

UNDERSTAND RISK

What do natural disasters, gender inequality and immigration policy have to do with the risk of forced labor in my supply chain?

SECTOR

PRODUCT

Three D Jobs

Low-skilled Labor to do Dirty, Dangerous, or Difficult Work

In general, industries that rely heavily on inputs of low-skilled labor are at risk of trafficking in persons. This is particularly true for industries in which low-skilled labor is used to carry out work that is unpleasant, dangerous, or otherwise difficult. Such jobs are often referred to as “THREE D” jobs, for “dirty, dangerous, and difficult.” Examples of such jobs include those involving dangerous or physically arduous manual labor (mining, farm work, construction), work involving prolonged periods of repetitive motion (factory assembly jobs, meatpacking), and work that is stigmatized or socially devalued (janitorial work, personal care provision). As these jobs are undesirable and low-paying, in many cases they are performed by individuals with a high level of vulnerability, including immigrants, minorities, and other socially marginalized groups. Recent reports from Japan, for example, have described the trafficking by recruiters linked to organized crime of homeless people forced to do environmental cleanup in the wake of the Fukushima nuclear disaster. While human trafficking does occur in other kinds of industries, those that rely centrally on THREE D jobs are inherently at risk.

Seasonal

Seasonal or Short Product Lifecycles

Industries that are characterized by sharp seasonal or product life-cycle fluctuations in labor demand are also at risk. The time-sensitive nature of harvest cycles for many agricultural crops, for example, can lead to a temporary surge in the need for farm workers in a particular region, only to have the demand for them drop off sharply once the harvest is complete. A similar situation can arise for low-skilled electronics workers when a new cellphone or other top-selling technology is released, as factories staff up quickly to meet the spike in demand, sometimes laying off workers again soon after orders have dropped off. The need for a large number of workers for short periods of time leads many employers to turn to labor brokers

for assistance with recruitment, a practice which Verité research has shown drastically increases the risk of human trafficking. Even workers who have not been trafficked initially may find themselves vulnerable to such exploitation once the demand for their labor has receded, due to the burden of debt they incurred in the course of their recruitment, or simply because they lack the resources to return home or seek other alternatives. In addition, employers in industries with sharp spikes in labor demand sometimes seek to intensify production by temporarily increasing pressure on their existing workforce through the use of compulsory overtime or other forced labor practices.

Competitive

Highly Competitive Industry with Low Barriers to Entry

In general, industries that are highly competitive, with continual downward pressure on prices, may be at risk of trafficking. This is particularly true if costs for inputs other than labor have already been cut as much as possible, leading to strong pressure to reduce labor costs as a main strategy to increase competitiveness. For example, in United States garment manufacturing, where brands have a great deal of leverage over their supplier factories, and labor costs comprise the bulk of input costs, many sewing contractors' only option to retain contracts and become profitable is to pay sub-minimum wages. Related, trafficking risk is also present in industries with relatively low barriers to entry, making it possible for companies to shift production to new locations in search of lower labor costs. Low wages do not in themselves equate to labor trafficking, of course, but a "race to the bottom" in wages and prices paid to small producers may be associated with increased vulnerability to human trafficking through debt bondage, forced overtime, or other related consequences of low pay to workers and suppliers.

OPERATIONS

Offshore

Offshore Manufacturing

Industries that rely heavily on overseas production in countries with lower labor standards or limited enforcement capacity are at risk of human trafficking in their supply chains, when offshore production is associated with reduced labor costs and less stringent regulatory environments. Substandard wages for workers and reduced standards for workers' rights and workplace practices increase the likelihood of worker vulnerability to trafficking.

Recruitment

Reliance on Labor Recruiting

Industries that rely on labor recruiters or other third-party intermediaries to recruit, hire and/or manage their workforce are at increased risk of having trafficking in their supply chains. Labor intermediaries often provide valuable recruitment and migration facilitation services, but there can be significant gaps in regulation, and exploitation and abuse of workers are widespread. Some workers are misinformed or even deceived as to the nature and/or conditions of the job they are ultimately placed in, and many pay substantial fees to cover their recruitment costs. The debt that often results from payment of recruitment

fees is a major contributing factor to the vulnerability of workers to human trafficking, as workers are forced to continue working sometimes for a year or more in order to pay off the debt they incurred to get their jobs. Indebted workers have few options and little leverage to advocate for themselves in the workplace, making them vulnerable to other elements of human trafficking as well. Vulnerability is particularly elevated when workers experience multiple dependencies on their brokers or employment agents for their wages, visas, work permits, and/or housing.

