

Stop Trafficking !

Anti-Human Trafficking Newsletter



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This issue highlights the results of global corporate business models that utilize supply chains to decrease costs and increase profits at the expense of workers.

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Corporate Profit Corporate Greed Corporate Trafficking

Fifty Global Companies Utilize a Hidden Workforce of 116 Million

The *International Trade Union Confederation* (ITUC) released a report in January 2016 at the *World Economic Forum* in Davos, Switzerland. Entitled 'Scandal: Inside the Global Supply Chains of 50 Top Companies', the Report exposed an unsustainable business model affecting almost every country in the world. Profits are driven by low wages -- levels that people cannot live on. Profits are made ignoring risks to workplace safety, resulting in injuries and deaths. Profits are increased by tax evasion and are tragically linked to pollution of community land and water.

The Report profiles 25 companies with headquarters in Asia, Europe, and the U.S. ITUC research showed:

- The cash holdings of 25 companies of \$387 billion could increase the wages in their combined hidden workforce of 71.3 million by more than \$5000 a year to each worker;
- The combined wealth of 24 companies in the U.S., including Ama-

ITUC Report cont pg. 2



Exposing Corporate Greed

The 50 companies listed in the ITUC Report, 'Scandal,' could act to change the model of global trade. They have the resources and the reach. These 50 companies hold a combined wealth equivalent to that of 100 nations. Our governments -- even those democratically elected -- are influenced by their interests.

These companies only employ 6% of people in a direct employment relationship but they rely on a hidden workforce of 94% -- a massive

Scandal cont pg. 2



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ITUC Report *cont. from pg. 1*

zon, Walmart and the Walt Disney company, could buy Canada;

- Nine companies in Asia, including Foxconn, Samsung and Woolworth's, have a combined revenue of \$705 billion, the equivalent value of the United Arab Emirates;
- Seventeen companies in Europe, including Siemens, Deutsche Post and G4S, have a combined revenue of \$789 billion, the equivalent value of Malaysia. (<http://www.ituc-csi.org/new-ituc-report-exposes-hidden>)

“60% of global trade in the real economy is dependent on the supply chains of our major corporations. Just 50 companies including Samsung, McDonald's and Nestlé have a combined revenue of \$3.4 trillion and the power to reduce worker inequality. Instead they use a business model built on a massive hidden workforce of 116 million people with exploitation and abuse of human rights in their supply chains.

“When global business won't pay the moderate demands of workers for a minimum wage on which they can live with dignity, \$177 in Phnom Penh, \$250 in Jakarta, \$345 in Manila – then this is knowingly condemning workers and their families to live in poverty. It is greed pure and simple.” Sharan Burrow, General Secretary, International Trade Union Confederation.

Scandal *cont. from pg. 1*

convenient workforce hidden in the shadows of global supply chains.

The ITUC Report profiled 25 companies to demonstrate their wealth, their global footprints, and the numbers of working livelihoods dependent on their behavior. Many of these are the 'hidden' workers. Just a handful of these companies could recognize their complete workforce and change the lives of millions of working people.

The pages that follow contain more information from this Report. (<http://www.ituc-csi.org/frontlines-report-2016-scandal>)

Inside Supply Chains

With global gross domestic product (GDP) having tripled in just 30 years and major corporations commanding 60% of global production, transport and services through their supply chains, the respect for rights, the guarantee of minimum living wages and collective bargaining for a fair share of the profits through higher wages with safe, secure and skilled work should be the norm.

Instead we have a model where companies can't or won't identify their supply chains and their hidden workforce. They preside over profits based on low wages, lobby against minimum living wages or regulations designed to ensure safe and secure work and turn a blind eye to the use of informal work or even slavery in their employ.

Workers know it is a scandal; their families know it is a scandal. Governments know too but lack the courage to act. Even the CEOs of 50 of the world's largest companies know it is a scandal, but to admit it would be to accept responsibility.

Working people pay the price of the scandal – slavery, informal work, precarious short-term contracts, low wages, unsafe work and dangerous chemicals, forced overtime, attacks by governments on labour laws and social protection, inequality – it's all part of a great global scandal that is today driven by corporate greed with an eternal quest for profit and shareholder value.

