This issue highlights reports on issues of labor trafficking at the global level.

**Labor Trafficking in the Global Economy**

**Globalization of Crime**


The Report shows how globalized crime has turned into one of the world’s foremost economic and armed powers. It examines human trafficking and migrant smuggling, as well as the smuggling of cocaine, heroin, firearms, environmental resources (e.g., wildlife, timber), counterfeit products (consumer goods, medicines), minerals and maritime piracy. It shows how, using violence and bribes, international criminal markets have become major UNODC cont. pg. 2

**Forced Labor & Slavery**

Verité, the global non-profit organization known for its ‘worker interview’ social audit, corporate social responsibility training, labor rights research and supply chain expertise, in June 2010 launched a ground-breaking initiative entitled, *HELP WANTED: Hiring, Human Trafficking and Slavery in the Global Economy.*

As part of the initiative, Verité released a major report from a yearlong investigation that illustrated the global prevalence of forced labor and human trafficking. In addition, the group launched a website to help stakeholder groups ask the right questions and learn what steps to take to eradicate forced labor and slavery in supply chains around the world. Dan Viederman, Executive Director of Verité, said, “HELP WANTED was designed to help Wanted cont. pg. 3..."
UNODC cont. from pg. 1

centers of power. The use of maps and charts in the Report illustrates the illicit flows of products and their markets.

UNODC Executive Director, Antonio Maria Costa stated, “When States fail to deliver public services and security, criminals fill the vacuum. Reaching the Millennium Development Goals would be an effective antidote to crime, that in itself is an obstacle to development. Since crime creates instability, peace is the best way of containing crime.”

Mr. Costa called for more robust implementation of the UN Convention against Corruption, more effective anti-money-laundering measures, and a crackdown on bank secrecy.

Excerpts from the UNODC Executive Summary

In the past 25 years global governance has not kept pace with economic globalization. The unprecedented openness in trade, finance, travel and communication has created economic growth and wellbeing, but simultaneously has given rise to massive opportunities for criminals to make their businesses prosper. Organized crime diversified, went global and reached macro-economic proportions: illicit goods are sourced from one continent, trafficked across another, and marketed in a third, threatening security, fuelling corruption, infiltrating business and politics, hindering development, and empowering those who operate outside the law.

Transnational organized crime (TOC) is any serious transnational offense undertaken by three or more people with the aim of material gain. (pg. 1) The study found that highly structured crime organizations are losing ground to loosely structured groups working in small local cells. In fact the groups have become less important than the markets, which drive TOC.

“Organized crime seems to be less a matter of a group of individuals who are involved in a range of illicit activities, and more a matter of a group of illicit activities in which some individuals and groups are presently involved. If these individuals are arrested and incarcerated, the activities continue, because the illicit market, and the incentives it generates, remain. Strategies aimed at the groups will not stop the illicit activities if the dynamics of the market remain unaddressed.” …

With regard to human trafficking, a greater variety of nationalities of victims have been detected in Europe than in any other region. After a strong increase at the end of the Cold War, human trafficking to Europe for the purpose of sexual exploitation appears to have stabilized, with women from a wide variety of countries displacing the Eastern European victims that formerly dominated this market.

Two-thirds of trafficked victims are women and 80% are subjected to sexual exploitation. In 2005 at least half of exploited women in Europe were from the Balkans and Eastern Europe, but the trend is changing. “The techniques used to recruit victims seem to vary by source country. In Eastern Europe victims may be collected through employment agencies, while in West Africa family and social networks are utilized. As a general rule, groups engaging in trafficking for sexual exploitation are small, although there have been exceptions.” (Report, pg. 3)

“There are 140,000 trafficking victims in Europe, generating a gross annual income of US$3 billion for the exploiters. With an average period of exploitation of two years, this would suggest over 70,000 new entries every year. The trend appears to be stable.”

“Most of the trafficking flows examined in this report are the product of market forces, rather than the plotting of dedicated criminal groups. Demand exists for drugs, prostitution, cheap labor, firearms, wild animal parts, cheap consumer goods, hardwoods and child pornography. The consumption of these goods apparently carries little moral stigma, and little chance of apprehension, in the circles where the consumers operate; the demand endures, despite dramatic adaptive shifts in the production and trafficking of the contraband. To deal with these markets, creative solutions are needed, drawing on techniques not necessarily found in the law enforcement toolkit.” (Report, pg. 18)

Smuggling of migrants

With regard to migrant smuggling, the two most prominent flows are the movement of workers from Latin America to North America and from Africa to Europe. Most irregular migrants to the USA enter clandestinely across the south-west border of the country, but this flow appears to be declining in response to the global financial crisis.

