



Illicit Trade and Modern Slavery

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Executive Summary

Illicit trade fuels modern slavery. Human trafficking is a highly lucrative line of business for the global criminal network that also engages in the trade of drugs, wildlife, counterfeit products, etc. These criminals reap profit not only from the trading of human beings but also from exploiting the victims to produce, distribute and finance their illicit trade operations.

This research aims to understand the nexus between modern slavery and illicit trade by analyzing how modern slavery is involved in the value chains of different types of illicit trade operations. From laborers who are forced to produce counterfeit products with little to no compensation, to women that are coerced into sexual labor to make money for organized crime groups, we identified that modern slavery can be found in each step of the illicit trade value chains.

Oftentimes, these crimes are committed by the same actor or through a connected criminal network that exploits the same vulnerabilities in the regulations and law enforcement. An organized crime group that operates in the drug trade and the illicit trade of counterfeit goods may have a human trafficking operation that also provides slave labor for both sectors. The profits from various types of illicit trade activities enter the financial system through seemingly legitimate cash-intensive businesses. Once the funds enter the financial system, they are laundered to finance other criminal activities across the world.

While most countries have some form of anti-trafficking legislation in place, loopholes exist in how the law is drawn and enforced. In countries where the rule of law is not effectively established, regulators may find it difficult or ineffective to enforce these regulations. Further, restrictions on data privacy and information sharing make it difficult for anti-trafficking stakeholders to collaborate and against the crime groups that converge on these vulnerabilities. Such ineffective responses may result in the criminalization of the victims of modern slavery rather than prevention and protection of the victims.

Yet, innovative efforts are being made to better address the issue of modern slavery and illicit trade. Financial institutions are adopting new technologies to effectively flag and report suspicious activities in their transactions. Legislators are moving to place sanctions on products that are made with slave labor.

COVID-19 has been a major setback in the collective effort to address modern slavery and illicit trade. However, to continue the fight against the criminals and exploiters, we recommend more research to reveal how modern slavery fuels illicit trade, more multi-stakeholder collaboration to share information and knowledge, and more training to understand the intricacies and interconnectedness of modern slavery and illicit trade.



Introduction

People are enslaved everywhere. In every country and virtually every industry in the world, people are being exploited for sex and labor. Globally, more than 40 million people are victims of modern slavery, and it is a global societal scourge.¹ Anything that we buy and use in our daily lives, from a bowl of teriyaki salmon to a laptop computer, may have been tainted with forced labor. While many victims of modern slavery come from socioeconomically vulnerable populations, the exploiters can also capitalize on emotional and physical vulnerabilities. Anyone can be lured or coerced into modern slavery if they find themselves in particular circumstances.

Most countries have some level of laws and regulations to prohibit the exploitation of people for sex and labor. Because of the illegal nature, modern slavery is closely associated with the illicit trade of goods that are banned or regulated for import. Apart from themselves being trafficked as contraband, the victims of modern slavery may be involved in the production, distribution, and sales of illegally traded goods such as counterfeit products, drugs, wildlife, etc. Moreover, the funds generated from trafficking and exploiting the victims can be used to fuel other criminal activities.

Identifying and protecting the victims of modern slavery in the illicit trade network is a challenging issue. At national borders, it is hard to distinguish whether a person is willingly entering the country or is being trafficked through deceit or coercion. In states where the rule of law is not well established, law enforcement may not have the resources to rescue the victims. In fact, victims of modern slavery can often be mislabeled as criminals during raids of brothels or drug-manufacturing facilities. Rules and regulations on data privacy also make it hard for the authorities to share information about the exploiters and prevent their activities. As such, efforts to address modern slavery and illicit trade tend to be siloed in specific areas of expertise.

On the other hand, the criminals who engage in human trafficking and other types of illicit trade can exploit the same loopholes and vulnerabilities in regulations and law enforcement capacities to advance their businesses. The same actors who traffic humans may also be smuggling illicit animal products through the same trade routes. They may also form criminal networks to create an ecosystem of shadow economy where they share the profits gained from exploiting people and natural resources.

Through extensive desk research and interviews with key subject matter experts in the areas of human trafficking, law enforcement, legislation, anti-money laundering, etc., this research aims to 1) describe how modern slavery is involved in each type of illicit trade; 2) analyze the common patterns of exploitation; 3) identify gaps in currently available information; and 4) provide recommendations for further research and practice to address modern slavery in illicit trade.

1. *Global Estimates of Modern Slavery. (2017). International Labour Organization. Retrieved from https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/publication/wcms_575479.pdf*

1. Illicit Trade

Each nation has a sovereign right to control which people and products can enter or leave the country. Illicit trade is a crime against this national border to smuggle in and out goods that are banned or regulated for various reasons, including national security, tax collection, conservation, economic development, and so forth. It is a form of unfair competition that not only undermines the private sector contributions to economic growth and employment² but also causes damage to natural ecosystems and human lives. By 2014, it was estimated that illicit trade and transnational crime took up about 8%-15% of global GDP,³ ranging between US\$1.6 trillion and US\$2.2 trillion.⁴

Products that are typically considered contraband can be categorized into several types based on the nature of the product and the reasons why the product is regulated. In accordance with the World Customs Organization⁵ and Global Financial Integrity,⁶ this research has identified the following categories of illicit trade:

1. Humans – People may smuggle into a country in search of better opportunities or be trafficked through coercion and deceit by exploiters. Countries regulate who can cross their borders for economic and national security reasons.
2. Human Organs – Illegal organ transplants are highly regulated to ensure safety and fairness in organ transplant procedures. Yet criminals exploit the desperation of both donors and receivers to solicit illicit trade of human organs.
3. Drugs – Drugs are often banned or regulated for public health and economic reasons.
4. Arms & Explosives – Private possession and use of small arms and explosives are highly regulated in most countries for security and safety reasons.
5. Wildlife – The import of wildlife and wildlife products can be regulated to ensure public health safety, protect domestic ecosystems and conserve endangered species.
6. Natural Resources – Natural resources such as food, minerals, and plant-based products can be regulated for both environmental and economic reasons.
7. Counterfeit Products & Luxury Goods – Counterfeit products and highly taxable luxury goods are typically regulated for tax purposes and impact the domestic economy.
8. Cultural Artifacts – Illegal trade of archaeological artifacts and works of art are regulated to protect the national heritage.

Among these types of illicitly traded products, we identified the products that are most likely to involve modern slavery. Accordingly, arms & explosives and cultural artifacts are excluded from the scope of this research as there is little evidence that modern slavery can be involved in the production, distribution, and sales of the products.

2. *Mapping the impact of illicit trade on the sustainable development goals*. (2019, July). Transnational Alliance to Combat Illicit Trade. Retrieved from https://unctad.org/system/files/non-official-document/DITC2019_TRACIT_IllicitTradeandSDGs_fullreport_en.pdf

3. *Out of the shadows: why illicit trade and organized crime matter to us all*. Global Agenda Council on Illicit Trade & Organized Crime 2012-2014. Retrieved from https://www.oas.org/en/sms/downloads/brochure_gac14.pdf

4. May, C. (2017, March). *Transnational crime and the developing world*. Global Financial Integrity. Retrieved from https://www.gfintegrity.org/wp-content/uploads/2017/03/Transnational_Crime-final.pdf

5. *Illicit trade report 2019*. (2019). World Customs Organization. Retrieved from http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/enforcement-and-compliance/activities-and-programmes/illicit-trade-report/itr_2019_en.pdf?db=web

6. *Ibid*

2. Modern Slavery

Modern slavery is an umbrella phrase that covers a range of criminal activities, including human trafficking, sex trafficking, forced labor, indentured servitude, debt bondage, and other terms related to the forceful imposition of work on a person. The UK Modern Slavery Act 2015 defines modern slavery as when a person knowingly holds another person in slavery or servitude or requires the person to perform forced or compulsory labor.⁷ In 2016, the International Labour Organization (ILO) estimated that globally there are about 40.3 million victims of modern slavery, and around 16 million of these victims are found in the private sector, including the global supply chains of illicitly traded goods.⁸

In the context of illicit trade and transnational organized crimes, the Palermo Protocol provides an internationally recognized definition of human trafficking and the legal basis for criminalizing human trafficking and developing anti-trafficking laws. Human trafficking, or 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.”⁹

By definition, modern slavery and human trafficking are different from the illicit trade of humans. In the context of illicit trade, any person who illegally crosses the border is considered to have committed a crime regardless of whether the person is being exploited or not. From the perspective of human trafficking, however, migrant smuggling may not end up in modern slavery if the person’s human rights are not violated in the process. In the following section of the report, this research will analyze how modern slavery can be involved in the recruitment, transportation, and distribution of the illicit trade of human beings.