Consequently we have a business model that has lost its moral compass. For big business, labor is just a commodity and labor rights are bad for business. This business model is designed by choice and driven by corporate greed.

The facts are that the world's GDP has trebled since 1980, yet inequality is at historic levels. In 2016 the world's wealthiest 1% hold more net wealth than the other 99% put together.

Meanwhile, the ITUC Global Poll showed 94% of people want the guarantee of labor rights as a foundation for global trade. More than 90% want stronger rules to hold corporations accountable for better wages and conditions. 88% want minimum wages lifted around the world.





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‘Precarious Work in the Walmart Global Value Chain’

On April 24, 2013, the Rana Plaza, an eight-story commercial building, collapsed in Dhaka, Bangladesh. The Rana Plaza industrial factory fire that killed 1,139 workers and injured 2,500 more is considered the most serious fatal accident to have occurred in a textile factory in modern history.

Following the devastating collapse of Rana Plaza, 200 brands signed the 2013 *Accord on Fire and Building Safety in Bangladesh*. Walmart refused. The *Accord* is a legally binding agreement that commits signatory brands and retailers to work with their suppliers and local and international trade unions to ensure that repairs are made and workers have the right to refuse dangerous work. Instead of signing the *Accord*, Walmart, together with Gap, founded the *Alliance for Bangladesh Worker Safety*, which is a voluntary measure rather than a contractual commitment. To date, Walmart has refused to make a contractual commitment to ensuring safe working conditions for Bangladeshi workers.

The above-titled Report presents new research on violations of international labor standards in Walmart garment supplier factories. Information was collected through interviews and focus group discussions including 344 workers engaged in Walmart supply chains in Bangladesh, Cambodia and India; and an in-depth case study, spanning 8 months, of working conditions in an Indonesian Walmart supplier employing 3,800 Indonesian contract workers. These recent findings, collected between December 2012 and May 2016, are situated in context of both previous studies on Walmart supply chains and the broader context of the global production network.

Section 1 provides a brief overview of global production networks in general and the garment global production network in particular.

Section 2 reviews Walmart’s public commitments to promoting decent work in their supply chains and the efficacy of these initiatives to date.

Section 3 provides a brief overview of the market share of Asian garment value chains and more focused country profiles on the Bangladeshi, Cambodian, Indian and Indonesian garment industries.

Section 4 discusses, in detail, the intensive labor exploitation and abuse faced by workers in Walmart supply chains in Bangladesh, Cambodia, India and Indonesia. Recent empirical findings are supplemented with evidence of rights

Precarious Work in the Walmart Global Value Chain



violations drawn from existing studies. In Section 4 the human rights violations and consequences of precarious work in the Walmart supply chain are described thematically (eg., temporary vs. contract workers; wage-related rights abuses; unauthorized subcontracting; lack of freedom of association, etc.) so as to surface patterns of rights violations in Cambodia and India. (2016 Report, pgs. 4-5)

The term ‘precarious work’ refers to employment that is uncertain, unpredictable and risky from the perspective of the worker. Proliferation of precarious work has a far-reaching impact upon the nature of work and workplaces and the gender-based distribution of work. Consequences of precarious work include greater economic inequality, insecurity and instability among workers. These forces have severe impacts on workers lives and their roles within their families and communities. (2016 Report, pg. 45)

Walmart publicly supports the *California Transparency in Supply Chains Act*. The *Act* seeks to abolish child, bonded labor and human trafficking in global supply chains. It requires companies to publicly disclose the steps they are taking to identify and eradicate forced labor in their supply chains.

To uphold the clauses in the *Act*, Walmart references a ‘Responsible Sourcing Program and Audit Procedures’. There are shortcomings in these programs: failure to assess industry and supplier related risks; suspension of disclosure requirements for approved brands; an audit process that shifts complete responsibility to suppliers; and a three strike policy that permits ongoing engagement with factories that employ forced and child laborers. This undermines the efficacy of Walmart’s articulated commitments to identify and eradicate forced labor in their supply chains. Since audit reports are not public, there is no way to confirm whether Walmart has in fact made progress on this commitment to eliminate child and forced labor. (2016 Report, pg. 25)



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‘Understanding Illicit Trade: Impact of Human Trafficking & Smuggling on the Private Sector’

Around the globe, an estimated 20.9 million people are in situations of so-called modern day slavery, or forced labor, at any given time. Many of these victims are trafficked within their country or across borders. Considering this number, there is an urgent need to improve our understanding of criminal activities in the area of human trafficking and exploitation, the difficulties to track perpetrators, and how to protect victims.

