

Congressional Testimony for the House Subcommittee on National Security, International Development and Monetary Policy

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“The Trafficker’s Roadmap: How Bad Actors Exploit Financial Systems to Facilitate the Illicit Trade in People, Animals, Drugs, and Weapons”

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Global Overview

The United Nations *Protocol to Prevent Suppress and Punish Trafficking in Persons Especially Women and Children*¹ defines “trafficking in persons” to mean:

“the recruitment, transportation, transfer, harboring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labor or services, slavery or practices similar to slavery, servitude or the removal of organs.”

This global phenomenon has destructive and far-reaching social, economic, and political implications for individuals and governments at the local, national, regional, and international levels².

Individual victims of human trafficking suffer from a wide range of physical and psychological abuse, including torture, death; sexual assault; family separation; forced marriage; suicide, stigma, disease, the inability to marry and have children, and being forced to kill family members³.

The social impacts of human trafficking can include demographic shifts due to the loss of child-bearing women and young men; abduction of children as soldiers; discrimination against

¹ United Nations. (2013). Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime, New York, 15 November 2000; Registration: December 25, 2003. Available at

https://treaties.un.org/Pages/ViewDetails.aspx?src=TREATY&mtdsg_no=XVIII-12-a&chapter=18&lang=en

² Organisation for Economic Co-operation and Development (OECD). (2016). Illicit Trade: Converging Criminal Networks.

³ Shelley, L. (2018). Dark Commerce: How a New Illicit Economy Is Threatening Our Future.

members of ethnic minorities trafficked into new societies; and increased violence due to discrimination⁴.

Politically, human trafficking is both a symptom and cause of official corruption - contributing to its erosive impacts on the rule of law. Its use in the funding of warring parties; the resulting increases in conflict; which can decrease national or regional stability; diminish human rights protections; and fund insurgents or terrorists⁵.

The economic and labor impacts of trafficking are evident in both countries of origin and destination – these include poor working conditions; depressed salaries in destination countries; loss of remittances to countries of origin; diversion of economic benefits of the victims labor from themselves, their families and communities; increased income inequality; poor working conditions; and economies based on trafficking and sexual tourism⁶.

While the covert nature of human trafficking makes it difficult to obtain an accurate measure of its volume and value at a global scale, the International Labor Organization (ILO) estimates that 20.9 million people are trafficked into forced labor (including sexual exploitation) worldwide, generating an estimated \$150 billion annually⁷.

Profile of Victims & Types of Exploitation

Though there is some variance by subregion and form of exploitation, women and girls are the primary targets of human trafficking worldwide. They account for 72% of trafficking victims detected globally – with women comprising 49% of the total and girls making up 23%⁸. Of the remaining trafficking victims detected, 21% are men, and 7% are boys⁹.

While the exploitation of trafficked human beings takes place in a variety of forms – the two most prevalent are sexual exploitation and forced labor. Trafficking for sexual exploitation is the most detected form worldwide, with the vast majority of its victims being adult women (68%), while girls comprise 26%¹⁰. Trafficking for forced labor is the second most detected form, where men comprise the majority (65%), and women and girls comprise the remaining 35%¹¹

⁴ Shelley, L. (2018). Dark Commerce: How a New Illicit Economy Is Threatening Our Future.

⁵ Shelley, L. (2018). Dark Commerce: How a New Illicit Economy Is Threatening Our Future.

⁶ Dixon, J. (2008). “The Impact of Trafficking in Persons” in An Introduction to Human Trafficking: Vulnerability, Impact and Action, United Nations Office on Drugs and Crime, New York.

⁷ International Labour Organization. (2017). 2017 Global Estimates of Modern Slavery.

⁸ UNODC, Global Report on Trafficking in Persons 2018.

⁹ UNODC, Global Report on Trafficking in Persons 2018.