7. *Modern Slavery Act 2015*. (2015, March). Retrieved from <https://www.legislation.gov.uk/ukpga/2015/30/introduction/enacted>

8. *Global Estimates of Modern Slavery*. (2017). International Labour Organization. Retrieved from https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/publication/wcms_575479.pdf

9. *Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime*. (2000, November). United Nations Office on Drugs and Crime. Retrieved from https://www.unodc.org/res/human-trafficking/2021the-protocol-tip_html/TIP.pdf

Modern Slavery in Illicit Trade Value Chains

The value chains of each type of illicitly traded goods operate in similar yet distinctive ways. The criminals exploit loopholes in the current systems and regulations to produce contraband products, move them through borders, distribute them to the customers and also finance their operations. At each stage of the value chain, victims of modern slavery may be involved as sweatshop laborers, drug mules, street vendors, money mules, and other exploitative practices. This section of the report analyzes how modern slavery is involved in the specific processes of production, distribution, sales, and financing of each type of illicitly traded product.

1. Humans

Trading of humans is a longstanding business that has persisted since ancient times. Even after chattel slavery – legal ownership and trading of humans as personal property – has been abolished in many parts of the world, people are still being traded as a commodity in the form of human trafficking.

Human trafficking is an extremely profitable business that is estimated to generate US\$150 billion annually.¹⁰ While sexual exploitation generates the greatest share of revenue (US\$99 billion), the majority of victims are engaged in forced exploitation of labor (14.2 million, 68 percent).¹¹ It has conventionally been believed that victims of human trafficking often come from communities with vulnerable socioeconomic backgrounds. In fact, women and girls have disproportionately been victims of human trafficking, with more than 70% of identified victims being female.¹² Yet, the traffickers not only target poor and unprotected communities but also exploit individuals with physical and emotional vulnerabilities. Recently, a higher percentage of men also have been identified as victims of human trafficking as it is acknowledged that men can also be vulnerable to human trafficking and exploitation.¹³

Human traffickers often use deception to exploit potential victims, such as approaching them with an opportunity to work abroad but lying about the nature of the work. Once the victims reach the destination, they can be coerced into sexual and labor exploitation. The most common ways of controlling those employed by human traffickers include psychological abuse, restricting freedom of movement, giving false promises, and threats.¹⁴ Another common method used is debt bondage, where the criminals use excessive loans and/or recruitment fees to trap victims into continued servitude. The victims are forced to pay off these debts through labor and are unable to afford basic expenses such as food, housing, and medicine. The traffickers charge excessive prices for such services, thus continually keeping the victims in debt.

10. *Profits and Poverty: The Economics of Forced Labour*. (2014). International Labour Organization. Retrieved from https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_243391.pdf

11. May, C. (2017, March). *Transnational crime and the developing world*. Global Financial Integrity. Retrieved from https://www.gfintegrity.org/wp-content/uploads/2017/03/Transnational_Crime-final.pdf

12. *Global Estimates of Modern Slavery*. (2017). International Labour Organization. Retrieved from https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/publication/wcms_575479.pdf

13. *Human Trafficking and Gender: Differences, Similarities and Trends*. (2018). In *The Counter Trafficking Data Collaborative*. Retrieved from <https://www.ctdatacollaborative.org/story/human-trafficking-and-gender-differences-similarities-and-trends>

14. *Exploitation of Victims: Trends*. (2018). In *The Counter Trafficking Data Collaborative*. Retrieved from <https://www.ctdatacollaborative.org/story/exploitation-victims-trends>

Human traffickers range from individuals such as the victim's relatives and community members to organized crime groups that systematically exploit vulnerable communities. In cases of sexual exploitation, the trafficker is more likely to be a domestic partner or family member than in cases of labor exploitation.¹⁵ The traffickers may consist of different roles and stages, including recruiters, transporters, managers, and buyers. Organized crime groups involved in human trafficking are typically engaged in other criminal activities such as drug and arms trafficking, often using the victims to perpetrate these crimes.

2. Human Organs

Organ trafficking is a type of illicit trade that involves the trafficking of human beings for the purposes of organ removal (THBOR). In 2017, Global Financial Integrity estimated that about 10 percent of all organ transplants rely on organs that have been illicitly acquired.¹⁶ Around 12,000 organs are being illegally transplanted annually, generating anywhere between \$840 million and \$1.7 billion in revenues worldwide.¹⁷ The most common type of organ being traded is the kidney, because the donors can give up one kidney without a significant health impact. The World Health Organization (WHO) estimates that about 10,000 kidneys are traded illegally every year.¹⁸ Whole organ transplants of other organs such as hearts, livers, lungs, etc. require a deceased donor, while partial transplants of some of the organs are possible from a living donor.

Several actors are involved in the illicit trade of organs. The donors often come from communities with low incomes, especially in developing countries. They are matched with the recipients, who often find the donors themselves or through brokers. The brokers may exploit the vulnerability and desperation of both the donors and recipients by charging high prices to the recipients while paying a fraction of what they received to the donors. The markups on kidney transplants may range anywhere from 500% to 2,000%.¹⁹

Modern slavery can be involved in the illicit trade of organs when brokers are recruiting for donors. Rather than transporting an organ itself, brokers typically traffic the donor to the destination country, disguised as recruiting agents. The donors are lured by opportunities to work abroad, and once they reach the destination, they are coerced into selling their organs through threats or debts.

15. *Exploitation of Victims: Trends*. (2018). In *The Counter Trafficking Data Collaborative*. Retrieved from <https://www.ctdatacollaborative.org/story/exploitation-victims-trends>

16. May, C. (2017, March). *Transnational crime and the developing world*. *Global Financial Integrity*. Retrieved from https://www.gfintegrity.org/wp-content/uploads/2017/03/Transnational_Crime-final.pdf

17. *Ibid.*

18. Campbell, D., & Davison, N. (2012, May). *Illegal kidney trade booms as new organ is 'sold every hour'*. *The Guardian*. Retrieved from <https://www.theguardian.com/world/2012/may/27/kidney-trade-illegal-operations-who>

19. May, C. (2017, March). *Transnational crime and the developing world*. *Global Financial Integrity*. Retrieved from https://www.gfintegrity.org/wp-content/uploads/2017/03/Transnational_Crime-final.pdf

3. Drugs

The illicit trade of drugs is a common form of illicit trade that utilizes modern slavery in recruitment, production, and distribution. The illicit drug trade is a global-scale black market devoted to the manufacturing and sale of prohibited drugs and has an estimated valuation of \$320 billion in revenue – about 0.9% of global GDP.²⁰ It is also the largest and most common form of illicit trade, with the highest global demand in comparison to other markets for illicit trade. The illicit drug trade is a multifaceted operation with many moving parts and steps to final distribution – within many of these steps, modern slavery is present. Modern slavery in the drug trade primarily exists in production and distribution but is present in other steps as well. Production slavery includes the manufacturing of narcotics and the harvesting of crops for drug retail purposes. Distribution includes county lines and other popular selling practices by victims. Modern slavery is also seen through victim-to-victim recruitment practices in order to increase the size of the operation.

In the United States, prime targets for victimization in the drug market are young, black/minority boys.²¹ This is due to their susceptibility to victimization and ability to remain in the drug trade operation for long periods of time without leaving. A major tactic of victim trapping is victimization, where entry-level crimes and offenses will trap victims in a life of crime due to their limited opportunities after escaping. The criminalization-to-victimhood pipeline forces youth into a life of slavery.



20. *The Drug Problem in the Americas: Studies*. (2013, May). In *Organization of American States*. Retrieved from http://www.cicad.oas.org/drogas/elinforme/informedrogas2013/laeconomicanarcotrafico_eng.pdf

21. Koch, I. (2019, December 5). *Who are the slave masters of today? County lines, drug trafficking, and modern slavery policies*. In *Centre for Crime and Justice Studies*. Retrieved from <https://www.crimeandjustice.org.uk/resources/who-are-slave-masters-to-day-county-lines-drug-trafficking-and-modern-slavery-policies>

Modern slavery in the recruitment phase of the drug trade consists mainly of victim-to-victim communication, where current victims serve as recruiters for prospective targets. Oftentimes, current victims are forced to fill a quota of new recruits to avoid punishment, causing them to prey on vulnerable people.²² Deceptive recruitment, coercion, and debt bondage are all forms of recruitment practices employed to target and trap victims and subject them to a life of modern slavery. In regard to the illicit drug trade market, coercion and debt bondage are much more common since the victim will be forced to provide labor in exchange for their debt.