The individual criminals and complex networks behind different forms of trafficking and exploitation as well as the high level of profits connected to their illicit activities stress the need to consider human trafficking and exploitation in terms of transnational organized crime.

Drawn from a series of webinars hosted by the *Global Initiative Against Transnational Organized Crime* and *Babson College* during 2014-15, this Report highlights emerging human trafficking challenges and identifies promising anti-trafficking initiatives from the private sector.

Chapters of the Report cover:

- Migrant workers in the USA and their vulnerability to labor exploitation;
- Online sexual exploitation of children and recent technological developments in detecting this form of crime;
- Human trafficking in football, particularly in the area of recruitment of young athletes;
- Labor exploitation and the construction industry, using the example of

the ‘kafala’ system in the Gulf countries to highlight flawed national regulation putting migrant workers at risk of being trafficked and exploited;

- Responding to the global black market in illicit organs and the intrinsic role the private sector has played in enabling this illicit business.

While each chapter shows the organized criminal networks behind the different forms of trafficking and exploitation, there are significant differences in the types of crimes and their individual complexities. It is crucial to deepen the research into each of the areas and to develop individual responses and strategies private sectors can apply to counter criminal networks across the globe.

The Report finds that the private sector needs to play a stronger role in ensuring ethical and fair practices, and to contribute its unique knowledge and expertise to help in the fight against human trafficking. Overall, the private sector is an increasingly important actor in enabling as well as in combating the different aspects of human trafficking.

Download the Report at:

http://globalinitiative.net/wp-content/uploads/2016/05/Understanding-Illicit-Trade_FINAL.pdf



Migrant Workers in the U.S.

“In the U.S., labor-motivated migration affects not only illegal migrants but also guest workers who enter from Latin America, the Caribbean, Asia and Eastern Europe on temporary work visas. Research shows that human trafficking operations in the U.S. are carefully planned and orchestrated to make victims vulnerable and maintain their vulnerability and dependence. The premeditation and organization needed suggests that most instances of human trafficking and forced labor should be considered as organized crime, not simply the opportunistic or coincidental negligence of an employer. Temporary migrant workers fall prey to organized crime groups that use the recruitment phase to exploit them - while unethical companies turn a blind eye on the issue.”
(Report, pg. 4)



Advocacy

Company Profiles

Company	CEO Pay Tax Avoidance	Employees Hidden Workforce
3M	\$20,000,000 \$11,200,000,000	89,800 2,000,000
Apple	\$9,200,000 \$57,000,000,000	98,000 2,300,000
Coca-Cola	\$25,200,000 \$19,500,000,000	129,000 5,700,000
FedEx	\$14,100,000 \$1,600,000,000	166,000 209,000
Gap Inc	\$18,700,000 \$581,000,000	150,000 1,000,000
General Electric	\$37,200,000 \$119,000,000,000	305,000 7,500,000
Hewlett-Packard	\$19,500,000 (See 'Scandal' pg. 22)	302,000 661,400
Johnson & Johnson	\$19,500,000 \$53,000,000,000	126,500 5,000,000
McDonald's	\$7,200,000 \$1,100,000,000	420,000 2,802,500
Nestlé	\$10,600,000 (See 'Scandal' pg. 25)	339,000 4,100,000
Nike	\$19,500,000 \$2,100,000,000	48,000 2,500,000
Procter & Gamble	\$19,500,000 \$44,000,000,000	118,000 8,000,000
Samsung Electronics	\$7,800,000 (See 'Scandal' pg. 27)	286,284 1,500,000
Starbucks	\$21,500,000 (See 'Scandal' pg. 28)	191,000 845,000
Walt Disney Company	\$46,500,000 (See 'Scandal' pg. 31)	180,000 1,450,000
Walmart	\$19,300,000 \$76,000,000,000	2,200,000 10,000,000

Recommendations to Correct Supply Chain Abuses

The ITUC set out five recommendations for companies in order to address the scandal of global supply chains:

- Supply chains – know from whom you contract and publish this;
- Safe work – inspect sites, fix hazards and recognize workers' right to safety committees;
- Secure work – end short-term contracts;
- Minimum living wages – pay wages on which people can live with dignity;
- Collective bargaining – for wage share and decent wages and working conditions.

