

## ADDRESSING MODERN SLAVERY

prepare for the potential flow-on effects. While the UK introduced the first national modern slavery law that mandates corporate reporting on this issue, the government has not provided sufficient support for victims, according to a report by the Winston Churchill Memorial Trust. Its author, a legal expert specialising in trafficking cases, said that ‘the US and Europe both have models for long-term support for victims; however, the UK is lagging behind’.<sup>7</sup> The US allows victims to stay in the country for four years and offers a pathway to permanent residency. The UK usually only grants a one-year stay, while the path to remain in the country permanently is complicated. Conversely, while Belgium and the Netherlands don’t have modern slavery legislation that require companies to report on this issue, both countries do grant victims free legal assistance, a privilege reserved for defendants in the UK, while providing victims with housing and counselling for a longer period of time.<sup>8</sup>

This lack of support in the UK occurs at a time where a record number of modern slavery victims are being referred to authorities. For instance, in 2018, 2118 child slaves were registered in the UK – an increase of two-thirds from 2016. However, a quarter of victims in the care of authorities went missing at least once, according to research by Every Child Protected Against Trafficking, with some feared to have returned to their traffickers after being treated like criminals or illegal immigrants by authorities.<sup>9</sup> Reasons for running away

include poor accommodation, fear of authorities and the ongoing control of exploiters.<sup>10</sup> Conversely, after a successful pilot, 12 modern slavery survivors from countries including Brazil, Gambia and Sri Lanka participated in a 10-week course at Northern College in the UK in which they were taught computer skills and English. Northern College is in talks with the education ministry about further funding to extend this pilot.<sup>11</sup> This pilot found that, for survivors, access to education and work is as important as appropriate housing and counselling.

Proactive government action on modern slavery does not only mean implementing laws that directly target forced labour and human trafficking or dealing with the flow-on effects of such laws. If we regard modern slavery as a complex labour and human rights issue, and consider its causes, then a host of legislative options becomes apparent. For example, previous chapters detail the plight of brick-kiln workers in Cambodia and small-hold farmers in the Philippines. Respectively, their predicament is caused by the predatory micro-finance industry and the buying of agricultural land under unfair conditions. In principle, while micro-finance and land ownership can empower workers, the lack of state oversight in these cases has resulted in debt traps and unconscionable contracts. Lack of (access to) equitable finance is particularly acute for women, who make up 71 per cent of the global modern slavery population. For example, 'in Nigeria, a woman is 32% less likely than a man to own a formal bank account; in

## ADDRESSING MODERN SLAVERY

Bangladesh it is 41% ... Migrant workers have limited options to ... carry out everyday life transactions'.<sup>12</sup> Governments can play a valuable role regulating the finance industry, including microfinance and ensuring equitable conditions in which farmers, women and migrant workers can better negotiate financial terms and transactions to help avoid and redress modern slavery. It can thus be effective for the state to more actively intervene in the market.

In the discussion of the supermarket supply chains in chapter 2, we saw that the cost pressures created by large companies at the top of supply chains can result in labour exploitation by suppliers. These market forces can be curbed if the state uses competition laws to intervene in cases where market concentration results in anti-competitive behaviour and the misuse of market power.<sup>13</sup> Another example of intervention in the market is the introduction of a minimum wage set at the level of a living wage in the country of production. Particularly if adopted in export-oriented countries, this will lift millions out of poverty and reduce the chance they will be caught in debt traps and forced labour.

For example, about 70 per cent of all hazelnuts come from Turkey. Production is marked by low wages, wage theft, and bonded and child labour.<sup>14</sup> Many of the seasonal hazelnut workers are vulnerable Syrian refugees. The minimum wage is insufficient to keep a family above the poverty line and recruiters who connect these workers with the jobs often take a cut from the workers'

wages. As Turkey's Labour Code does not apply to farms with fewer than 50 employees, the state has effectively removed itself from policing this problem. Monitoring of working conditions and ensuring payment of wages is left to companies like Ferrero – a privately held company that is the third largest chocolate maker in the world – which refuses to disclose information about its supply chain.<sup>15</sup> The state could also intervene by setting minimum wages and/or prices for goods.

Ethiopia's emerging apparel industry shows that, while artificially low wages may be successful in attracting foreign firms, the result is that workers become trapped in a downward spiral. Ethiopia has recently sought to insert itself into global garment supply chains by inviting the garment industry to set up shop.