In the production phase of the illicit drug trade, modern slavery is most common due to the advantages of cheap (free) labor for growth of profit margins. The marijuana market within the illicit drugs trade is a major contributor to modern slavery since production and harvesting require large amounts of manual labor. Production slavery is a prevalent practice on cannabis farms, where harvesting crops is done through the use of slave labor to keep production costs low. Slave labor in production is mainly used for harvesting crops, “cooking” product, and preparing the final product for distribution. Labor trafficking victims in this industry are subject to long hours in unsanitary or dangerous work environments where they are susceptible to injury, fatigue, and other work-inflicted conditions.²³ The selection process for victims targets able-bodied people capable of high productivity, which explains the targeting of young boys.

The distribution portion of the illicit drug trade also leverages slave labor as a primary dispersal method. A common distribution practice is known as county lines, which is the practice of trafficking drugs into rural areas and smaller towns and away from major cities. This requires the crossing of police and authority boundaries, so “drug mules,” who are often the victims at the bottom of the chain of command, bear the brunt of the labor. Young victims are forced to commit criminal acts like distribution via county lines and oftentimes receive criminal drug convictions as a result, trapping them in victimhood. The county lines system requires the cooperation and labor of many victims at different stations of the operation to ensure the successful transportation to final destinations, which is why the number of victims used for slave labor in the distribution chain tends to be so large. The criminal justice system also contributes to the entrapment of victims in modern slavery since the line between victim and worker becomes blurry to police enforcement, reinforcing the criminalization-to-victimhood pipeline.

Financials of the illicit drug trade are managed under strict privacy and security and oftentimes use privately developed accounting systems in order to maintain secrecy. Book-keeping is an accounting practice used by gangs and organized crime groups for tracking financial transactions and cash flows from their illicit drug trade.²⁴ However, many of the transactions are coded and difficult to understand, so investigating the books does not always help in tracking transactions, victims, or products for law enforcement.

22. *The Role of Recruitment Fees and Abusive and Fraudulent Recruitment Practices of Recruitment Agencies in Trafficking in Persons.* (2015). In United Nations Office on Drugs and Crime. Retrieved from https://www.unodc.org/documents/human-trafficking/2015/Recruitment_Fees_Report-Final-22_June_2015_AG_Final.pdf

23. *Fact Sheet: Labor Trafficking.* (n.d.). In US Department of Health @ Human Services. Retrieved from <https://www.acf.hhs.gov/archive/otip/fact-sheet/fact-sheet-labor-trafficking-english>

24. *The Drug Problem in the Americas: Studies.* (2013, May). In Organization of American States. Retrieved from http://www.cicad.oas.org/drogas/elinforme/informedrogas2013/laeconomianarcotrafico_eng.pdf

4. Wildlife

The illegal wildlife trade refers to criminal transactions involving wild animals and plants, including their by-products. This illicit activity ranges from the poaching of rare animals for their skins and body parts to the smuggling of exotic plants for sale in the illegal drug trade. The illegal wildlife trade is estimated to be worth \$23 billion each year and is one of the world's most lucrative criminal activities after drugs, counterfeit goods, and human trafficking.²⁵ The impact of the illegal wildlife trade on the environment and on the animals involved is devastating. Animals that are hunted for their skins, body parts, or other products can become endangered or even extinct as a result of the trade. Plants that are illegally traded can become invasive species that can damage local ecosystems. The illegal wildlife trade also poses a serious security threat, as it is often used to finance other illicit activities, such as terrorism.²⁶ Governments and law enforcement agencies are working to combat the illegal wildlife trade, but more needs to be done to address this serious issue. Illegal wildlife trade can be broken down into three main categories: fauna (animals), flora (plants), and illegal, unreported, and unregulated (IUU) fishing. While there are many modern slavery similarities among these categories, each poses differences within the various procurement phases.



25. *Illegal wildlife trade*. TRAFFIC. (n.d.). Retrieved March 2022, from <https://www.traffic.org/about-us/illegal-wildlife-trade/>

26. *Financial Crimes Enforcement Network*. (n.d.). *Financial Threat Analysis: Illicit Finance Threat*. Retrieved from [https://www.fincen.gov/sites/default/files/shared/AML_CFT%20Priorities%20\(June%2030%2C%202021\).pdf?TB_iframe=true&width=921.6&height=512.1](https://www.fincen.gov/sites/default/files/shared/AML_CFT%20Priorities%20(June%2030%2C%202021).pdf?TB_iframe=true&width=921.6&height=512.1)

a. Fauna

The illegal wildlife trade in Southeast Asia is a serious problem that threatens the survival of many species. The region is a source, transit, and destination market for a wide variety of wildlife products. The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) estimates that 5,000 to 7,000 species of animals and plants are traded illegally each year.²⁷ The illegal wildlife trade is a form of modern slavery. Traffickers often enslave people to catch, kill, or smuggle animals. This is particularly true for endangered species, which are killed in large numbers for their body parts or skins. In some cases, people are trafficked into slavery specifically to harvest wildlife. They are forced to work long hours in difficult and dangerous conditions, with little or no pay. In recent years, demand for these goods has increased dramatically due to high profit margins, legal gaps, and desire for exotic species.²⁸ There are many gaps and weak enforcement of laws that allow wildlife crime and exploitation of people to flourish.

Various animals are collected from the wild, depending on their usage. The most commonly traded animals are reptiles, birds, and mammals and all have significant value.²⁹ Ivory from elephants, tusks from narwhals, furs from tigers, and horns from rhinoceroses are some of the most commonly traded items. Wildlife crime often occurs during winter since it is easier to trap or hunt the animals. During winter, the animals are typically confined to a smaller area since they are looking for food and shelter, which makes them easier to find and catch.³⁰ Additionally, many hunters prefer to hunt during winter when the animals are easier to see against the snow.

The main markets for illegal fauna include exotic pets, food, medicine, fashion, and status. The table below illustrates common uses for frequently traded items.³¹ The most commonly traded mammal in the world are pangolins, and over a million are thought to have been killed over the past decade. They are consumed as a delicacy in countries such as China and Vietnam, and their scales are used in traditional medicine.

Corruption is very common at national borders during distribution. In some cases, bribe payments are required to cross the border, to clear customs, or to obtain necessary permits. Corrupt officials may also be involved in the trafficking of wildlife and wildlife products.

27. *World Wildlife Crime Report: Trafficking in protected species 2020*. United Nations Office on Drugs and Crime. (n.d.). Retrieved from https://www.unodc.org/documents/data-and-analysis/wildlife/2020/World_Wildlife_Report_2020_9July.pdf

28. World Wildlife Fund. (n.d.). *What is poaching? the illegal wildlife trade explained*. WWF. Retrieved from <https://www.worldwildlife.org/threats/illegal-wildlife-trade#:~:text=Some%20examples%20of%20illegal%20wildlife,marine%20turtles%20to%20timber%20trees>.

29. *Wildlife trade 101*. (2020, July 16) NRDC. Retrieved from <https://www.nrdc.org/stories/wildlife-trade-101>

30. Uprety, Y., Chettri, N., Dhakal, M., Asselin, H., Chand, R., & Chaudhary, R. P. (2020, December 23). *Illegal wildlife trade is threatening conservation in the transboundary landscape of western himalaya*. *Journal for Nature Conservation*. Retrieved from https://www.sciencedirect.com/science/article/abs/pii/S1617138120301989?casa_token=-JIduQu9axMAAAAA%3A09KLPyK-if1h9YOASz-pXNWDslrWnumm9m6GtiUpH-2CuomsvSxqn_wmSLkyxFht0mcd9eNieQ

31. *United Nations Office on Drugs and Crime*. (n.d.). Retrieved from https://www.unodc.org/documents/data-and-analysis/wildlife/2020/World_Wildlife_Report_2020_9July.pdf

Uses	Traded Items
Traditional medicine	Pangolin scales, turtle shells, rhinoceros horns
Fashion and decor	Tiger skins, leopard skins, bear skins, red panda skins, python skins, tortoise shells
Food	Bushmeat: turtles, elephants, primates Delicacy: tiger bone, pangolin, shark fins, sturgeon
Status symbol	Rhino horn, big cats, bears, ivory
Exotic pet	Iguana, parrot, spider, chimpanzee, falcon, frog, boa constrictor

There is a lack of understanding about the complex financial web that underpins wildlife crime, which hinders efforts to disrupt and dismantle these networks. Financial investigations are a key tool in law enforcement, but they are often complex and time-consuming. They require specialist skills and expertise, which many law enforcement agencies do not have. Corruption enables wildlife crime to flourish and often involves money laundering to some extent.³² This may be as a result of the proceeds of crime being invested in the purchase of wild animals, or the laundering of money to disguise its illegal origin. Even though criminal networks do not take part in other stages, they often finance the poaching by providing weapons or money.³³

The involvement of transnational criminal organizations has also increased the financing of poaching. Financiers are responsible for the operation of the poaching network, and C4ADS, a non-profit security and conflict analysis organization, explains that while they may never come into contact with the product, their “political and social capital is critical.”³⁴ Those who finance the trade are reaping the greatest financial rewards, and they may also be involved in other illicit trades such as drugs, arms, and human trafficking.