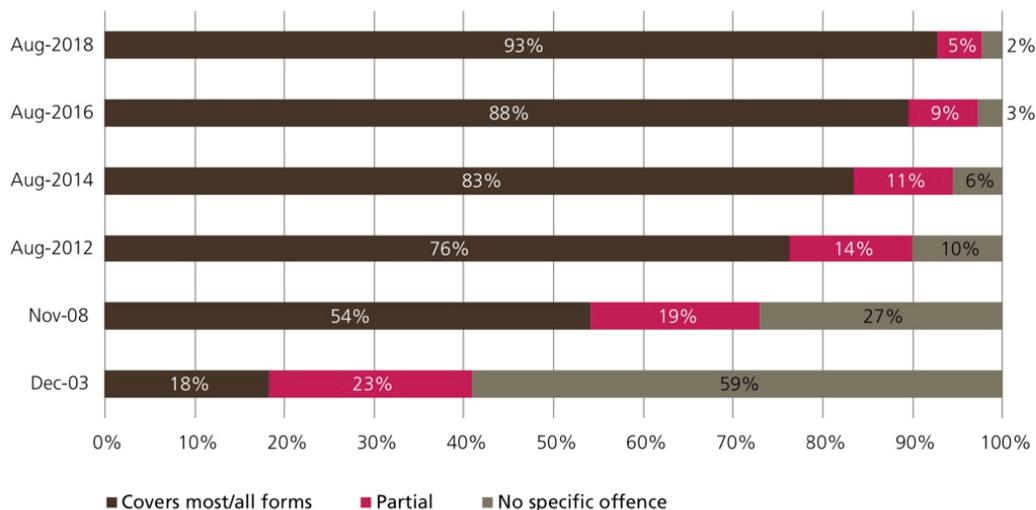
¹⁰ UNODC, Global Report on Trafficking in Persons 2018.

¹¹ UNODC, Global Report on Trafficking in Persons 2018

Trends – Legislation & Enforcement

Since the almost universal ratification of the United Nations Trafficking in Persons Protocol in 2003¹² – ratified by 190 states - 93% of those parties have now criminalized trafficking in persons¹³.

■ FIG. 46 Criminalization of trafficking in persons with a specific offence covering all or some forms as defined in the UN Protocol, shares of countries 2003-2018



Source: UNODC elaboration of national data.

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This surge of legislative schemes criminalizing human trafficking worldwide coincides with increased reports of the detection of trafficking victims over the past several years¹⁵. While this could indicate an increase of trafficking in persons, it might also indicate that national capacities for detecting human trafficking have improved¹⁶.

The Americas, Asia, Africa, and the Middle East have all recorded increases in detection, prosecution, and conviction rates for traffickers. However, once disaggregated, the global increases are primarily due to pronounced increases in the Americas and Asia. While the subregions of Sub-Saharan Africa, North Africa, and the Middle East have seen improvements, they still lag as the global subregions with the lowest rates of trafficking detection and

¹² Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime, New York, 15 November 2000; Registration: December 25, 2003. Available at

https://treaties.un.org/Pages/ViewDetails.aspx?src=TREATY&mtdsg_no=XVIII-12-a&chapter=18&lang=en

¹³ UNODC, Global Report on Trafficking in Persons 2018.

¹⁴ UNODC, Global Report on Trafficking in Persons 2018.

¹⁵ UNODC, Global Report on Trafficking in Persons 2018.

¹⁶ UNODC, Global Report on Trafficking in Persons 2018.