Labor leaders at the *World Economic Forum* put forward a four-step plan to transform the business model of global companies and address inequality:

- Employers should ensure fair distribution of wealth through minimum living wages and collective bargaining, based on the fundamental guarantee of freedom of association;
- Safety standards should be respected, with workers participating on safety committees;
- Government leaders should implement and enforce the rule of law, mandating the due diligence that the *UN Guiding Principles for Business and Human Rights* demand;
- Governments should prioritize social protections for their people.

(<http://www.ituc-csi.org/new-ituc-report-exposes-hidden>)

“Only by exposing the practices of companies to consumers and citizens around the world will companies begin to take responsibility for their supply chains and follow the rule of law.”

Sharan Burrow, Gen. Sec., ITUC

How can we consumers become advocates for the hidden workers who supply for our needs?



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6 Role of the Private Sector: Webinar Series

At any given time, the ILO estimates that 21 million people are trapped in some form of modern-day slavery. As a global enterprise that the ILO has estimated as worth US \$150 billion, human trafficking affects nearly every country in the world and has no place in a modern, civilized society.

Understanding, mitigating, and managing the risks associated with human trafficking is a growing concern in a globalized corporate environment. Human trafficking can have a direct impact on business ability to manage their supply chains, source labor, ensure compliance with international and national labor regulations, and human rights standards. It also affects how a corporation is perceived by its customers, clients, partners, and investors. Human trafficking is interlinked with our global economy, and the private sector is increasingly seen as an important actor in enabling as well as combating the different aspects of human trafficking in global supply chains.

While there are many active in the fight against human trafficking, there remains a place for strategic dialogue between diverse stakeholders, providing relevant contributions to the research basis, building linkages between trafficking and other crimes, and attempting to mobilize political will towards a more effective global response.

In order to fill this void, the *Global Initiative against Transnational Organized Crime* and *Babson College's Initiative on Human Trafficking and Modern Slavery* presented a webinar series entitled, "*The Private Sector Countering Human Trafficking: Supply Chain Management, Labor Standards and Human Trafficking*." This series looked at best practices and lessons to ensure end-to-end integrity from human trafficking along the supply chain, including with service providers and procurement partners. (<http://globalinitiative.net/webinar-series-the-private-sector-countering-human-trafficking/>)

Responsible Recruitment vs. Human Trafficking of Migrant Workers (March 10, 2016)

Concerns have been raised about the growing role of unscrupulous recruitment intermediaries exploiting migrant workers through deception about the nature and conditions of work; retention of passports; illegal wage deductions; debt bondage linked to repayment of recruitment fees; threats if workers want to leave their employers, coupled with fears of subsequent expulsion from a country. These abusive practices can lead to conditions of human trafficking for forced labor.

This webinar addressed the following questions: How can recruitment entities be effectively monitored? How can employers efficiently and successfully screen recruiters? What are the most promising practices in addressing this issue? And how can public policy play a key role in combating exploitation of workers by recruiters?

(<http://globalinitiative.net/webinar-responsible-recruitment-vs-human-trafficking-of-migrant-workers/>)

Illicit Goods in the Supply Chain: Minerals (April 11, 2016)

In illegal mining, there is a high incidence of human trafficking for forced labor, including where debt bondage is achieved by providing workers with advances or start-up capital. Workers in the mining sector are employed under extremely dangerous conditions, including exposure to toxic substances and severe illnesses, with women and children more vulnerable to further exploitation.

The challenges of due diligence in the gold trading process are faced all along the supply chain: ensuring that gold has been extracted legally; extractions comply with international human rights and labor standards and do not fuel armed conflicts; and retail buyers consider from where they are sourcing their gold. (<http://globalinitiative.net/webinar-illicit-goods-in-the-supply-chain-minerals/>)



How to Mitigate the Risk of Child Labor in Supply Chains (April 20, 2016)

Extreme poverty and lack of livelihood opportunities result in some families sending their children to work on cocoa farms. It is reported that some children are 'sold' to traffickers or farm owners, paying for a determined duration of labor.