32. FATF report money laundering and the illegal wildlife trade. (n.d.). Retrieved from <https://www.fatf-gafi.org/media/fatf/documents/Money-laundering-and-illegal-wildlife-trade.pdf>

33. Wyatt, T., van Uhm, D., & Nurse, A. (2020, October 30). Differentiating criminal networks in the illegal wildlife trade: Organized, corporate and disorganized crime - trends in organized crime. SpringerLink. Retrieved from <https://link.springer.com/article/10.1007/s12117-020-09385-9>

34. Spevack, B. (2021, March 18). Shared skies - examining convergence of wildlife trafficking with other illicit activities in the aviation industry. C4ADS. Retrieved from <https://c4ads.org/shared-skies>

b. Flora

Illegal logging is the most profitable type of illegal flora trade and is thought to be worth around \$100 billion annually.³⁵ It is estimated that 50-90% of timber from Southeast Asia, Central Africa, and South America is acquired illegally.³⁶ This trade causes enormous environmental damage, as forests are cleared at an alarming rate, and it is also a major contributor to climate change. Illegal logging is often carried out by criminal gangs, who clear forests to make way for plantations or to sell the timber illegally.³⁷ There are several main ways that this is conducted, which include bribery, logging in conflict zones, fraudulent figures and documents, illegal permits, and cutting beyond plantation concessions. Additionally, these criminal gangs often use violence to carry out their illegal activities.

According to INTERPOL, companies registered in tax havens and shell companies are used to deliberately and systematically bypass logging moratoriums for alleged plantation development.³⁸ These companies often have complex and opaque corporate structures, making it difficult to track their ownership and operations. This allows them to avoid prosecution for violating logging moratoriums, as well as hide the real extent of their plantation development. For example, PT Bumi Mekar Hijau, a company registered in the tax haven of Jersey, was actively developing a palm oil plantation in West Kalimantan in violation of a local logging moratorium.³⁹ However, the true ownership of PT Bumi Mekar Hijau was hidden behind a series of shell companies. As a result, the company was able to avoid prosecution and continue its illegal activities.

During the distribution phase, it is often difficult to trace whether the products were obtained illegally. The two main methods for this are falsely declaring it as legal and mixing illegal product with legal product to make it difficult to detect. Illicit products can be mixed with 3-30 times the amount of legal product, which is considered tax fraud.⁴⁰ Additionally, hacking is often used to obtain logging permits or false road transport.

Transnational organized crime is often cultivated in areas of overlapping or contested sovereignty, including where three sovereign borders meet, such as Southeast Asia's Golden Triangle. They are key hubs for informal and illegal economies and are prime locations for criminal networking.⁴¹ Highly professionalized organized crime groups rely on smuggling "mules" who are often border residents or laborers who regularly cross the border.

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35. *Illegal logging and deforestation*. U.S. Agency for International Development. (2022, February 8). Retrieved from <https://www.usaid.gov/biodiversity/illegal-logging-and-deforestation#:~:text=Worth%20an%20estimated%20%2451%E2%80%93%24152,-food%2C%20health%2C%20and%20wealth>.
36. *International illegal logging: Background and issues*. (2019, February 26). Retrieved from <https://sgp.fas.org/crs/misc/IF11114.pdf>
37. Black, R. (2012, March 12). *Illegal logging makes billions for gangs, report says*. In BBC News. Retrieved from <https://www.bbc.com/news/science-environment-17448581#:~:text=Illegal%20logging%20generates%20%2410%2D15bn,profit%20goes%20to%20corrupt%20officials>.
38. *Wildlife crime*. INTERPOL. (n.d.). Retrieved from <https://www.interpol.int/Crimes/Environmental-crime/Wildlife-crime>
39. *Another Indonesian court convicts a company of causing fires*. (2016, August 30). In Mongabay. Retrieved from <https://news.mongabay.com/2016/08/another-indonesian-court-convicts-a-company-of-causing-fires/>
40. *United Nations Environmental Programme*. (2012). *Green Carbon, Black Trade: Illegal logging, tax fraud and laundering in the world's tropical forests*. Retrieved from <https://wedocs.unep.org/handle/20.500.11822/8030>
41. Anagnostou, M. (2021, December). *Synthesizing knowledge on crime convergence and the illegal wildlife trade*. *Environmental Challenges*, 5. doi:<https://doi.org/10.1016/j.envc.2021.100222>

c. Fisheries

Modern slavery is clearly exhibited during the recruitment phase in IUU fishing. The recruitment primarily takes place in poorer communities where there are limited employment opportunities, so exploitation is easy to execute.⁴² Migrant fishermen are often promised good working conditions and a steady income but are instead forced to work long hours in dangerous and difficult conditions. They may be at risk of physical and sexual abuse and are often not paid for their work. Many are kept in debt bondage and are unable to leave their job or vessel.⁴³ Financial vulnerability is created by the employment contract conditions set by recruitment agencies. This is because these contract conditions can often lead to high levels of debt, which can make fishers more susceptible to coercion and exploitation.⁴⁴ These contract conditions can also limit fishers' ability to terminate their employment contracts, which can leave them vulnerable to exploitation and abuse. Similarly, children are often recruited through comparable means of false promises of work to help pay off debt, in addition to being kidnapped from their homes.⁴⁵

Governments and fishing industries have taken steps to combat IUU fishing, but the problem remains pervasive. The United Nations Food and Agriculture Organization has estimated that up to 30% of the world's marine fish catches may be caught illegally.⁴⁶ IUU fishing also endangers marine ecosystems, as unregulated, illegal fishing often involves destructive, unsustainable practices like bottom trawling and cyanide fishing.⁴⁷

Human rights violations are found commonly on vessels across Asia Pacific.⁴⁸ Slave labor is used to catch and process seafood, and victims are subject to physical, psychological, and sexual abuse. Due to the nature of being at sea, it is difficult to trace the exact abuses being carried out. Fishers are incredibly vulnerable, and many face illness and death on the vessels. Some abuses include being held captive on fishing boats, being forced to work up to 20 hours a day, and being beaten and tortured for not meeting production quotas.⁴⁹ Most of the time, fishers are not even aware they are illegally fishing in restricted areas.

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42. *Forced labour and human trafficking in fisheries (forced labour, Modern Slavery and human trafficking)*. *Forced labour and human trafficking in fisheries (Forced labour, modern slavery and human trafficking)*. (n.d.). Retrieved from <https://www.ilo.org/global/topics/forced-labour/policy-areas/fisheries/lang-en/index.htm>
43. Tickler, D., Meeuwig, J. J., Bryant, K., David, F., Forrest, J. A. H., Gordon, E., Larsen, J. J., Oh, B., Pauly, D., Sumaila, U. R., & Zeller, D. (2018, November 7). *Modern slavery and the race to fish*. *Nature News*. Retrieved from <https://www.nature.com/articles/s41467-018-07118-9>
44. Armstrong, C. (2020). *Abuse, exploitation, and floating jurisdiction: Protecting workers at Sea**. *Journal of Political Philosophy*, 30(1), 3–25. <https://doi.org/10.1111/jopp.12238>
45. Brown, D, et al. (2019, November 11). *Modern slavery, environmental degradation and climate change: Fisheries, field, forests and factories*. Retrieved March 24, 2022, from <https://journals.sagepub.com/doi/full/10.1177/2514848619887156>
46. Sumaila, U. R., Zeller, D., Hood, L., Palomares, M. L., Li, Y., & Pauly, D. (2020). *Illicit trade in marine fish catch and its effects on ecosystems and people worldwide*. *Science Advances*, 6(9). <https://doi.org/10.1126/sciadv.aaz3801>
47. *Global implications of illegal, unreported, and unregulated (IUU) fishing (2016, September 19)*. Retrieved from <https://irp.fas.org/nic/fishing.pdf>
48. Yea, S., & Stringer, C. (2021, October 21). *Caught in a vicious cycle: Connecting forced labour and environmental exploitation through a case study of Asia–pacific*. *Marine Policy*. Retrieved from <https://www.sciencedirect.com/science/article/pii/S0308597X2100436X>
49. Barlow, O. Z. and A. (n.d.). *Mayhem in the high seas: Human rights violations in illegal fishing*. *School of Marine and Environmental Affairs*. Retrieved March 27, 2022, from <https://smea.uw.edu/currents/mayhem-in-the-high-seas-human-rights-violations-illegal-fishing/>

There are a number of reasons for the lack of involvement by Financial Investigation Units (FIUs) in wildlife trafficking investigations. One reason is that many FIUs do not see wildlife trafficking as a priority. Another reason is that FIUs often do not have the necessary expertise to investigate these crimes.⁵⁰ Additionally, there is no standard definition of wildlife trafficking, making it difficult for FIUs to identify related crimes. Every year, between 8 and 14 million metric tons of unreported catches are traded globally, resulting in revenues of \$9 to \$17 billion annually.⁵¹ Fishing vessels can legally sell their catch in port, but catches from IUU fishing vessels can be much more lucrative on the black market. This can incentivize crews to engage in IUU fishing, as they can earn more money from illegal catches. However, this takes billions away from the economy due to lost tax revenues, jobs, and economic opportunities.