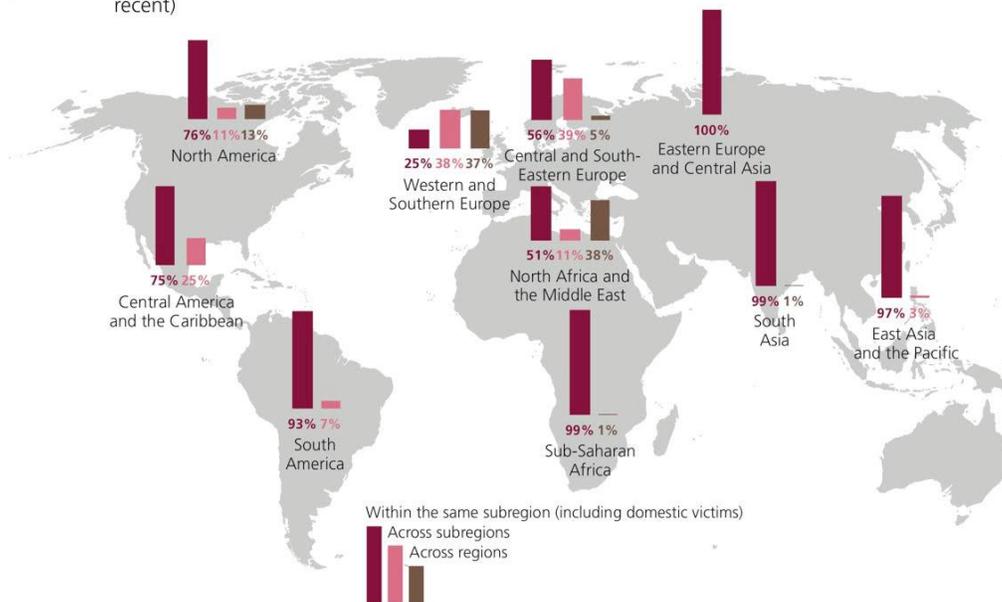
convictions – making them vast regions of relative impunity for human trafficking. Several factors contribute to the lags in these subregions. These include, on average later adoption of the United Nations Trafficking in Persons Protocol, weaker legislative/criminal codes to address the issue, inadequate enforcement of existing laws, and elevated rates of official corruption facilitating the perpetuation of trafficking.¹⁷

Trends – Flows & Movement

Though trafficking in persons remains an immense transnational and global challenge, and the term ‘trafficking’ itself is often misunderstood to denote movement across international borders - over the past 15 years, the largest share of trafficking victims worldwide have been detected within their subregion or domestic countries of origin. This phenomenon holds for the majority of world regions – each of which is highlighted below – with the percentage of trafficked person discovered within their subregion or country of origin¹⁸:

- North America – 76%
- South America – 93%
- Central America and the Caribbean – 75%
- Africa – 99%
- Eastern Europe & Central Asia – 100%
- South Asia – 99%
- East Asia & the Pacific – 97%

MAP 5 Share of detected victims by area origin and of detection, by subregion, 2016 (or most recent)



Source: UNODC elaboration of national data.

¹⁷ UNODC, Global Report on Trafficking in Persons 2018.

¹⁸ UNODC, Global Report on Trafficking in Persons 2018.

¹⁹ UNODC, Global Report on Trafficking in Persons 2018.

This increase in domestic detection of trafficked persons could be the result of the actual increase in the volume of people being trafficked in their subregions/countries of origin. Other factors could also be involved, such as the improved detection capacity of local authorities; or the heightened interception capacity of authorities who have strengthened controls at checkpoints and border crossings and who are detecting trafficked persons before they can leave the country²⁰.

The opposite phenomenon is true for the remaining regions of the world, wherein an equal or higher percentage of trafficked persons detected are from subregions and countries outside of the destinations to which they are trafficked. These regions comprise the primary destination sites for globally trafficked persons, they are:

- *Western & Southern Europe – 75%*
- *Central & Southeastern Europe – 44%*
- *North Africa and the Middle East – 49%*

These trends highlight another pattern in the flows of trafficked persons globally: the movement of persons from more impoverished regions into wealthier and more affluent countries in the world. Detected trafficking flows towards richer countries are the most geographically diverse²¹.

MAP 6 Main detected transregional trafficking flows, 2014-2017



²⁰ UNODC, Global Report on Trafficking in Persons 2018.

²¹ UNODC, Global Report on Trafficking in Persons 2018.

²² UNODC, Global Report on Trafficking in Persons 2018.

Data Collection

The global increases measured in the detection of victims of trafficking, as well as in the prosecution and conviction of traffickers is largely the result of the increase in countries who, having ratified the United Nations Trafficking in Persons Protocol, are now able to effectively monitor, track and share their data amongst a variety of key stakeholders²³.

These nations have achieved such improvements through the creation and revision of relevant legislation; the adoption of national action plans on trafficking in persons; the strengthening of the investigative and prosecutorial coordination and capacity; the classification of trafficking as a grave criminal offense; or other measures to identify, protect and support victims of trafficking²⁴.

