





MAPPING THE IMPACT OF ILLICIT TRADE
ON THE SUSTAINABLE DEVELOPMENT GOALS

### **ABOUT THE REPORT**

On 18 July 2019, the Transnational Alliance to Combat Illicit Trade (TRACIT) in collaboration with the UN Conference on Trade and Development (UNCTAD) organized a forum to discuss the role of illicit trade in inhibiting positive development outcomes and in particular, the implications for the achievement of the UN Sustainable Development Goals (SDGs).

The event featured the launch of TRACIT's report,

Mapping the Impact of Illicit Trade on the UN Sustainable Development Goals.

The TRACIT report investigates illicit trade in 12 key sectors that participate significantly in international trade and are most vulnerable to illicit trade. For each sector, the negative impacts of illicit trade are mapped against the 17 UN SDGs. The sectors include: agri-foods, agro-chemicals and pesticides, alcohol, counterfeit and pirated goods, forestry, IUU fishing, petroleum, pharmaceuticals, precious metals and gemstones, tobacco products, trafficking in persons and illicit trade in wildlife.

This document excerpts the chapter on "SDGs and trafficking in persons"

### **ABOUT TRACIT**

The Transnational Alliance to Combat Illicit Trade (TRACIT) is an independent, private sector initiative to drive change to mitigate the economic and social damages of illicit trade by strengthening government enforcement mechanisms and mobilizing businesses across industry sectors most impacted by illicit trade.

### FOR MORE INFORMATION

The full report, Executive Summary and the sector specific chapter excerpts can be found at: www.tracit.org/publications\_illicit-trade-and-the-unsdgs

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# SDGs AND TRAFFICKING IN PERSONS





### INTRODUCTION

#### Illicit trade and the UN SDGs

The UN Sustainable Development Goals (SDGs) lay out an ambitious set of 17 goals to address the world's most acute economic, social and environmental challenges. They cover everything from poverty eradication and zero hunger to clean water, decent jobs and peace. Since coming into effect in January 2016, governments, private sector and civil society have rallied around the SDGs to guide policy, implement investment strategies and allocate funding.

Among the portfolio of tools available to achieve the SDGs is the expansion of international trade.<sup>1</sup> This is because trade has historically proven to be an engine for development, boosting income generating capacity and contributing to unprecedented reductions in poverty levels.<sup>2</sup> Over the last few decades cross-border trade has expanded significantly, supporting rising living standards across the globe.

At the same time, the expansion in *legal* trade has been accompanied by the alarming emergence of *illicit* trade, with estimates quantifying it and associated transnational criminal activities at between 8 and 15 percent of global GDP.<sup>3</sup>

From smuggling, counterfeiting and tax evasion, to the illegal sale or possession of goods, services, humans and wildlife, illicit trade is compromising the attainment of the SDGs in significant ways, crowding out legitimate economic activity, depriving governments of revenues for investment in vital public services, dislocating millions of legitimate jobs and causing irreversible damage to ecosystems and human lives.

### Mapping illicit trade against the SDGs

Despite the recognition of international trade as an important means to achieve the SDGs, insufficient attention has been given to the substantial impact that illicit trade has on holding back progress.

In order to help governments and business better understand how their efforts to achieve sustainable development must account for the negative forces of illicit trade, this study maps the 17 UN SDGs against the following sectors: agri-foods, alcohol, fisheries, forestry, petroleum, pharmaceuticals, precious metals and gemstones, pesticides, tobacco, wildlife and all forms of counterfeiting and piracy. These sectors were chosen because they participate significantly in international trade and they are particularly vulnerable to illicit trade. Trafficking in persons is also examined as a particularly abhorrent phenomenon affecting supply chains and basic human rights as well as contributing to illicit trade practices.

To the extent that an SDG—or one of the 169 targets established to track progress on the goals—is impacted by illicit trade, this study examines where and how illicit activity undermines progress to achieve it. In some cases, illicit activity is mapped against an overall goal, such as SDG 3 (Good Health and Well-Being). In other cases, a specific target has been examined, such as SDG Target 8.7 (Eradicate forced labor, end modern slavery and human trafficking).

### Key findings from the report

The socio-economic impacts of illicit present significant deterrence to all 17 of the SDGs—holding back progress, increasing costs and pushing achievement of the goals further away.

There are notable "macro" impacts where illicit trade cuts deeply across many of the SDGs, undermining achievement of the economic goals for poverty reduction, decent jobs and economic growth (SDGs 1, 2, 3, 4 & 8), and robbing governments of taxable income that can be invested in public services (SDGs 9 & 17). When it generates revenue for organized criminal and terrorist groups, illicit trade undermines goals for peace and stability (SDG 16). Most forms of illicit trade plunder natural resources (SDGs 6, 14 & 15), abuse supply chains and ultimately expose consumers to fake and potentially harmful products (SDG 12).