5. Minerals & Natural Resources

When examining the recruitment phase of the illicit mining industry, it is very apparent that several human rights abuses are occurring. Forced labor is extremely common, and people are coerced into working in the mines against their will. They may be promised high wages but then only receive a fraction of what they were promised. They may also be threatened with violence if they do not work. This is a clear infringement of their human rights.

Child labor is also very common, and many children are forced to work in the mines. Children as young as seven are being recruited to work in mines and are being used to smuggle minerals to neighboring countries.⁵² Armed groups are often in control of the mines and recruit children by force. Children are being killed, maimed, and sexually abused. They are being paid a pittance and are living in extremely poor conditions. Their health is at risk, and they are often exposed to violence. This is extremely dangerous work and can lead to serious injuries or even death. Their human rights and their right to a safe and healthy childhood are violated.

There have been multiple reports of people being forced to work in the mines under inhumane conditions and a variety of ways that forced labor can manifest in the minerals sector.⁵³ For example, workers may be required to work excessive hours for little or no pay, under dangerous or unhealthy conditions, and with no opportunity to leave their job. Workers may also be subjected to physical or sexual violence and may be forced to live in conditions that are cramped, unsanitary, and/or dangerous. They may have to work very long hours with very few breaks and have to work in dangerous conditions without proper safety equipment.⁵⁴ All of these conditions violate the workers' human rights.

50. Home. *The Illegal Wildlife Trade in Southeast Asia : Institutional Capacities in Indonesia, Singapore, Thailand and Viet Nam* | OECD iLibrary. (n.d.), from <https://www.oecd-ilibrary.org/sites/14fe3297-en/index.html?itemId=%2Fcontent%2Fpublication%2F14fe3297-en>

51. ScienceDaily. (2020, February 26). Billions lost as illicit fisheries trade hurting nations who can afford it least. ScienceDaily. Retrieved March 27, 2022, from <https://www.sciencedaily.com/releases/2020/02/2020226142153.htm>

52. *Child labour in mining and global supply chains*. (n.d.). Retrieved from https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-manila/documents/publication/wcms_720743.pdf

53. U.S. Department of State. (2021, September 14). *2021 trafficking in persons report - united states department of state*. U.S. Department of State. Retrieved from <https://www.state.gov/reports/2021-trafficking-in-persons-report/>

54. Härkönen, E. (2018, September 1). *Conflict minerals in the Corporate Supply Chain: Is transparency the solution to human rights violations in the tantalum, tin, Tungsten and gold supply chains?* *European Business Law Review*. Retrieved from <https://kluwer-lawonline.com/journalarticle/European+Business+Law+Review/29.5/EULR2018027>

The most-reported minerals using forced labor include cobalt, gold, and diamonds; however, forced labor was also reported in the production of other minerals such as graphite, lithium, tin, tungsten, and zirconium. The table below shows the most-reported risks associated with various metals.⁵⁵ This is bad because it means the workers are getting exploited. In addition to the exploitation of workers, forced labor in the mining industry can also lead to environmental damage and health and safety concerns. For example, if workers are forced to work in unsafe conditions, they may be at risk of injury or exposure to harmful substances.⁵⁶ In addition, if mines are not properly managed, they can cause environmental damage through pollution and soil erosion.

Forced Labor	Child Labor	Inhuman Treatment
Cobalt	Cobalt	Gold
Gold	Gold	Ruby
Diamonds	Mica	Jade
Tantalum	Tantalum	Diamonds
Tin	Tin	Tantalum

There have been a few high-profile cases in recent years that have brought attention to the use of forced labor in the minerals sector. In one case, in 2016, it was reported that children as young as seven years old were being used in artisanal gold mines in Tanzania.⁵⁷ In another case, in 2018, it was reported that cobalt miners in the Democratic Republic of the Congo (DRC) were being forced to work in conditions of extreme danger and that some had even died as a result.⁵⁸ The DRC has been the focus of much attention in recent years due to the conflict minerals trade. This trade is driven by the demand for minerals such as tin, tungsten, tantalum, and gold, which are used in a variety of products, including mobile phones and laptops. The conflict minerals trade has been linked to human rights abuses, including forced labor, and has had a devastating impact on the lives of those caught up in it. According to the US State Department, the DRC is one of the world’s largest producers of minerals and has a long history of using forced labor in the mining sector.⁵⁹ In 2018, the ILO estimated that there were 1.2 million child laborers in the DRC, many of whom were involved in mining activities.⁶⁰

There is no one clear solution to the problem of forced labor in the minerals industry. However, possible solutions include improved regulation and monitoring of mining operations, increased transparency in the minerals supply chain, and greater support for workers’ rights. There are a variety of different initiatives and programs that companies can participate in to help combat forced labor in the minerals industry. Some of these include the Responsible Minerals Initiative, the Better Work program, and the Fair Labor Association.

55. *Trends in Stakeholder Reporting: Mineral Supply Chains. Guidelines for MNEs - Organisation for Economic Co-operation and Development.* (n.d.). Retrieved from <http://mneguidelines.oecd.org/trendsinstakeholderreportingmineralsupplychains.htm>

56. *Rebello, S., Anoopkumar, A. N., Aneesh, E. M., Sindhu, R., Binod, P., Kim, S. H., & Pandey, A. (2020, July 24). Hazardous minerals mining: Challenges and solutions. Journal of Hazardous Materials. Retrieved from https://www.sciencedirect.com/science/article/pii/S0304389420314631?casa_token=2671aNAegsOAAAAA%3As8Y1pgNVkESb9RII0bWpwsrpnRAEgtqoeqzIWfThYx20jtEmnqpV-j9vPAwFvFzTZJ1-1nKAgow*

57. *Schwartz, F. W., Lee, S., & Darrah, T. H. (2021, February 1). A review of health issues related to child labor and violence within artisanal and small-scale mining. GeoHealth. Retrieved from https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7875191/*

58. *Sovacool, Benjamin. When subterranean slavery supports sustainability transitions? power, patriarchy, and child labor in artisanal Congolese cobalt mining. The Extractive Industries and Society, Volume 8, Issue 1, 2021, Pages 271-293, ISSN 2214-790X. Retrieved from https://doi.org/10.1016/j.exis.2020.11.018.*

59. *U.S. Department of State. (2021, September 14). 2021 trafficking in persons report - united states department of state. U.S. Department of State. Retrieved from https://www.state.gov/reports/2021-trafficking-in-persons-report/*

60. *Child labour in mining and global supply chains. (n.d.). Retrieved from https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-manila/documents/publication/wcms_720743.pdf*

6. Counterfeit & Luxury Goods

The trade of counterfeit and luxury goods is a huge market within overall illicit trade. In 2016, international trade of counterfeit goods was worth more than \$509 billion, which represented 3.3% of global trade.⁶¹ Global Financial Integrity's 2017 report had an even higher estimate of the global trade in counterfeit and pirated goods – \$923 billion to \$1.13 trillion annually (including cross-border trade, domestic trade, and digital piracy).⁶² This represents a large economic engine that profits off of illicit trade and goods, creating illegal demands for resources, transportation, and labor.

These counterfeit and luxury goods are highly correlated with modern slavery, as counterfeit production costs are lowered due to forced, free labor while producing less expensive, lower quality, and substandard goods. Counterfeit production is a labour-intensive crime that may contribute to modern slavery, but it also poses serious health and safety risks to the public due to lower-quality products without standard regulation. Along with safety and labor concerns, counterfeit and luxury goods bypass tax laws, creating large economic losses for governments and communities.

In this report, counterfeit goods will be defined as including fake personal protection equipment (PPE), media, labels, computers and technology, shoes, apparel, pharmaceuticals, and tobacco. Luxury goods include handbags, wallets, jewelry, and high-luxury brand-specific goods. Counterfeit and luxury goods production often operates in parallel to legal goods production, with similar construction of manufacturing plants, production practices often with worse working conditions, shipping, delivery, and e-commerce to sell the products.⁶³ While counterfeit goods and luxury goods may have indistinguishable differences, there can be simple ways to identify fake items through “missing serial numbers, untidy packaging, traces of glue, lack of guarantees, and unwillingness to provide paperwork.”⁶⁴ However, counterfeit and luxury illicit trade can oftentimes go unseen due to the extreme commonality of goods and disregard for illicit, fake products. For example, one out of every ten cigarettes smoked around the world is estimated to be illicit, resulting in governments losing around US\$40 billion in tax revenue every year.⁶⁵ This creates a crime that is hard to distinguish yet extremely dangerous due to modern slavery correlations, lowered quality and safety concerns, while resulting in huge economic losses.