Children as young as 10 years then work for 12-14 hours a day with few breaks, insufficient water and nutrition, forced to carry heavy bags of cocoa beans across long distances, and with exposure to pesticides and other hazardous agricultural chemicals without adequate protection. Almost every child on a cocoa farm will display scars and wounds from swinging the heavy-bladed machetes used to crop the plants.

This discussion gives lessons learned and emerging practices to eliminate child labor within supply chains. How has public policy impacted child labor



Toll-Free 24/7 Hotline
National Human Trafficking
Resource Center
1.888.3737.888
Text 'Help' at: BeFree
(233733)

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Webinars *cont. from pg. 6*

practices? Can international labor standards and norms continue to be improved? How does culture and gender impact the practices of child labor? (<http://globalinitiative.net/webinar-how-to-mitigate-the-risk-of-child-labour-in-the-supply-chain/>)

Training and Auditing – Lessons Learned (May 21, 2016)

This webinar discussed how companies could develop successful auditing techniques and initiatives. What sectors have been effective in utilizing these initiatives? What companies have made significant progress with social auditing and certification around human trafficking? How can companies begin this process and where can leadership turn to begin to initiate these initiatives? (<http://globalinitiative.net/webinar-training-auditing-to-counter-forced-labour-trafficking/>)

Consumers in the Global Supply Chain (July 14, 2016)

Consumers play a critical role in determining the structure of a global supply chain based on a number of factors. Consumers also possess the power to create systemic change surrounding human trafficking within supply chains just by what they do or do not buy. In past decades, there have been numerous social movements around issues to improve standards on energy, environment, and other areas. Can we mobilize in the future a movement to create a set of “gold star standards” for products that are free of forced labor?

The discussion answered the following questions: What have been successful consumer-advocacy campaigns to stop human trafficking within global supply chains? How have these campaigns impacted companies and possibly cross-sector awareness? Is a “fair trade” product really free of human trafficking? What can consumers currently do to advocate for effective change?

This webinar was the final in the series.

(<http://globalinitiative.net/webinar-consumers-in-the-global-supply-chain/>)

Informative Videos on Workers’ Plight

Apple Inc.: Human Tragedy

Apple makes the electronic gadgets that billions of people around the world rely upon. But what about the safety of workers throughout Apple’s supply chain? One video relates the real story of a worker’s life after an injury.

Walmart: Implications Behind Cheap Goods

One video explains why a t-shirt can be sold so cheaply at a local Walmart store. But the dignity of its workers, their safety, ability to form unions and do collective bargaining, is all too often not a Walmart priority.



Informative Web Sites: (Each contains information related to human trafficking)

2016 ITUC Report
‘Scandal: Inside the Global Supply Chains of 50 Top Companies’
http://www.ituc-csi.org/IMG/pdf/pdf-frontlines_scandal_en-2.pdf

2016 Walmart Report
‘Precarious Work in the Walmart Global Value Chain’
<http://asia.floorwage.org/workers-voices/reports/precarious-work-in-the-walmart-global-value-chain>

Video:
‘Survive and Advance: The Economics of Smuggling Migrants and Refugees into Europe’
<http://www.globalinitiative.net/survive-and-advance-the-economics-of-smuggling-refugees-and-migrants-into-europe/>

Made in Kyrgyzstan

Working 12-hour days for as little as \$47 a week, Kyrgyzstan’s textile workers are essential to the central Asian country’s economy. Around 90% of garment workers are women and most come from rural areas. One video shows how their union is making factories safer and improving workers’ lives.

To watch these videos and others, go to: <http://www.ituc-csi.org/frontlines-report-2016-scandal-16989>

Stop Trafficking! is dedicated exclusively to fostering an exchange of information among religious congregations, their friends and collaborating organizations, working to eliminate all forms of trafficking of human beings.

Use the following web address to access back issues of *Stop Trafficking!* <http://www.stopenslavement.org/archives.htm>

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