While findings show that illicit trade poses a threat to all 17 SDGs, nowhere is the nexus as evident than in SDG 16 (Peace, Justice and Strong Institutions) and SDG 8 (Decent Work and Economic Growth).



Illicit trade—in all its forms—stands in direct juxtaposition to SDG 16, by feeding violence and breeding corruption, undermining trust in institutions and the rule of law, and generating enormous illicit financial flows.

Moreover, the links between illicit trade and organized crime are well

established, from human trafficking networks and tobacco smuggling, to fuel theft by drug cartels and the involvement of the mafia and organized criminal groups in the trade of counterfeit products. Perhaps most frightening are links to terrorist financing that heighten threats to national and global security.



All types of illicit trade threaten inclusive economic growth and significantly hinder achievement of SDG 8. Lost taxes rob governments of revenues intended for schools, infrastructure and other public services. Illegal and unfair competition reduces sales and dampens the ability of companies

to create lasting and dignified job opportunities. Taken together, economic leakages across the sectors susceptible to illicit trade create an annual drain on the economy of US\$2.2 trillion and present a triple threat to financing the necessary "billions to trillions" dollar gap needed to reach the SDGs.

### Business is a partner for achieving the SDGs

As illicit trade weakens the viability and sustainability of industries, it simultaneously dilutes private sector contributions to achieving the SDGs. For example, illicit trade is a form of unfair competition that undermines private sector contributions to economic growth and employment. It chokes off market growth, sabotages global supply chains, squanders natural resources and endangers market security. Fake products and inferior materials in supply chains harm consumers and tarnish consumer perception of a corporation's social responsibility (CSR) performance. In some cases, it poses significant threats to the safety and security of personnel and facilities, all adding to the increasing costs of doing business. Where proliferating illicit trade creates socio-economic instability, it dampens private sector investment, holds back research and development (R&D) and discourages technology transfer.

For these reasons, the private sector has a vital interest in defending against illicit trade, helping itself across industry sectors and playing an active role in promoting the SDGs.



The Transnational Alliance to Combat Illicit Trade (TRACIT) provides a platform for business and governments to collaborate holistically to mitigate the incumbrance of illicit trade on the SDGs. Mapping the impacts of illicit trade on the UN Sustainable Development Goals is part of TRACIT's

contribution to the partnership approach embodied in SDG 17 and a means by which business, the public sector and civil society—working in partnership—can more effectively achieve the SDGs.

# SDGs AND ILLICIT TRADE IN TRAFFICKING IN PERSONS

Not unlike all other forms of illicit trade, trafficking in persons is a lucrative form of organized crime and a high-profit, low-risk activity. It is a human rights abuse that represents a failure of nation states and the global community to ensure the security and freedoms of their citizens. Trafficking in persons undermines the rule of law, fuels corruption, and funds conflict and terrorism.<sup>1</sup>

### Defining trafficking in persons

According to the UN Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, trafficking in persons is defined as "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."

The International Labour Organization (ILO) and the Walk Free Foundation (WFF) estimate that 24.9 million people are victims of forced labor globally.<sup>2</sup> According to the ILO, trafficked forced laborers produce a total illicit profit of US\$150 billion per year.<sup>3</sup>

Trafficking in persons is very much a global problem, prevalent throughout all regions and countries. Data from 2012 to 2014 shows that 57 percent of victims were trafficked transnationally, i.e., across at least one international border.<sup>4</sup>

ILO and the WFF estimate that 16 million people were in forced labor in the private economy in 2016, of which 58 percent were women and 42 percent men.<sup>5</sup> In addition, 4.1 million people were in forced labor imposed by state authorities, and 4.8 million victims were in forced sexual exploitation.<sup>6</sup> In terms of the type of coercion forced on victims, 24 percent had their wages withheld, 17 percent faced threats of violence, 16 percent were subject to acts of physical violence, and 12 percent received threats against family.<sup>7</sup>

Trafficking in persons is an issue in a wide range of sectors that are vulnerable to illicit trade, including but not limited to fisheries, agriculture, manufacturing and mining. In terms of forced labor in the private economy, 24 percent were domestic workers, 18 percent worked in construction, 15 percent in manufacturing, 11 percent in agriculture, forestry and fishing, 10 percent in accommodation and food services, 9 percent in

wholesale and trade, 7 percent in personal services, 4 percent in mining and quarrying, and 1 percent in begging.<sup>8</sup> The U.S. Department of Labor has identified 139 goods from 75 countries produced by forced and child labor, including everything from diamonds and cotton to garments and electronics.<sup>9</sup>

## Impact of trafficking in persons on achieving the UN Sustainable Development Goals

Sexual exploitation, forced labor, sham marriages, domestic servitude, and organ removal are all examples of how human trafficking degrades people to commodities that are traded for profit. Human trafficking represents a failure of the global community to protect the most vulnerable members of our communities, including those living in poverty and conflict.