Complexity

Long, Complex, or Non-transparent Supply Chains

Industries with long, complex, or non-transparent supply chains are more likely to be at risk for human trafficking than ones with short, straightforward supply chains. In part this is because longer supply chains involve more contexts in which labor takes place, and hence more possibilities for trafficking to occur. The length and complexity of supply chains also contributes to risk, however, by masking transparency about embedded labor practices, making it difficult for the eventual purchasers of finished goods or services to monitor for human trafficking lower down in their supply chains. Even for consumer-facing companies or individual consumers concerned about human trafficking, lengthy and complex supply chains often make it difficult to perceive abuses that may be taking place at the level of secondary or tertiary inputs to finished products. A number of different business practices contribute to the complexity and non-transparency of supply chains. Offshoring of production is one obvious factor; overseas sourcing of inputs such as raw materials and labor is another. In addition, supply chains are often opaque in industries that rely heavily on subcontractors, and in ones that are characterized by a high degree of informality in contracting at lower tiers in the supply chain, for example when a subcontractor relies on a verbal agreement with an independent supplier in an effort to minimize regulation or taxation.

CSR Initiatives

Lack of Participation in Multi-stakeholder CSR Initiatives

While not itself causal of increased trafficking risk, the absence of industry-level corporate social responsibility (CSR) initiatives to protect workers from trafficking may be a red flag that labor issues are not closely scrutinized in that sector.

LABOR

Vulnerable Workers

Poor, Vulnerable, Low-skilled Workers

Industries that employ a high proportion of workers who are impoverished, lacking in professional or advanced technical skills, and landless or otherwise dispossessed are inherently at greater risk of human trafficking. Poor, vulnerable, low-skilled workers are easily replaced by others like them, and hence have little leverage with which to advocate for their rights in the face of recruiters or employers seeking to profit from their labor illegally.

Migrant Workers

Migrant Workers

Industries that rely heavily on migrant labor are often also at risk. Verité has found migrant workers, both internal and international migrants, to be vulnerable to human trafficking in a wide variety of sectors and countries. As a recent report by the Special Rapporteur on the Human Rights of Migrants for the United Nations Human Rights Council notes: “migrants are at heightened risk of exploitation and abuse in the workplace, due to (a) deceptive recruitment practices, both by employers and intermediaries; (b) frequent lack of social support systems; (c) unfamiliarity with the local culture, language, their rights at work and national labour and migration laws in the country of employment; (d) limited or denied access to legal and administrative systems; (e) dependence on the job and employer due to migration-related debt, legal status, or employers restricting their freedom to leave the workplace; and (f) reliance by family members on remittances sent back home by the migrant. These factors are amplified by the discrimination and xenophobia that migrants are increasingly facing everywhere.” Migrants are also often restricted from forming or joining trade unions. Industries employing large numbers of migrants are likely to rely on recruiters, which carries risks of human trafficking, as discussed above.

GEOGRAPHY

COUNTRY

Political Factors

Political Risk Factors in the Country of Production

Protections

Supply chains that source goods or services from countries with weak legal protections for civil liberties and workers' rights are at risk for human trafficking. When safeguards for civil liberties such as freedoms of assembly, association, and expression are weak, civil society organizations are less able to monitor government and private sector actors and hold them accountable for unethical labor practices. Lack of formal protection for workers' rights leaves workers with little legal recourse in the face of workplace abuses, and also undermines the potential for labor organizing, reducing the ability of workers' to advocate for themselves in the face of exploitation and abuse. The impacts of such factors on human trafficking risk are exacerbated even further in countries where basic liberties are actively suppressed by repressive state regimes. Risk is also heightened in countries that protect workers' rights for their own citizens, but fail to extend protections to foreign migrants or undocumented foreign migrants, particularly when such migrants make up a significant proportion of the low-wage workforce.

