

Statement to International Expert Round Table “How to Reduce the Likelihood of People Being Trafficked and Exploited”, Vienna, 6 October 2023

“Business, Labour Trafficking and Migration: What’s the Balance Sheet?”

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Helga and good friends all,

I have been asked to comment on the effects (if any) of the growing focus over the past two decades on supply chains and the role of private business in action against trafficking (or, if you prefer, modern slavery, forced labour, severe labour exploitation and labour trafficking).

Let’s begin with the easier part of this assessment. At the formal level, the issues are all on the radar screens of major companies, at least in the Western world. To go back in time, I vividly remember an event that our ILO programme on forced labour held, together with the US Chamber of Commerce and Council for International Business, at Coca Cola’s Atlanta HQ over fifteen years ago in February 2008. At that time, the issues were on the radar screen of practically no CEOs and Board members of the major US companies and multinationals. But just one event like this played its part in changing some business mindsets.

Research, NGO lobbying, some creative legislation, and the growth of socially responsible investment, have since played their part in gradually placing the concerns on senior management agendas. Thanks to research-cum-lobbying groups and social auditors like the US-based *Verité*, and even the endeavours of trillion-dollar sovereign wealth funds like Norway’s (which has required disinvestment from companies tainted by forced labour), certain companies and industries became increasingly in the spotlight. Some years ago, prominent examples were electrical industries and electronics (hitting Apple and the Taiwanese FoxConn in China, and Apple and others in Malaysia), fisheries (particularly in Thailand, and hitting both fisheries companies, and the major supermarkets chains accused of sourcing seafood produced under slavery-like conditions), and cocoa in West Africa (hitting some major European and US chocolate companies).

In the above cases, where the labour trafficking and forced labour had been detected in the supply chains of major companies in the (mainly poorer) developing countries, remedial actions were taken with a good deal of consensus, and often in partnership with the once critical NGOs. Examples were the partnerships between business, NGOs, international organizations and governments in Thailand, and the path-breaking work of the electronics industries coalition. Legislation such as the 2015 Modern Slavery Act in the UK, or state-level legislation in California, provided the requirement for reporting by individual companies on what they were doing to tackle the problems in their supply

chains. The combination of auditing, monitoring and reporting, improved inspections, investments and partnerships held out some hope that the abuses could be eradicated incrementally over time.

Rather different issues have arisen, when the labour abuses have been detected in the supply chains of companies within their own countries, or the wealthier regions of the world. Sporadically, there has been media coverage and reporting about slavery-like exploitation, whether in agricultural harvesting in Spain, the UK or US, construction almost everywhere, in the food industry, in transport, and notably in the provision of health care services. Two things stand out here. First, when there has been law enforcement and prosecutions of alleged offenders, it has almost always been against small enterprises, often persons themselves of migrant extraction accused of exploiting migrant workers from their own ethnic group in such low-paying activities as car washing or domestic work. An example is the many prosecutions initiated by the Gangmasters and Labour Abuse Authority (GLAA) in the United Kingdom. Second, any debate of this kind of labour abuse, and how to address it in law and practice, is intimately related to the issues, highly controversial and sensitive in most Western countries today, of the “gig” or informal economy, the labour conditions or migrant workers, and asylum. More on this later.

Anti-trafficking campaigners have focused mainly on forced labour and trafficking in the private economy, whether larger or smaller business enterprises. There has been a recent shift in focus on state-imposed forced labour in supply chains. An earlier example was cotton in Uzbekistan, much of which was harvested by compulsory labour, until major international campaign persuaded the government to reform its practice. The main issue of contention today is the extensive allegations of forced labour, exacted from Uyghurs and other Muslim minority groups, in cotton production in Xinjiang province of China. In the United States and other Western countries, companies have come under intense pressure from both the legislative and executive branches of their governments to disinvest from any textiles and cotton products originating from Xinjiang. The effect of such measures is widely debated by analysts, some of whom note that overall foreign direct investment in Xinjiang continues to rise despite the boycott of its cotton industry. The Government of China, in the meantime, steadfastly denies the allegations.