61. Trade in fake goods is now 3.3% of world trade and rising. (2019, March). OECD. Retrieved from: <https://www.oecd.org/news-room/trade-in-fake-goods-is-now-33-of-world-trade-and-rising.htm>

62. Transnational crime and the developing world. (2017, March) Global Financial Integrity. Retrieved from: https://www.gfintegrity.org/wp-content/uploads/2017/03/Transnational_Crime-final.pdf

63. The human cost of illicit trade: exposing demand for forced labor in the dark corners of the economy. (2021). TRACIT. Retrieved from: http://www.tracit.org/uploads/1/0/2/2/102238034/tracit_forced_labor_and_illicit_trade_nov2021_final.pdf

64. Raids on sites making fake PPE help curb illicit trade. (7 December 2021). Press Reader. Retrieved from: <https://www.pressreader.com/uae/the-national-news/20211207/281625308592991>

65. Illicit tobacco trade prevention. (18 May 2021). PMI. Retrieved from: <https://www.pmi.com/sustainability/operating-with-excellence/illicit-tobacco-trade-prevention>

Understanding examples and stories of modern slavery within counterfeit and luxury goods illicit trade can help narrate the challenges and complexity of reducing these crimes. The following recent examples are a few of many global situations that showcase the relationship between modern slavery, counterfeit goods, and luxury goods:

The police of São Paulo, Brazil, conducted a search and seizure in a property in the Belém region after receiving reports that children were working and living in a clandestine sewing factory producing counterfeit Lacoste garments. During the seizure, the police found 12 people, including children and family members, that were working and living in the factory. (January 2021)⁶⁶ The UK Gangmasters and Labour Abuse Authority (GLAA) found a counterfeit apparel factory that used exploitative practices and coerced workers to live at their workplace. GLAA director Daniel Scully said that “where workers are being kept on premises, that’s really not a great situation for anyone to be in,” and that this particular environment is not one “where people should be overnight – it’s not a residential place, it’s full of paint, chemicals [and] screen-painting equipment.” GLAA also found allegations of suppressed earnings, meaning workers were putting in more hours than the books showed, and that paid salaries were making it back to the company, essentially being “clawed back from workers.” (December 2020)⁶⁷

In a case within the area of São Paulo Metropolitan Region of Brazil, Guillermo Rivas Quispe, a Bolivian citizen, was charged with the crime of forced labor after authorities found that 14 Bolivian workers in his counterfeit clothing factory were subjected to work hours that exceeded 15 hours per day, at below minimum wage, in an unhygienic, unhealthy and dangerous environment, which lacked sanitary facilities, an adequate place for meals and drinking water. Workers had their wages withheld and told investigators that they were afraid of Guillermo. In this counterfeit factory that primarily produced knock-off Quiksilver and Hurley clothes, one employee was almost beaten to death for raising the fact that he had not been paid for three months. Guillermo was sentenced by The Federal Court of Justice to five years in prison. (2016)⁶⁸

Over 400 Spanish police raided an organized piracy ring run by Chinese nationals in ten different cities, arresting 32 persons. Seizures included over 162,000 recorded DVD-Rs and 506 burners, as well as 144,000 music CDs, and nearly 500,000 unrecorded discs. The organized piracy ring, run by gang leaders Zheng Rongliang and Lupeng Yang, were exploiting Chinese immigrant workers whom they illegally smuggled to Spain, “forcing them to pay off their travel debt under harsh conditions for a period of three to four years.” (2008)⁶⁹

Authorities in Spain found an illegal cigarette factory holding six trapped Ukrainian workers. This illegal underground facility was running out of fresh air due to the generator pump being turned off, had bunk beds, and was built 13 feet underground. Workers were blindfolded when led to the facility and reportedly got paid US\$7,574 a month. The factory produced at least 3,500 cigarettes an hour and generated profits of more than US\$668,000 per week. The facility had been in operation for a year. (2020)⁷⁰

66. Information obtained through interviews conducted by TRACIT

67. Ball, J. (2020, December 18). Workers ‘sleeping on mattresses’ inside Leicester factory. In BBC News. Retrieved from <https://www.bbc.com/news/uk-england-leicestershire-55358031>

68. FEDERAL REGIONAL COURT OF THE 3rd REGION, CRIMINAL APPEAL No 0001514-80.2016.4.03.6119 / SP 2016.61.19.001514- 4 / SP. Published on 01/07/2019. Retrieved from: <http://web.trf3.jus.br/acordaos/Acordao/BuscarDocumentoGedpro/7557321>

69. Treverton, G. F. et al. (2009). *Film piracy, organized crime, and terrorism*. Santa Monica/Arlington/Pittsburgh: RAND.

70. *Underground factory*. (24 February 2020). Tobacco reporter. Retrieved from: <https://tobaccoreporter.com/2020/02/24/underground-factory/>

Modern slavery within illicit counterfeit and luxury goods appears during the recruitment, production, and distribution phases, and in financial flows. Within recruitment, recruiters target vulnerable populations that have encountered previous hardships or exploitation, or are desperate to escape previous living situations. For example, many migrants who have been smuggled into a country are a target to be coerced into selling counterfeit goods, including children.⁷¹ Recruiters have experience and knowledge on how to avoid law enforcement and recruit vulnerable citizens within their execution of criminal practices.⁷²

Within producing counterfeit and luxury illicit goods, forced laborers work long hours in dangerous sweatshop conditions and are paid extremely low – if any – wages.⁷³ Even within the world’s major brands, supply chain labor abuses are documented and well-known as a threat to the company. The plight of workers can be assumed to be much worse in situations of complete secrecy.⁷⁴

Within the distribution of counterfeit and luxury illicit goods, there are many different modes of transport. These range from marine cargo, air travel, online e-commerce, and overall sales of items. Within non-vessel-operating shipping services, it is common to arrange vessel carrier shipments through a third-party company, while falsifying house billing and consignee companies and lying about the type of shipment goods.⁷⁵ While air travel distribution is less common, unsuspecting travelers may harbor illicit goods through suitcases or air shipments.⁷⁶ Within online e-commerce, purchasing products through third-party sellers or having extremely low prices for usually expensive items are signs that an item may be counterfeit.⁷⁷ There are examples within Argentina⁷⁸ and European countries⁷⁹ of illegal immigrants or street vendors being forced to sell counterfeit goods through coercion, injuries, and threats. Overall, false product documentation, shipper/receiver information, and customs documentation are clear signs of counterfeit goods operations.⁸⁰

Modern slavery within the financial flows of counterfeit goods is less known about. Overall, money produced from the selling of counterfeit goods is largely correlated to finance other illegal activities such as drug dealing or human trafficking, along with the continued counterfeit operations.⁸¹

71. *Focus on the illicit trafficking of counterfeit goods and transnational organized crime*. UNODC> Retrieved from: https://www.unodc.org/documents/counterfeit/FocusSheet/Counterfeit_focussheet_EN_HIRES.pdf

72. *Buying counterfeit goods comes at a hefty price to communities*. (29 November 2021). Retrieved from: <https://getcreative.usatoday.com/novartis-article-living-with-heart-failure-1-1/p/1>

73. *Illicit trade driving demand for child, forced labour*. *Securing Industry*. Retrieved from: <https://www.securindustry.com/clothing-and-accessories/illicit-trade-driving-demand-for-child-forced-labour/s107/a14090/#.Ye4VU-rMLLY>

74. *Focus on the illicit trafficking of counterfeit goods and transnational organized crime*. UNODC> Retrieved from: https://www.unodc.org/documents/counterfeit/FocusSheet/Counterfeit_focussheet_EN_HIRES.pdf

75. *Arranging Transportation of Counterfeit Goods Doesn't Make NVOCC Liable, Court Says*. Sandler, Travis & Rosenberg, P.A. Retrieved from: <https://www.strtrade.com/trade-news-resources/str-trade-report/trade-report/october/arranging-transportation-of-counterfeit-goods-doesn-t-make-nvocc-liable-court-says>

76. *Dulles CBP Officers Seize more than \$1 million in counterfeit consumer goods*. (24 October 2021). *The National Law Review*. Retrieved from: <https://www.natlawreview.com/article/dulles-cbp-officers-seize-more-1-million-counterfeit-consumer-goods>

77. *One Small Manufacturer Battles Thousands of Counterfeits*. (21 October 2021). *NAM*. Retrieved from: <https://www.nam.org/one-small-manufacturer-battles-thousands-of-counterfeits-15482/?stream=business-operations>