“Due to global inequalities and restrictive immigration policies, many workers from developing regions are willing to borrow heavily from their...
Smuggling cont. from pg. 2

communities and risk their lives to access opportunities in the more affluent countries. Since they cannot do this legally, they often employ organized criminals to assist them, and become more likely to do so as immigration controls tighten. Because these services are illegal, those who provide them have tremendous power over their charges, and abuses are commonplace, particularly when the movement is clandestine."

"The USA hosts the second-largest Spanish speaking population in the world, including more than nine million people born in Mexico. Over a third of the population speaks Spanish in the border states of CA, TX and AZ. Combined with the fact that some 150 million Latin Americans live on less than two dollars per day, this expatriate population exerts a powerful pull on the poorer states to the south. Mexican immigrants can expect to greatly improve their standard of living without having to master a new language or leave behind their cultural group. As a result, an estimated 80% of the illegal immigrant population in the USA is from Latin America."

"Over 90% of illegal Mexican migrants are assisted by professional smugglers, traveling primarily in trucks. The smugglers group the migrants in 'stash' houses in order to receive the rest of the smuggling fee. This is normally paid by migrants’ relatives in the country of origin or in the USA. While delaying payment until the crossing is complete provides some security that migrants will not simply be dumped in the desert, it also transforms the migrants into hostages, the collateral on which the transaction is secured. ...It appears that a large number of small groups handle the bulk of the trade."

“Overall, it appears that about 3 million Latin Americans are smuggled illegally across the southern border of the USA every year. Since 90% of them are assisted by smugglers, the income for the smugglers is likely to be around 7 billion dollars per year. This market appears to have been in sharp decline since 2005. Between 2005 and 2008, the number of Mexican apprehensions decreased by 35% and apprehensions of other nationals decreased by 62%.”

Child pornography

“Until recently, the production and acquisition of child pornography were highly risky activities. Only a limited number of pedophiles had access to the facilities to produce hard copy materials, most materials were produced by amateurs, and their dissemination was limited to social networks that were both difficult to establish and fragile. One of the risks associated with the growth of the Internet is that the greater accessibility of child pornography could lead to greater demand, and thus greater profitability in the production and sale of these materials. If child pornography were to approach the profitability of adult pornography, this could attract the attention of organized crime groups, transforming what had been a furtive paper exchange into a professional operation and leading to greater levels of victimization. The risk could be particularly acute in developing countries.” (Report, pg. 13)
Abdul, age thirty-three, lived in a small village in Kerala, India. He worked as an automobile mechanic in his village, but didn’t earn enough for his sister’s dowry so his family decided to send him abroad.  

**Bait:** Abdul was promised a work visa through a Mumbai-based recruitment agency for a mechanic job in Dubai. He paid $1675 to the broker/agent for a recruitment fee, work visa and plane ticket.  

**Switch:** Upon arrival at the Dubai airport, Abdul’s visa was found to be counterfeit. He was immediately taken into custody and imprisoned for eight months. Abdul did not speak the local language so he could not explain his situation to Dubai officials.  

**Abuse:** The Mumbai-based recruiter charged Abdul over $1600 for a fake visa. Abdul was not permitted to communicate with friends or family while in prison.  

**Piling on the Debt:** Abdul’s family paid an additional $491 to get him out of jail in Dubai. He returned home after eight months with debts of $2160. Abdul had no choice but to strike out once again for the Middle East.

Fernando was originally from an indigenous area of Guatemala. Fernando sought legal, short-term employment in the U.S. through the H2 guest worker program.  

**Bait:** A recruiter in Guatemala offered Fernando minimum wage for 3-5 months planting trees in North Carolina as a H2B worker. He was going to the U.S. on a legal visa, through a good broker, and he wasn’t generating any interest on his debt to get the job.  

**Switch:** Fernando was illegally trucked to New England to work long hours at a plant nursery for miserly pay, technically performing H2A work under the much less stringent H2B program.  

**Abuse:** Fernando was told not to leave the worksite at all, even when not working. He was forced to sign a contract in English—a language he did not speak. His passport was taken away and he was threatened with deportation. Seven men shared a filthy two-bedroom inner city apartment. Workers were forced to work when sick and given unreasonable daily quotas.  

**Piling on the Debt:** Fernando paid close to $2000 for the embassy interview, plane ticket and living expenses. He filed a federal lawsuit against his broker and the plant nursery. It still took Fernando almost two years to repay his original $2000 loan. He traveled 2148 miles in his journey of abuse.

Ricardo was a cattle herder in his mid-thirties from a remote region of Patagonia, Chile. He heard about how you could earn good money working as a herder in the U.S.  

**Bait:** A recruiter in Santiago, Chile offered Ricardo a cattle herding job in the US at $1300-$1500/month plus benefits with travel expenses covered by the employer. Ricardo paid the $1500 recruitment fee by borrowing from family members.  