Corruption

A high degree of corruption is also associated with a risk of human trafficking. General disregard for the rule of law and lack of adherence to laws by government officials opens the door to trafficking of workers in many ways. Officials may be paid bribes to look the other way when faced with practices associated with human trafficking, such as the retention of migrant workers' passports by employers, compulsory payment of "runaway insurance" fees by workers, or illegally high deductions from workers wages. Labor brokers may also bribe government officials in order to gain access to work permits or factory placements, passing along the cost of kick-back "commissions" to workers who are already being charged high recruitment fees, in this way contributing to vulnerability to debt bondage. In some cases, government officials may themselves own recruitment agencies or have a vested interest in them through familial or other personal ties.

Crime & Violence

Workers in countries with a high level of crime and violence are also at risk for trafficking. In particular, the presence of organized crime syndicates is often directly related, as crime rings trafficking in guns, drugs, or other illicit goods may also deal in human beings, facilitating delivery of workers to factories, farms, brothels, mines, or other sites of production. Countries in which organized crime flourishes often also have a high level of general lawlessness and corruption, both of which contribute to trafficking risk in their own right, both because workers may be fearful of leaving their jobs before paying off their debt or completing their contracts, and because they may be unlikely to file complaints with authorities who are perceived to be corrupt. More informally, the simple presence of gangs or street thugs in areas where workers live and work can significantly limit the freedom of movement of workers who may be far from home, increasing their dependence on their employers and limiting their ability to seek out resources that could help them resist unethical or abusive employment arrangements.

State Persecution

Countries in which some categories of workers – stateless individuals or undocumented migrants, for example – are actively persecuted by the state are also at risk of trafficking, since fear of government surveillance, detention, or deportation can act as a serious constraint on workers' freedoms of movement and association, and consequently, on their ability to resist or advocate for themselves in the face of illegal labor exploitation.

Instability

Supply chains that rely on goods or services provided in countries experiencing political conflict or instability may be at risk due to a general destabilization of society and diminution in the rule of law. Such instability also increases the risk of the local population to being trafficked, a connection discussed below in the section on factors affecting trafficking risk in labor source countries. There are also cases in which certain areas of a country may be outside of government control, leading to an increased risk of trafficking in these regions. In some cases, organized crime syndicates or armed groups may rely on human trafficking as a means of financing the conflict or intimidating certain populations. Countries that are active theaters of war or other sites of emergent situations may also require rapid staffing of jobs in construction, housekeeping, security or other low-skilled fields, potentially leading to increased trafficking risk.

Socio-Economic

Socio-Economic Risk Factors in the Country of Production

Economic Development

The implications of overall economic development for risk of trafficking in a country vary. In some cases, relatively high GDP per capita and education levels may be associated with supply chain risk, due to the unwillingness of a relatively prosperous and skilled local workforce to do low-paid, unpleasant jobs. In such contexts, migrants and the poorest members of the society are typically relied upon to do such work, people who are structurally at risk of being trafficked due to their general vulnerability, and, in the case of migrants, to their dependence on the international recruitment industry and associated trafficking vulnerabilities. Trafficking risk may also correlate with widespread poverty and low levels of social protection in a country, however, particularly if the worker population for “3D” jobs is sourced domestically. Relative degrees of poverty between countries also play a role, for example, when workers from a poor country decide to migrate to a somewhat less poor neighboring country in search of regional economic opportunities.

Gender Inequality

Supply chains that source goods or services from countries with a high degree of gender inequality are at risk of human trafficking. In such contexts, women workers may find themselves subject to discrimination and harassment in the workplace in ways that their male counterparts are not, and this may undermine their capacity to resist or advocate for themselves in the face of employers seeking to exploit their labor illegally. Women may also be paid lower wages than men in such contexts, increasing the burden of recruitment debt for them, and consequently also their chances of experiencing debt bondage and multiple dependency on their employers. A recent ILO study of the economics of labor trafficking found that female-headed households are generally at greater risk of trafficking than male-headed ones, and that trafficking is more frequent in the unskilled occupations and informal sectors in which female workers often concentrate in gender-unequal societies. The same study found that a high level of maternal education (indicating a greater degree of gender equality) was strongly inversely correlated with risk of human trafficking.