While these developments have been uneven across regions – with nations in the Americas and Asia making the greatest strides in data collection capacity and nations in Africa and the Middle East making the least progress²⁵ – these outcomes nonetheless demonstrate an upward trend in the global capacity to develop a clearer snapshot of the scale and impact of human trafficking.

If the global community is to effectively address the challenge posed by human trafficking and other forms of illicit trade, the increase of the production of data, analysis, and broader sharing between nations, multilaterals, academic and research institutions, law enforcement bodies and civil society actors must be a priority.

Human Trafficking in Africa

While human trafficking and its convergence with other forms of illicit trade are justifiably viewed as security threats – in their utility to finance transnational criminal organizations (TCOs) and terrorist groups – these threats are also rooted in the deep development challenges posed by weak and ineffectual states that cannot adequately protect, educate or provide services for their citizens.

The vulnerabilities that poverty, conflict and instability create in societies – establish the enabling environments in which TCOs and terrorist groups exploit citizens by means of human trafficking; forced labor; forced marriage; sexual slavery and exploitation; and recruitment as child soldiers²⁶.

²³ UNODC, Global Report on Trafficking in Persons 2018.

²⁴ UNODC, Global Report on Trafficking in Persons 2018.

²⁵ UNODC, Global Report on Trafficking in Persons 2018.

²⁶ FATF - APG (2018), Financial Flows from Human Trafficking, FATF, Paris, France, www.fatf-gafi.org/publications/methodandtrends/documents/human-trafficking.html

The majority of trafficking victims detected in Sub-Saharan African are children and divided nearly equally between boys and girls²⁷. In 2016, an estimated 357 million children in Sub-Saharan Africa (SSA) lived in conflicted affected areas²⁸ and were at risk of being exploited by an armed group or by other traffickers. This vulnerability is especially alarming, as all demographics of potentially trafficked persons are more vulnerable in settings that produce displacement, refugee flows, or transitions into the status of internally displaced persons.

West African nations detect the most trafficking victims overall, which can skew the data from the rest of SSA. Children involved in forced labor comprise the majority (63%) of victims from the region. The second-largest group of trafficked persons across the subregion was women who were forced into sexual exploitation – which accounted for slightly less than one-third of all trafficking victims continent-wide.

SSA and the Middle East and North African nations have the lowest rates of detection for trafficked persons and the lowest rates of prosecution and conviction for traffickers. Despite this, trafficked persons from SSA have been detected in more than 60 nations within and outside of Africa, which highlights the region's limited capacity for detection.

Where the international flows of trafficked persons from SSA are concerned, the most significant numbers are detected in Western and Southern Europe, and countries in North Africa and the Gulf Cooperation Council countries also detect victims from both East and West African nations. A less intense flow (under 5%) of trafficking victims originating from SSA is detected in North America annually.

This lack of detection capacity is symptomatic of the larger developmental challenges of the region: poor governance, official corruption, extreme poverty, regional instability, conflict and excessive disease burdens. These place African populations at greater risk for the abuse, exploitation and trauma of human trafficking.

Illicit Flows & Convergence

In the context of illicit flows, *convergence* describes a scenario in which a crime syndicate or terrorist group develops effective trafficking routes that are reliably undetected and can accommodate different classes of products, providing the opportunity to move all types of contraband through a wide range of criminal activities²⁹.

²⁷ UNODC, Global Report on Trafficking in Persons 2018.

²⁸ Save the Children, 2017, The War on Children, p. 15.

²⁹ OECD. (2016). Illicit Trade: Converging Criminal Networks.

The illicit market for trafficking in persons, has been linked to multiple crimes, including kidnapping, fraud, document forgery, assault, rape, false imprisonment, breaking immigration and border laws, corruption of government officials, money laundering and tax evasion³⁰.

At its root, human trafficking is both a symptom and driver of official corruption – which contributes to all phases of trafficking. It aids recruitment by creating opportunities for traffickers to create fraudulent recruitment agencies. It facilitates the transport and transfer of trafficking victims by allowing traffickers to use fake documents, it permits the issuance of visas to unqualified individuals, and supports traffickers in the evasion of inspection of vehicles, documents and people. It also aids the harboring and receipt of people by allowing traffickers to obtain fake work permits and birth certificates, and to continue operating businesses based on exploitation³¹.