**Switch:** At the Santiago airport just prior to boarding, the recruiter made Ricardo pay an additional recruiting fee and sign a contract listing his salary as $800 per month.  

**Abuse:** Up to $300 per month was deducted for food, insurance, telephone use, and travel. Ricardo was alone in the desert for three-month stretches working 24/7. Ricardo’s passport and visa were held by his employer, making him a virtual prisoner. Ricardo’s income was deposited into a bank account; his boss was the only one with access.  

**Piling on the Debt:** Ricardo’s employer deducted for travel expenses and living accommodations. Ricardo worked 17 hours a day, 7 days a week and was on call around the clock. Only through the assistance of a legal advocate was Ricardo able to obtain a T visa. He had traveled 6,933 miles in his journey of abuse.

(Excerpted from: http://www.verite.org/WellMade/)
Bonded labor, or debt bondage, is the most widely used method of enslaving people, although it is the least well known. For bonded laborers, their labor repays a loan or service where terms and conditions have not been defined. Or the value of the victims’ services, though reasonably assessed, is not applied toward the liquidation of the debt.

In forced labor, victims are forced to work against their will, under the threat of violence or some other form of punishment, and their freedom is restricted. Forms of forced labor can include domestic servitude, agricultural labor, sweatshop factory labor, janitorial, food service and other service industry labor, and begging.

In 2010 the total global migrant population is about 214 million people, with migrant workers numbering about 105 million. 12.3 million of these are victims of forced labor and more than 2.4 million have been trafficked. Brokers or hiring agents have exploited 9.8 million of these workers. An estimated 2.5 million people are in forced labor (including sexual exploitation) at any given time as a result of trafficking.

An estimated 8.1 million victims of forced labor in the world today are denied more than $20 billion due to the perpetrators of forced labor. Estimated global annual profits made from the exploitation of all trafficked forced labor are US$ 31.6 billion.

Victims may enter the country legally on worker visas for ‘entertainment,’ construction, domestic, computer and agricultural work, or they may enter illegally.

Victims may be kept isolated, with their activities restricted. They are typically watched, escorted or guarded by associates of traffickers so they can’t easily get help. Victims can be blackmailed by traffickers using the victims’ visa status as a threat to keep victims compliant.

People who are trafficked often come from unstable and economically devastated places with oppression, high rates of illiteracy, and few economic opportunities. More women and children are trafficked than men due to their relative lack of power, social marginalization, and their overall status as compared to men.

Verité ranged from $367 to $2,251. While legal limits on fees were generally set at one month’s salary, the actual fees paid ranged from 1.8 to 4.8 months of salary.

Average loans to repay recruiting fees ranged from $376 to $2,367. Many were forced to borrow from informal moneylenders, with interest rates up to 60%, with the average time required to pay off a loan ranging from 10 to 36 months. Workers interviewed by Verité reported runaway insurance withholdings amounting to as much as 30% of their monthly salaries.

Exploitative Hiring Practices

Labor broker practices are a root cause of slavery and trafficking.

• Labor brokers often have more control over the movement of workers than employers.
• A key mechanism of forced labor is debt obligation owed by workers to labor brokers or their loan agents.
• A high percentage of foreign workers are promised a salary and work conditions that bear little resemblance to what they find upon arrival at the worksite.

Therefore, ask manufacturers of name brand products about hiring practices in their supply chain.
Women and Labor

In the face of labor-market exclusion, disempowerment and abuse, many women leave their homes with the naive hopes of finding employment abroad only to be captured by human traffickers and traded like a commodity. Eighty percent of the victims of human trafficking are women sold into sexual slavery. Rescuing these victims is extremely difficult as it requires the cooperation of governments around the world, many of which do not have the resources or motivation to work on this issue.

Slowing the tide of human trafficking must start at the root of the problem by providing better education to migrants about the risks of exploitation, and more importantly, by ensuring that all people — especially women — have opportunity at home to build a sustainable livelihood. (http://www.accion.org/Page.aspx?pid=1876)

Five-Year Study of MicroFinance

“Measuring the Impact of Microfinance: Taking Another Look” by economist Kathleen Odell provided a guide to ten of the most important studies on the impact of microfinance in the past five years. A rich, complex picture emerged. According to Odell, “Each impact study must be interpreted as a small piece of a growing body of knowledge about how microfinance, in all its forms, functions in the world and how it affects the lives of the poor.” Some of the most important findings listed from most to least positive:

• Microcredit in southern India and Mexico contributed to the start-up and/or growth of tiny businesses operated by low income people. Loans enabled making major purchases the poor would otherwise have a hard time making.
• Microfinance in Thailand allowed people to manage day-to-day and seasonal variations in their incomes; such fluctuations are a big part of being poor. However, some loans, targeted toward the very poor, actually reached the near-poor and moderately poor.
• Introducing savings accounts to Kenyan women contributed to business growth.