As underscored by a former U.S. Secretary of State, "No nation can end modern slavery alone. Eliminating this global scourge requires a global solution. It also cannot be solved by governments alone. The private sector, academic institutions, civil society, the legal community, and consumers can all help to address the factors that allow human trafficking to flourish."<sup>10</sup>

The 2030 Agenda for Sustainable Development contains three specific targets to end human trafficking, under SDGs 5, 8 and 16. However, the costs of these grave human rights violations extend across several other SDGs, prohibiting the achievement of a just, free and equitable society. As such, combatting trafficking in persons is key to achieving several of the SDGs.

Trafficking in persons negatively impacts achievement of five SDGs:

- SDG 3 (good health and well-being);
- SDG 5 (gender equality);
- SDG 8 (decent work and economic growth);
- SDG 10 (reduced inequalities); and
- SDG 16 (peace, justice and strong institutions).

#### Health



Combating trafficking in persons for the purpose of sexual exploitation has a direct impact on the ability to achieve SDG Target 3.7 which calls for ensuring "universal access to sexual and reproductive health care services, including for family planning, information and education, and the integration of reproductive health into national

strategies and programmes." This type of trafficking exposes both the trafficked victim as well as the client to significant health risks, including high risks of HIV and AIDS, and "often bars women from accessing sexual, reproductive and health care services."

### End violence against women and children





Human trafficking has no place in society. It is a threat to gender equality and the right for all women and children to live in a safe environment, which protects their human rights.

Roughly half of trafficking victims (51 percent) are women. According to the UNODC, women are primarily trafficked for the purpose of sexual exploitation, but also for sham or forced marriages, begging, domestic servitude, organ removal, and forced labor in agriculture, catering, garment factories, and the cleaning industry.<sup>11</sup> Effectively combating the trafficking of women can help meet SDG 5 to achieve gender equality and empower all women and girls. Moreover, stopping human trafficking can help achieve SDG Target 5.1, which calls for elimination of "all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation."

Combating trafficking of children is specified under SDG 16 to promote just, peaceful and inclusive societies. SDG Target 16.2 calls for action to "end abuse, exploitation, trafficking and all forms of violence against and torture of children." Although roughly half of the victims are women, the share of child victims has increased. In 2014, 28 percent of detected victims were children<sup>12</sup> and 71 percent of those child victims were girls. <sup>13</sup>

### Decent work for all and protection for migrant workers





SDG 8 focuses on the promotion of inclusive and sustainable economic growth, employment and decent work for all. Trafficking in persons, however, is the very antithesis of decent work. SDG Target 8.7 specifically deals with this issue and calls for "immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms." SDG Targets 8.5 and 8.8 also are of particular importance for addressing trafficking in persons.

- SDG Target 8.5 calls for action to "[b]y 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value."
- SDG Target 8.8 calls for action to "[p]rotect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment."

The protection of migrant workers from abuse also is linked to SDG 10 (reduce inequality within and among countries). SDG Target 10.7 calls for action to "[f]acilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies." If people are able to migrate safely and legally, and without using smugglers to cross borders, they are less vulnerable to abuse and exploitation, including human trafficking. Conversely, migrants that use a smuggler to help cross border incur significant costs, which in turn can subject them to a situation of debt bondage. Additionally, if the migrant is in the country illegally, their exploiter can coerce physical bondage by threatening to report them to the authorities if they try to escape.

## The difference between trafficking in persons and smuggling of migrants

It is important to point out that the crimes of human trafficking and smuggling are substantively different. According to the *UN Protocol Against the Smuggling of Migrants by Land, Sea and Air,* smuggling of migrants refers to "the procurement, in order to obtain, directly or indirectly, a financial or other material benefit, of the illegal entry of a person into a State Party of which the person is not a national or a permanent resident." In other words, smuggling of migrants is when someone facilitates the illegal border crossing or illegal residence of a person in another country with the aim of making a profit. It is by definition always transnational as it involves the crossing of international borders. Generally, the relationship between the smuggler and migrant ends once the border crossing has been completed. Finally, migrant smuggling involves consent.