Trafficking in persons also converges directly with other more explicit illicit flows including drug trafficking; illegal and undeclared fishing; maritime piracy; arms trafficking; environmental crimes; and tobacco smuggling³². Criminal and terrorist organizations diversified beyond the drug trade and into human trafficking as they provide the convenient convergence of drug use and dependency – which create victims who are easier to target for trafficking³³. Transnational marine resource crimes have also been linked to human trafficking as the ease of utilizing fishing vessels for transport and other criminal purposes creates convergences of convenience³⁴.

The agility, complexity and sophistication of many transnational organized crime groups allows them to organize in a variety of ways, drawing in a range of societal actors – some unwittingly – and other through bribes and kickbacks. The groups employ not only criminals, but formerly trafficked victims – to recruit others; military and law enforcement personnel and border guards for protection against arrest, help in maintaining trafficking victims and ease in transport and communication between recruiters.³⁵

Illicit flows also converge at the boundaries and bottlenecks of legal flows. From the perspective of criminal networks involved in various forms of trafficking, national borders; prohibitive laws; and taxation and financial regulations create the very market barriers which most people cannot navigate, thus providing traffickers the business opportunities to meet demands deemed illegal for the gain in illicit profits³⁶.

³⁰ Aronowitz, A (2009). *Human Trafficking, Human Misery: The Global Trade in Human Beings*, Greenwood Publishing Group, Westport, CT.

³¹ APEC. (2013). “Chair’s Summary” in *APEC Pathfinder Dialogue with ASKEAN & PIF Partners*, Asia-Pacific Economic Cooperation, Bangkok, Thailand.

³² OECD. (2016). *Illicit Trade: Converging Criminal Networks*.

³³ OECD. (2016). *Illicit Trade: Converging Criminal Networks*.

³⁴ OECD. (2016). *Illicit Trade: Converging Criminal Networks*.

³⁵ OECD. (2016). *Illicit Trade: Converging Criminal Networks*.

³⁶ OECD. (2016). *Illicit Trade: Converging Criminal Networks*.

Conclusion

Our interconnected world is defined by hyper mobility, intensified use of cyberspace, increasing urbanization and population growth. These elements help create thriving global economies, increased productivity, and efficiencies in global travel and communications. As transnational and terrorist organizations co-opt these same advances for their illicit ends, the global community of nations must increase its awareness, engagement and collaboration to address this threat.

This will necessitate continuing improvements in tracking, monitoring and data collection of TCOs and terrorist organizations. It will also require increased data sharing between sovereign states; multilateral institutions; transnational corporations and financial institutions; law enforcement agencies; think tanks; universities and civil society organizations.

Improvements in these areas, alongside a concerted effort for national legislative strengthening, to identify and attack illicit networks in their most vulnerable areas of operation, should help to close the gaps in operational agility that allow them to outpace us at the moment.

While we must remain vigilant to undermine the methods of these convergent forces, we cannot ignore the conditions that facilitate it. Illicit trafficking does not take place in a political vacuum, but rather adapts itself to the nuances of its environment. As the data herein suggests, illicit flows are much more often detected in nations with stronger governance, greater wealth and better infrastructure – which in turn produces more prosecutions and convictions of bad actors.

In nations which lack the positive enabling elements for combatting trafficking, we see a convergence of factors which create environments that *support* the increase in human trafficking. In these settings, it is insufficient to suggest legislative and policy remedies solely targeted towards illicit flows. These settings require that we deeply examine the underlying causes of illicit trafficking – namely, extreme poverty; weak governance; inadequate education; absence of the rule of law; political instability; excessive disease burden and unresolved violent conflict.

If we will not seriously address these underlying issues – which place regions like Sub-Saharan Africa and the Middle East and North Africa at the tail end of indicators for the detection and prosecution of traffickers, then we ultimately are not serious about addressing the roots of the problem. Illicit traffickers; terrorist organizations and other bad actors coalesce in the corners of the world which we neglect and ignore – they always have and they always will.