Special Export Zones

Countries that have actively created economic zones designed to cater to export-oriented foreign manufacturers may be at risk of having trafficking in the supply chains that source from them, especially if those zones have lowered labor standards or relaxed other regulations in order to attract foreign investment. Because such EPZs facilitate global outsourcing of production, and because they often offer workers inside them fewer workplace protections and freedoms than workers enjoy outside, they can be associated with human trafficking risk.

Legal

Risk Factors Related to the Legal Framework in the Country of Production

Immigration Policy

Countries with immigration policy frameworks that restrict the employment options or movements of migrant workers may pose a risk for human trafficking in the supply chains that source from them. Policies that tie guestworkers' visas to particular employers, for example, may prevent workers from leaving exploitative or abusive employment situations for fear of losing their legal immigration status. Immigration policies that restrict settlement or movement by migrants similarly increase the vulnerability of migrant workers to human trafficking, by increasing the likelihood that they will experience multiple dependency on their employers, and be constrained in their ability to terminate their employment if they wish.

Bilateral Agreement

Countries that lack robust bilateral agreements about migrants' rights with the countries that send migrants to them pose a risk for trafficking. In the absence of such agreements, migrant workers' home country governments are in a weak position to enforce reasonable limits on recruitment fees or advocate for their citizens' rights in the migrant-receiving country. When these agreements are conducted in a nontransparent and non-consultative way, they may not adequately reflect concrete worker rights protections and therefore, may not effectively meet their objective of protecting workers. The lack of a bilateral regulatory framework for migration may also enable unethical recruiters and employers in the receiving country to exploit workers illegally, for example by emboldening the employers or recruiters to retain migrants' passports, or to compel workers to work overtime. Even when bilateral agreements do exist, if they are not created in a nontransparent and consultative way, they may not adequately reflect concrete worker rights issues, and therefore may not effectively meet their objective of protecting workers.

ILO Conventions

Countries that have not ratified key International Labor Organization conventions prohibiting forced labor, and guaranteeing the rights of workers and migrants, can be at greater risk of having human trafficking in supply chains that source from them. While not in itself causal, the lack of governmental commitment suggested by failure to sign on to such conventions is likely reflected in other structural vulnerabilities to trafficking at the national level, as well as of a lack of political will to combat human trafficking. In addition, the review mechanisms associated with these conventions are often effective tools to support grassroots advocacy for government accountability; they are not accessible to civil society organizations in countries that are not parties to them. In addition, the review mechanisms associated with these conventions – that are often effective tools to support grassroots advocacy for government accountability – are not accessible to civil society organizations in countries that are not parties to that convention.

Environmental

Environmental Factors in the Country of Production

Natural Disaster

Countries in which major natural disasters have recently taken place may pose an increased risk for human trafficking, due to the need for rapid staffing of low-skilled positions in environmental cleanup and construction. In the immediate aftermath of an emergency, normal procedures meant to check the potential for trafficking may be temporarily suspended, as strapped government agencies and private contractors scramble to meet immediate needs. Such contexts represent opportunities for unethical recruitment and human trafficking to flourish.

LABOR

Political Factors

Political Factors in the Country Supplying the Labor

INSTABILITY

Workers in countries experiencing political upheaval or open conflict are at heightened risk for being trafficked due both to a decrease in the overall rule of law, and to increased general and personal insecurity, including increased likelihood of dislocation and dispossession. People in contexts experiencing profound political upheaval may lack options that enable them to resist exploitation by unethical recruiters or employers. Human trafficking vulnerability is often particularly acute for refugees.

Crime & Violence

Workers in countries with high levels of crime and violence are often at increased risk for being trafficked, due to the increased vulnerability associated with individual economic or physical insecurity. In some cases, high levels of criminality and violence can also spawn forced migration. Trafficking risk may be particularly high in contexts controlled by organized crime syndicates, as these may be engaged directly in human trafficking as part of their broader criminal activities. High levels of crime and violence are also associated with low rule of law, suggesting that enforcement of protections for workers may also be relatively lax.

Socio-Economic

Socio-economic Factors in the Country Supplying the Labor

Poverty

The level and extent of poverty in a country is known to be a “push” factor for human trafficking. A recent UN ILO study of the economics of labor trafficking found that household food insecurity and the occurrence of income shocks that push people deeper into poverty are both strongly correlated with increased likelihood of being trafficked. People suffering from extreme poverty generally have few options, and may take risks or make choices that increase their risk of being trafficked or caught in situations of forced labor.