Our panel has also been asked to discuss how policy responses to migration (such as the United Kingdom’s Illegal Migration Bill and the EU’s relocation of asylum applications outside of Europe) may trigger trafficking and exploitation, rather than reduce their likelihood. What about this bigger and complex picture, and the potential role of business in particular in addressing wider exploitation on labour markets?

First, there seems to be consensus that – despite a range of laws, policies, awareness raising, projects and programmes, codes of business conduct and pledges over the past two decades – the problems of “modern slavery” are growing in just about every country, and growing fast. Triple the numbers some 20 years ago, if we believe the statistical experts from such organizations as the ILO and Walk Free. Moreover, prosecutions and convictions of offenders remain minimal, and seem to have been decreasing of late.

Second, ever increasing numbers of migrants from the poorer countries are willing to take enormous risks to reach the wealthier ones in search of a better life, usually paying large amounts to smugglers and sometimes traffickers, and governments have so far been unable to stem this flow despite legislation against unlawful migration, and strengthened border control. Punitive law enforcement is

sometimes directed at the employers who use this labour, as for example in the United Kingdom which recently tripled fines for companies that employ irregular migrants.

Third, governments and politicians accountable to an often scared electorate, and businesses concerned with profit and shareholder concerns, are increasingly unlikely to see the concerns of migration, asylum or labour trafficking in the same light. It is not rocket science that severe labour shortages either exist or are foreseen in certain sectors of the economy (agriculture and health care, for example) under current demographic trends; that the digital, gig or “platform” economy leads to a huge expansion of contract labour, to less job security, and eventually to a massive crisis in the underfunded pension and welfare systems that have underlain the social consensus of much post-war Europe. And while economic analysts generally highlight the positive long term economic impact of migration in the destination countries, politicians have a nasty habit of focusing only on the present, and of either capitulating to or stoking prejudice.

In these conditions, business attitudes and strategies will never be homogeneous. Some multi-billionaire companies will be able, with due diligence, to eradicate forced labour and trafficking from their immediate supply chains. Partnerships among companies in the same sector, ideally working together with government labour inspection systems and suitably qualified NGOs, can also achieve results. Too many other companies will continue to sail close to the wind, weakening the employment relationship and promoting job insecurity. And this all too easily degenerates into forced labour, trafficking and severe labour abuse, particularly when recourse is had to labour recruiters who provide the unprotected workforce, much of it irregular migrant labour.

As for the way forward, I repeat that the issues are just too complex to allow for simplistic proposals. But when there is such a mismatch between the urge of many politicians to clamp down severely on migration, and the dependency of so many business models on the continued availability of cheap and largely unprotected labour, there is a crying need for some overall business vision that can eventually be translated into concrete, and eventually sector-specific, proposals.

Hard though I have tried to look, I have not seen much of this. There has been employer and business participation in such high-level fora as the Global Compact on Migration. But no prominent business leader or leaders have taken up the challenge of looking forward, say to the year 2050, of spelling out what kind and numbers of migrant workers are needed in all sectors of the economy, what minimum degree of protection is needed to ensure that abuse of migrants does not put us all to shame, and how all this could be achieved.

Finally, there are questions of investment and money. I have read some recent commentaries about the urgent need for a massive new Marshall-type plan for the vulnerable regions of sub-Saharan Africa and elsewhere, in the absence of which all other measures to stem illegal migration are destined to fail. But we are no longer in the 1940s, when an enterprising government could itself put up the funds for this kind of initiative. Today, very little happens without significant private sector involvement. I have no idea how many billions or trillions of dollars would be required to have hope of any real impact. Economists should get to work on this, and prod a few of the world’s billionaires to take these concerns on board.