Trafficking in persons, on the other hand, is not necessarily transnational, and centers around exploitation of persons who are either coerced or deceived into the situation of trafficking. Contrary to smuggling, the relationship between the victim and trafficker generally continues, or a new relationship between exploiter and victim is established, once the destination is reached. It is not uncommon that what starts off as smuggling of migrants can turn into a situation of trafficking. Migrant workers are of particular risk for abuse. Many migrants enter their destination country through networks of recruitment agents, thereby incurring high brokerage fees. This leads to a situation of debt bondage, which in turn makes them vulnerable to exploitation.

Forced labor and abuse of migrant workers is for example prevalent in the fishing industry. Investigative reports have demonstrated that low fish stock as a result of overfishing is forcing fishing boats to venture farther out to sea and to stay out longer. These circumstances create a situation where vessels are without regulatory oversight for longer periods of time, making workers more vulnerable to abuse. <sup>14</sup> Furthermore, with the ships out for longer periods of time, these jobs are less and less appealing to local workers, which means that the sector becomes increasingly dependent on migrant workers that may arrive from poorer neighboring countries, sometimes with the help of smugglers. If these migrant workers have entered the country illegally or have paid significant amounts of money to smugglers to cross the international borders, they are more vulnerable to exploitation. <sup>15</sup>

### **CONCLUSIONS**



Exposes trafficking victims and sex clients to significant health risks, including HIV, AIDS and other STDs; and can preclude access to sexual, reproductive and health care services.



Exploits millions of women and girls that are coerced into prostitution, forced into marriage and held as slaves.



Denies decent and rewarding work opportunities for women, men and young people; and exposes them to labor rights violations and unsafe working environments.



Exposes vulnerable migrant workers to elevated risk of being forced into slave labor or other human rights violations.



Undermines peace and justice and perpetuates abuse, exploitation, violence and slavery; contributes revenues to criminal groups that destabilize communities and the rule of law.

### IMPLICATIONS AND NEXT STEPS

The sweeping, negative impacts of illicit trade on the SDGs point to a wide range of challenges for both governments and business. Hence, it will be expedient to:

Attend to developing and least developed countries. The alarming consequences of illicit trade are especially evident in developing countries hard-pressed to monetize resources, commercialize innovation, attract investment, establish lasting job opportunities and create genuine, long-term economic growth. As such, it will be critical to support the capabilities of developing countries to better defend against illicit trade by inter alia taking stock of national government experiences, challenges, priorities and requests for assistance while also identifying where "in-country" efforts would be most valuable and most effective.

Account for the interconnected nature of the challenge. As noted by the UN, the SDGs are integrated and indivisible in nature with significant inter-linkages across the goals and targets. Ending poverty, for example, must go hand-in-hand with strategies that build economic growth and address a range of social needs including education, health, social protection, job opportunities and environmental stewardship. By the same token, a holistic approach is needed to address the significant number of interdependencies and overlapping problems relating to multiple forms of illicit trade. The impacts of illicit trade cannot be examined effectively in isolation of other sectors, nor can they be addressed in isolation of the SDGs.

**Promote shared responsibility.** Improving public-private dialogue and promoting partnerships will be needed to address the global nature of illicit trade. Public and private actors can play an important role in determining a responsive, evidence-based work program for addressing illicit trade, including delineation of best practices, and, where applicable, development of regulatory standards.

**Prioritize the policy response.** The findings from this study demonstrate that illicit trade is a significant deterrent to achieving the SDGs. As governments go about formulating policies and implementing programs to achieve the SDGs, a first order consideration should be to reduce the deterrent forces of illicit trade and plug the fiscal leakages associated with it. This approach has the immediate effect of adding resources and revenues back into the global economy, putting more policy tools back on the table, and reducing timelines, costs and other hurdles to achieving the goals. Consequently, a more level playing field, without the economic drags of illicit trade, can improve the efficiency and effectiveness of policies and programs governments are taking to stimulate growth, employment and investment to achieve the SDGs.

Foster political will and leadership. Addressing the threat of illicit trade on the SDGs will require political will of government officials at all levels to prioritize the problem, actively pursue solutions and invest in enforcement measures. This study provides a first step in raising awareness on the threat of illicit trade on achieving the SDGs. The work also serves as a roadmap to help policy makers identify areas that merit greater attention and to formulate effective strategies to address the serious threats posed by illicit trade.

### NOTES

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**ALCOHOL** 



















**COUNTERFEIT AND PIRACY** 





















**IUU FISHING** 

**FORESTRY** 





















**PETROLEUM** 



















**PHARMACEUTICALS** 





















**PRECIOUS METALS AND GEMSTONES** 



















**TOBACCO** 



















TRAFFICKING IN PERSONS



















TRAFFICKING IN WILDLIFE