Impoverished migrants often rely on brokers to find them jobs overseas and facilitate their migration, and in the process incur debts that lock them into those jobs, even if they turn out to be different in nature, working conditions, or even location than had initially been promised. People who have had to put up title to the family farm as collateral on a loan to pay recruitment fees, or who have made the difficult decision to leave children or other family members behind in the hopes of earning enough to support them through work overseas, are not well-positioned to advocate for themselves in the face of unethical recruiters or employers seeking to exploit their labor illegally.

Landlessness

Countries in which large segments of the population have experienced loss of land or other property due to land grabs, political conflict, crime, natural disasters, forced resettlement, or economic policies resulting in dispossession are also at risk of human trafficking. When rural farmers are driven off their land by rebels, government officials, investors, environmental degradation, land fragmentation, or simple poverty, they become part of a landless underclass that has few economic options, and hence increased vulnerability to being trafficked.

Gender Inequality

A high degree of gender inequality in a country supplying labor may also be associated with risk of trafficking. In such contexts, women often have fewer rights and legal protections than men, and less access to the education necessary to obtain high-skilled jobs. Women may also be subject to discrimination in terms of wages, or in the kinds of jobs open to them. Women in gender unequal societies are often structurally dependent on men for financial security, leading women who lack access to male protection or wealth (for example, widows, unmarried women, and girls from poor families), with few resources of their own with which they might resist unethical recruiters and employers wishing to exploit their bodies or labor illegally.

Legal

Factors Related to the Legal Framework in the Country Supplying the Labor

Remittance Economy

Countries that actively promote emigration of their citizens in anticipation of remittances may be at increased risk of trafficking, although this varies depending on the regulatory regime put in place to manage out-migration. When remittances from abroad represent a key element of national development strategies and GDP, governments have an incentive to encourage their citizens to accept overseas employment arrangements, whether or not they are in their best interests. State-facilitated emigration has the potential to protect migrants from exploitation and trafficking, particularly if government programs include training, job placement and reintegration assistance, and a legal framework controlling and standardizing costs for migrants. When such programs are inadequately developed and supported in migrant-sending countries, however, the door is left open for unregulated flows of emigrants who are vulnerable to trafficking risks such as deceptive recruitment, payment of excessive recruitment fees, and debt bondage.

Bilateral Agreements

Countries that lack robust bilateral agreements about immigrants' rights with the countries to which they

send migrants pose an increased risk for trafficking. In the absence of such agreements, home country governments are in a weak position to enforce reasonable limits on recruitment fees or advocate for their citizens' rights once they arrive in the migrant-receiving country. The lack of a bilateral regulatory framework for migration may also enable unethical recruiters and employers within the receiving country to exploit their emigrants illegally, for example by emboldening them to retain migrants' passports, or to compel them to work overtime. Even when bilateral agreements do exist, if they are not created in a nontransparent and consultative way, they may not adequately reflect concrete worker rights protections, and therefore may not effectively meet their objective of protecting workers.

ILO Conventions

Labor source countries that have not ratified key International Labor Organization conventions prohibiting forced labor and guaranteeing the rights of workers and migrants may be at greater risk of having problems with human trafficking. While not in itself causal, failure to sign on to such conventions is a red flag, due both to the absence of international scrutiny and to the lack of commitment to address the problem it suggests on the part of government.

Environmental

Environmental Factors in the Country Supplying the Labor

Natural Disaster

Countries that have recently experienced natural disasters may be at increased risk for trafficking, due to the dislocation and sudden impoverishment that often characterize the experience of survivors of environmental catastrophes. People directly harmed in disasters have often lost all or most of their personal resources, and may be physically or emotionally traumatized as well. Such people are at increased risk of vulnerability to human trafficking.

ENVIRONMENTAL HARDSHIPS

Countries with ongoing environmental challenges such as deforestation, fisheries collapse, recurring drought, or diseases affecting staple crops are also at greater risk for trafficking, due to the association of such hardships with pervasive poverty and insecurity. Trafficking risk caused by such environmental factors is likely to increase over time as a result of ongoing climate change.