Drawn by newly built industrial parks and a range of financial incentives, manufacturers for some of the world's best-known brands – among them, H&M, Gap, and PVH (Calvin Klein, Izod, Tommy Hilfiger) – employ tens of thousands of Ethiopian workers in a nascent sector the government predicts will one day have billions of dollars in sales.<sup>16</sup>

The government's eagerness to attract foreign investment led it to promote the lowest base wage in any garment-producing country – now set at the equivalent of US\$26 per month. On that amount, the mostly female workers cannot afford decent housing, food

## ADDRESSING MODERN SLAVERY

and transport. Minimum prices for a commodity or the provision of a living wage, whether for cobalt from the Democratic Republic of Congo, for hazelnuts from Turkey or for garments from Ethiopia, provides a safety net for workers. It means that the market-driven race to the bottom in terms of cost is not inextricably linked to a decline in labour standards.

Promoting alternative business models such as cooperatives and worker-owned enterprises is also a public policy option. This would increase the likelihood that created value is shared equitably, while workers gain more control over the production process and over their pay and conditions. Cooperatives and worker-owned enterprises are not new. Farmers have long recognised there is strength in numbers. Cooperatives provide local farmers with economies of scale and enable them to do business on their own terms when dealing with large companies. This can help them to resist unsustainable cost pressures that lead to exploitation, as is evident in supermarket supply chains.<sup>17</sup> Employee ownership also has advantages because modern slavery is far less likely to occur at worker-owned enterprises. Governments can support such alternative business models in various ways; for example, by providing loans with favourable rates, by granting tax advantages or by favouring cooperatives and worker-owned enterprises in public procurement decisions.

Governments should generally ensure that the goods and services they procure are free of modern

slavery. Target 12.7 of the United Nations' 2030 Sustainable Development Goals is to 'promote public procurement practices that are sustainable, in accordance with national policies and priorities'. Because of the size of public spending, governments have unmatched leverage to change business practices for the better through their purchasing decisions. Annually, governments across the European Union (EU) spend 14 per cent of national income, or €1.9 trillion, on public procurement.<sup>18</sup> The EU issued three directives in 2014 that encourage the use of social and human rights-related criteria within procurement processes.<sup>19</sup> EU directives are addressed to EU member states, who must give them effect in their domestic law.

Sweden's county councils spend €13 billion per year via collective procurement. Since 2010, they have used a common code of conduct for suppliers, followed up on by supplier questionnaires and targeted factory audits. A 2015 study found these measures significantly reduced serious labour rights abuses in workshops in Pakistan supplying the councils with surgical instruments, while workers in neighbouring facilities did not experience similar improvements.<sup>20</sup>

Unlike well-known brands, many companies that supply to government are relatively unknown and do not face the same pressure to address the threat of modern

## ADDRESSING MODERN SLAVERY

slavery. This lack of public pressure on companies can be substituted by demands made by government. Local authorities in Greece are a case in point. Greece has an estimated 89 000 modern-day slaves – or about one in 125 people.<sup>21</sup> Thousands of refugees fleeing war and poverty have arrived in the country since 2015, many of whom are at risk of exploitation. The Athenian municipality has expressed its intention to work solely with suppliers that monitor their supply chains and address modern slavery.<sup>22</sup>

State intervention does not always result in progress, however, and governments also hinder the fight against modern slavery. NGOs are increasingly faced with non-cooperative or even hostile governments. In 2018, Italy turned away ships operated by aid groups that carried migrants from Libya who were rescued at sea. The Italian government argued its actions were intended as an ‘anti-trafficking measure’.<sup>23</sup> Human rights campaigners and migrant workers in Thailand were hit with defamation cases after they accused a chicken farm of forced labour. While the Thai court acquitted the campaigners and workers, in another case in 2019, a Thai court upheld a defamation judgment against British human rights activist Andy Hall, ordering him to pay 10 million baht (AU\$453 000) in damages to Natural Fruit Co. Ltd, a Thai pineapple company.<sup>24</sup> Hall was sued by Natural Fruit following his research for a 2013 report by Finnish consumer organisation Finnwatch. In it, migrant workers from Myanmar alleged that

Natural Fruit abused them and broke labour laws. It is shocking that criminal defamation laws can be used to threaten human rights defenders and victims of modern slavery for the purpose of protecting corporate reputation.<sup>25</sup> Although modern slavery is rife in Thailand, state intervention has been poor. The labour inspection regime introduced by Thai authorities following modern slavery revelations did not find not a single case of forced labour in 2015.<sup>26</sup>

The state can evidently pull many levers to combat modern slavery. While the government is a powerful actor, its actions to stop forced labour can only come to full fruition if companies and civil society are committed and active participants. Collaboration with companies is vital, as they can act as influential change agents. Business leaders and large companies can use their influence to uphold and diffuse ethical norms. If there is resistance among the business community, even a powerful actor like the government will likely fail to achieve its objectives. Participation of civil society organisations such as trade unions, NGOs and charities is also crucial, because they often provide a voice to marginalised and exploited workers who would otherwise not be heard. More broadly, a healthy civil society consists of conscious consumers and critical citizens who hold companies and government accountable.