out for help to investigate the use of forced labor inside their own supply chains. But he worries that as more attention is put on the issue, there may be a lot of incentive for companies to just "check the box."

"If they feel they can send in a report or answer questions by pointing to a relatively superficial activity, companies will feel they've dodged a bullet. Businesses have to hold themselves and their peers accountable to do the right thing," he said.

Concordia's Pregibon stated that the only way to tackle the issue is through collaboration: "We need to bring together private-sector entities, public-sector entities and nonprofits to find a mutual ground where they can discuss this issue openly and find the best way to begin to tackle it," she said. "Corporations are encouraged to use their reach and leverage their businesses."

To that, she added: "Sometimes great things come out of a crisis."



[Barbara Booth](#) Editor, Strategic Content at CNBC