78. *Manteros senegaleses: investigan a una mujer como líder de una red de trata*. (9 March 2020). *Perfil*. Retrieved from: <http://www.perfil.com/noticias/policia/manteros-senegaleses-investigacion-a-una-mujer-como-lider-red-de-trata.phtml>

79. *OCTA 2011*. *Europol*. Retrieved from: <https://www.europol.europa.eu/sites/default/files/documents/octa2011.pdf>

80. *Wilson, Jeremy and Kennedy, Jay*. (2015). *Charting the course: the roles and responsibilities of ocean-going transportation intermediaries in the distribution of counterfeit goods*. *Michigan State University*. Retrieved from: <https://a-capp.msu.edu/article/charting-the-course-the-roles-and-responsibilities-of-ocean-going-transportation-intermediaries-in-the-distribution-of-counterfeit-goods/>

81. *The human cost of illicit trade: exposing demand for forced labor in the dark corners of the economy*. (2021). *TRACIT*. Retrieved from: http://www.tracit.org/uploads/1/0/2/2/102238034/tracit_forced_labor_and_illicit_trade_nov2021_final.pdf



Interconnectedness of the Illicit Trade Network

1. Commonalities

Different types of illicit trade networks oftentimes operate simultaneously under the same crime group – different organized crime groups may operate in many sectors of illicit trade and use financial flows from one source to fund another. A prime example of illicit trade interconnectedness is that between human trafficking and the illicit drug trade. Human trafficking victims may be used for slave labor in many forms of illicit trade – a popular and common form being drug production and distribution. However, an organized crime group that operates in the drug trade and the illicit trade of counterfeit goods may have a human trafficking operation that provides slave labor for both sectors. Human trafficking is oftentimes the connecting factor between many types of illicit trade, since trafficking is a primary source of slave labor needed for production and distribution in many illicit trade operations. Human trafficking victims are oftentimes directly tied to various types of illicit trade networks based on demand and availability.

Crime groups with multiple illicit trade operations may use inward financial flows from one illicit revenue source to fund the operation of other illicit trades. For example, financial flows gained from the illicit firearms trade of a crime group may be used to fund the production and distribution of the drug trade within the same organization. Additionally, illicit funds may be used to purchase trafficked labor from a different crime group. These are two ways that financial gains from one form of illicit trade may be connected to different sectors of illicit trade.

2. Organized Crime Groups

An organized criminal group is “a structured group of three or more persons, existing for a period of time and acting in concert with the aim of committing one or more serious crimes or offenses... in order to obtain, directly or indirectly, a financial or other material benefit.”⁸² When organized crime groups are factored into the equation, modern slavery becomes more dangerous for victims and is more undetectable, resulting in fewer victims being saved by authorities. The established rules, structure, and organization of these groups ensure more optimal operations and prevent victims from slipping through the cracks. Victims may also be exchanged through various crime networks depending on existing partnerships between groups, subjecting them to slavery in different sectors of illicit trade. Though independent traffickers are also responsible for a portion of the increase in modern slavery rates, organized crime groups have contributed significantly to increasing rates of victimhood. Victimhood in the UK alone has increased by 36% in the span of one year, and officials speculate that this has much to do with increased organized crime operations.⁸³

Organized crime groups are also responsible for much of the interconnectedness between different types of illicit trade. Operating in a group allows for more ground to be covered by these groups and permits operation in more than one trade area. Because of this, it’s common to see organized crime groups operating in multiple types of illicit trade and leveraging the use of modern slavery to do so. Human trafficking provides the labor for a majority of organized crime groups, with “58% of all defendants in human trafficking cases [stating that they] operated as part of an organized criminal group.”⁸⁴

Different types of crime groups operate in different sectors of illicit trade. Crime group types are described in many different terms, such as ‘mom & pop,’ ‘crime ring,’ ‘gang,’ and ‘illicit enterprise.’ Group types vary by size, operation structure, number of illicit trade engagements, and other logistical components. Typically, illicit enterprise-level groups will engage in most forms of illicit trade due to their large-scale operations and higher level of funding. These enterprise crime groups may have a specialization area of illicit trade (sex trafficking, illicit drugs, etc.) that they focus on predominantly with many side operations. Illicit enterprises operate heavily in labor trafficking in comparison to the other three types. Mom & pop groups also operate in labor trafficking, providing high volumes of labor to agriculture and domestic servitude. Crime ring groups and gangs typically specialize in sex trafficking and do not focus on labor trafficking. Sex trafficking from these gangs is oftentimes in the form of street prostitution, commercial sex, and internet prostitution.⁸⁵ Understanding the categorization of organized crime groups provides a deeper understanding of their illicit trade involvement and the interconnectedness between operations.

82. *United Nations Convention against Transnational Organized Crime and the Protocols Thereto*. (2015, November). United Nations Office on Drugs and Crime. Retrieved from <https://www.unodc.org/unodc/en/organized-crime/intro/UNTOC.html>

83. Heyman, T. (2019, May 14). *Organised crime groups driving human trafficking and modern slavery in the UK*. In *The National*. Retrieved from <https://www.thenationalnews.com/world/europe/organised-crime-groups-driving-human-trafficking-and-modern-slavery-in-the-uk-1.861287>

84. Bouché, V. (2017, July). *An Empirical Analysis of the Intersection of Organized Crime and Human Trafficking In the United States*. In *Office of Justice Programs*. Retrieved from <https://www.ojp.gov/pdffiles1/nij/grants/250955.pdf>

85. *Ibid.*

3. Financial Flows

Profits made from illicit trade and human trafficking are typically laundered as small cash transactions meant to fly under the radar and avoid red flag systems. These transactions are laundered through cash-intensive businesses as a means of entering the financial system, making their way into the legal global economy. Once these cash flows are washed, they are used to fund other forms of criminal activity. Laundered cash flows can be used to fund different forms of illicit trade, connecting them through similar means of funding. A good first step in stifling the growth of the vast illicit trade network is cutting off funds and blocking transactions, preventing past crimes from funding future crimes.

When an organized crime group makes money from some form of illicit trade, they need to launder it in order to be able to use it; this process is called money laundering. Crime groups will cycle their profits through cash-intensive businesses in order to access it in the global economy and “cash in” on their profits. When money is made from illicit trade – firearm sales, for example – the profits can be used to fund other forms of illicit trade like drugs, human trafficking, etc. Or one organized crime group may use profits to pay for the goods or services from another organized crime group. This requires the money to be washed and usable for transaction.

While the rise of fintech has made it easy for illicit traders to conceal the origins and sources of their profits, the technological revolution also allows for better fraud prevention and laundering detection processes and audits. The pseudonymous capabilities of cryptocurrencies provide crime groups with a safer, less incriminating means of cashing their profits, but the fluctuating prices cause loss-averse groups to see still-risky but more reliable financial services. Accessibility and liquidity of assets are important for organized crime groups, causing them to rely on traditional financial institutions to legitimize their profits.⁸⁶

The interconnection of the illicit trade network suggests that the financial flows and profits of one form of trade (or from a single organization) may be interdependent on that of another. Creating a cash flow barrier for one organized crime organization can reduce their available funds to invest in different forms of illicit trade. Financial institutions can hinder the spread and further funding of illicit trade through organized crime groups by blocking cash flows and increasing risk management (fraud prevention) practices.

86. *Money Laundering and Terrorist Financing in the Securities Sector. (2009, October). In Financial Action Task Force. Retrieved from <https://www.fatf-gafi.org/media/fatf/documents/reports/ML%20and%20TF%20in%20the%20Securities%20Sector.pdf>*

Trends in Mitigating Modern Slavery in Illicit Trade

1. Legislation

Although 96% of the 193 UN member countries have some form of domestic anti-trafficking legislation in place, many of them appear to have failed to prohibit other types of human exploitation in their domestic law.⁸⁷ There are four key reasons for this. First, some countries may not consider certain types of exploitation to be trafficking, and thus may not prohibit them in their domestic law. Likewise, some countries may have laws that prohibit certain types of exploitation but do not consider them to be trafficking offenses. Third, some countries may have laws that do not explicitly prohibit certain types of exploitation but may prosecute them under other laws. Finally, some countries may have laws that prohibit certain types of exploitation but do not enforce them.

The UN Special Rapporteur on Contemporary Forms of Slavery reported in 2012 that there are still many countries that do not have legislation banning slavery. The UN Secretary-General's report in 2013 showed that 94 states (49%) had not incorporated the prohibition on slavery into their criminal codes. According to the US State Department's 2013 Trafficking in Persons Report, over half of the countries in the world (60%) do not have comprehensive anti-trafficking legislation, as defined by the UN Protocol to Prevent, Suppress, and Punish Trafficking in Persons, Especially Women and Children. A separate report from the United Nations Office on Drugs and Crime in 2013 states that, of the 102 nations that make up Europe, the Middle East, and Central Asia, only 33 have comprehensive anti-trafficking legislation. In 2014, only 31% of the 174 nations surveyed had comprehensive anti-trafficking legislation.