• Men in Manila and Sri Lanka expanded their businesses and increased profits while women didn’t. (The women may have used their business proceeds to meet family needs, which is exactly why many microfinance providers prefer to focus on women.)
• In India, loans not accompanied by empowerment had no significant empowerment or social effect.
• During the first 18 months after microcredit was available in new villages in India, most villagers did not experience significant increases in family income.

These results might be disappointing if one expects microfinance to ‘cure’ poverty. But microfinance is meant to bring financial services to people who never had them before — incremental, supportive, and occasionally transformational benefits — effective financial services helpful to people at any wealth level.

As the impact picture comes into sharper focus, it is time to focus on action. What do the results tell microfinance professionals/supporters to actually do?

First, microfinance providers should improve the products they offer, e.g. by adding savings and other services to basic microcredit. The studies revealed that people used microfinance in different ways depending on their needs. Savings were as useful as credit. Such findings endorse offering a full suite of financial services, flexible enough for people to use for whatever they need most.

Second, microfinance supporters should demand scale and sustainability when they make charitable contributions. Since microfinance plays a facilitating role and has mostly an incremental effect on customers, supporters of microfinance should be cost-conscious, seeking to bring the benefits of microfinance to many people at low cost so that the benefits outweigh the costs. Fortunately, microfinance offers very high leverage on aid. When subsidies are used to create microfinance institutions capable of serving many people on an ongoing basis, or to develop a new kind of product, a small contribution goes a long way. The aim of aid, in other words, should be to build self-sustaining microfinance organizations that provide excellent services to their low-income clients without the need for ongoing charity. (http://www.accion.org/Page.aspx?pid=2040)
**Fair Trade Information**

‘Fair Trade Futures’, scheduled for Sept. 10-12, 2010 near Boston, is expected to be the largest Fair Trade conference in North American history. One of the key debates is titled “Is Certification Compatible with Fair Trade?”

Important debates about key issues in Fair Trade will be offered, as well as beginner, intermediate and advanced sessions for advocates, businesses and consumers. See the schedule: [http://fairtradecference.ning.com/page/event-schedule](http://fairtradecference.ning.com/page/event-schedule)

**New Fair Trade Website**

TrueFairTrade.com is an online shopping site exclusively featuring members of the Fair Trade Federation and World Fair Trade Organization. ([http://www.truefairtrade.com/](http://www.truefairtrade.com/)).

‘Fair Trade Certified’ Label

TransFair USA has developed a pilot apparel certification to benefit cotton farmers and sewing workers. The Fair Trade Certified label will be available for the first time on apparel. Details at TransFair USA: [http://www.transfairusa.org/content/certification/apparel_program.php](http://www.transfairusa.org/content/certification/apparel_program.php)

**Take Action With Fair Trade S’mores**

Join an effort between July 4th and Sept. 6th to make 1500 s’mores and ask Hershey to go Fair Trade. Use petitions, videos and photo posters. Visit ‘S’mores Action’ for information on how to get involved. ([http://www.globalexchange.org/campaigns/fairtrade/cocoa/smoreproject.html](http://www.globalexchange.org/campaigns/fairtrade/cocoa/smoreproject.html)).

**Winners: 2011 Fair Trade Calendar Photo Contest**

Over 1500 people voted for their favorite photos during the 2011 Fair Trade Calendar Photo Contest. Out of 90 photos entered, 12 stunning winners were picked for the month images of the 2011 calendar. The first place winner, and calendar cover, was Hope Gardens. See the winners: [http://www.fairtradereource.org/link-up/photo-contest/](http://www.fairtradereource.org/link-up/photo-contest/)

Order the 2011 Fair Trade Calendar from FTRN: [http://store.fairtraderesourcenetwork.org/collections/readings-on-fair-trade](http://store.fairtraderesourcenetwork.org/collections/readings-on-fair-trade)

**‘Microbike’ Event**

MicroBike is an annual microfinance movement event open to participants from around the world, who wish to do something concrete about global poverty. Accion sponsors ‘microrides’ that direct needed resources and attention to microfinance, a leading anti-poverty strategy, while offering enjoyment to friends and family. Accion’s mission is to give people the financial tools they need – microloans, business training and other financial services – to work their way out of poverty.

In 2009, MicroBike participants raised $41,000 to deliver life-changing financial services to the 3.3 million people Accion serves through its network of 32 partners. In 2010 Accion aims to raise $50,000 to support programs in Latin America, Africa and Asia.

The event is scheduled for Oct. 1-3, 2010. Registration costs $40.00 and includes a $30 T-shirt.