87. Adhikary, P. (2020, February 13). *Slavery is not a crime in almost half the countries of the world – new research*. In *The Conversation*. Retrieved from <https://theconversation.com/slavery-is-not-a-crime-in-almost-half-the-countries-of-the-world-new-research-115596>

There are 112 states (58%) that do not appear to have put in place penal provisions punishing forced labor. Thirty-four states (17%) have partially penalized forced labor, with penal provisions that only cover part of the definition of forced labor under the Palermo Protocol. In addition, the Protocol requires state parties to establish a system of effective criminal procedures and penalties to punish acts of forced labor and to protect victims. However, out of the 185 state parties to the Protocol, only 26 have done so. The vast majority of cases of servitude are not detected by the state. There are 180 states (93%) that appear not to have enacted legislative provisions criminalizing servitude. Most of the victims of servitude are women, although children are also enslaved globally. Finally, 170 states (88%) appear to have failed to criminalize the four institutions and practices similar to slavery.⁸⁸ The failure to recognize and protect the rights of migrants, refugees, and internally displaced persons, as well as the failure to protect victims of trafficking, “facilitates trafficking” by making people more vulnerable to coercion and exploitation. The lack of strict regulation of private employment agencies, as well as the failure to regulate the placement of foreign workers, also makes victims of trafficking more vulnerable. Likewise, the lack of adequate laws to protect victims of trafficking, as well as the lack of protection for witnesses and victims, also contributes to the trafficking of persons.

The ILO estimates show that 5 million of the 25 million victims of forced labor are in forced sexual exploitation. Of these, 5.5 million are victims of forced sexual exploitation. According to the figures, men, women, and children are all caught in the trap of forced sexual exploitation. Women and girls account for 99% of victims of forced sexual exploitation in the commercial sector, and 84% of victims in forced sexual exploitation by state authorities.⁸⁹

Men and boys, who account for 15% of all victims of forced sexual exploitation by state authorities, are primarily in forced labor in the construction, mining, and agricultural sectors, while women and girls are mostly in domestic work, care work, and the textile, clothing and footwear industry.⁹⁰ The figures show that forced labor generates huge profits, with at least US\$150 billion in illicit profits per year, equivalent to roughly 2.5% of global GDP.⁹¹

Forced labor is often closely linked to human trafficking, the recruitment, transport, transfer, harboring or receipt of a person for the purpose of exploitation. It estimates that six out of ten trafficking victims are women and girls, and three out of four victims of forced labor are women and girls. “Men, women and children are being trapped in a system that treats them like commodities. This is a global problem, and we can only solve it if we work together,” said Beate Andrees, director of the ILO Special Action Programme to Combat Forced Labor.⁹²

88. Schwarz, K., & Allain, J. (2020, February). *Antislavery in Domestic Legislation*. In University of Nottingham. Retrieved from <https://antislaverylaw.ac.uk/resources/summary-of-findings/>

89. *Global Estimates of Modern Slavery*. (2017). International Labour Organization. Retrieved from https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/publication/wcms_575479.pdf

90. *Ibid.*

91. *Profits and Poverty: The Economics of Forced Labour*. (2014). International Labour Organization. Retrieved from https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_243391.pdf

92.

In all these countries, there is no criminal law in place to punish people for subjecting people to these extreme forms of human exploitation. Abuses in these cases can only be prosecuted indirectly through other offenses – such as human trafficking– if they are prosecuted at all. In short, slavery is far from being illegal everywhere.⁹³ In 2020, the US Customs and Border Protection sanctioned three Malaysian companies over the use of forced labor – two of the world’s top palm oil producers, Sime Darby Plantation and FGV Holdings, and the world’s largest latex glove manufacturer, Top Glove.⁹⁴

Another recent development is the EU mechanism on forced labor and modern slavery to immediately stop goods at the EU border when there is reasonable suspicion the goods have been produced with forced labor.⁹⁵ In a letter to the European Commission, Amnesty International and its sister organization, Anti-Slavery International, called on the EU to ensure that this mechanism is included in the new EU trade strategy as a key measure to ensure that the EU and its Member States are not complicit in human rights violations. The EU import ban mechanism on forced labor is a key measure that the EU should take to ensure that it is not complicit in human rights violations. It should be used to prevent goods from entering the EU market that have been produced with forced labor, and it should be used to sanction companies and individuals that are complicit in that forced labor. The EU and its Member States are the world’s largest importers of goods, and they have a responsibility to ensure that the goods they import do not contribute to human rights violations.

The United Kingdom and Canada have several measures to combat forced labor and human rights violations.⁹⁶ In the United Kingdom, the government has created the Modern Slavery Act 2015, which aims to protect victims of forced labor and human trafficking, and to prosecute those who exploit them. The act requires businesses to disclose what steps they are taking to ensure that their supply chains are free from forced labor and human rights violations. In Canada, the government has created the Forced Labor and Human Trafficking Act, which prohibits the recruitment, transportation, and harboring of people for the purpose of forced labor or sexual exploitation. The act also requires businesses to take steps to ensure that their supply chains are free from forced labor and human rights violations.

93. Adhikary, P. (2020, February 13). *Slavery is not a crime in almost half the countries of the world – new research*. In *The Conversation*. Retrieved from <https://theconversation.com/slavery-is-not-a-crime-in-almost-half-the-countries-of-the-world-new-research-115596>

94. Teng, L. (2020, August 14). *Canada probes forced labor claims in Malaysian palm oil, glove-making industries*. In *Thomson Reuters*. Retrieved from <https://www.reuters.com/world/asia-pacific/canada-probes-forced-labour-claims-malaysian-palm-oil-glove-making-industries-2021-05-28/>

95. *EU Parliamentarians Analyze Options for Import Ban on Forced Labor and Modern Slavery*. (2021, February 22). *International Institute for Sustainable Development*. Retrieved from <https://sdg.iisd.org/news/eu-parliamentarians-analyze-options-for-import-ban-on-forced-labor-and-modern-slavery/>

96. Linderman, M. (2021, January 12). *UK and Canada Announce New Measures to Combat Forced Labor and Human Rights Violations*. In *Crowell*. Retrieved from <https://www.cmtradelaw.com/2021/01/uk-and-canada-announce-new-measures-to-combat-forced-labor-and-human-rights-violations/>

2. Financial Institutions

Due to the growth and development of our global economy and financial system, we are financially connected in ways that have never before been possible. This enables honest transactions and exchanges between legitimate businesses and individuals, but also provides a financial platform for illicit financial flows to stream through organized crime groups. However, audits and preventative measures exist to ensure the legitimacy and legality of financial transactions, assisting law enforcement in illicit trade identification and tracking in some cases. As concern regarding human trafficking and illicit trade grows among financial institutions, more advanced fraud detection and laundering identification systems are developed in an effort to curb operations. The concern from financial institutions stems primarily from a lack of data collection, since illicit transactions cannot be accounted for in transaction data recording systems.

There are investor coalitions who demand companies abide by the UK & Australian Modern Slavery Acts.⁹⁷ These Acts require companies to disclose what they are doing to address modern slavery risks in their supply chains. The investors, which represent \$5.6 trillion in assets, want companies to be more transparent about their efforts to address modern slavery risks in their supply chains. The groups are also calling on companies to improve their reporting on these risks. The groups include the Investor Alliance for Human Rights, the Investor Responsibility Research Center Institute, and the Interfaith Center on Corporate Responsibility.

Financial institutions can monitor and track illicit trade through transaction data – specifically through red flag detection systems like the RedFlag Accelerator.⁹⁸ This software allows institutions to categorize transactions by scenarios and types of transactions that may indicate human trafficking or other forms of illicit trade. Transaction data is scanned for +300 indicators of illicit activity, which can then be used to identify and categorize the type of illicit trade represented by the transaction. Banks also have their own red flag systems integrated into their auditing protocols through machine learning or engineered scripts. Oftentimes, illicit trade can be identified through this software due to similarities in transaction type, amount, origin, etc. Large cash flows also raise suspicions since financial institutions tend to pay more attention to larger lump sums entering their system. This red flagging system serves as a primary alert for investigation, prompting further review by financial institutions.

Financial institutions can also spot signs of human trafficking through AML monitoring processes.⁹⁹ Red flags for these processes include large cash deposits, withdrawals, wire transfers, or activity in multiple accounts. Other red flags can be accounts with large amounts of activity in a short time frame, or frequent international transactions. For example, an organized crime group may cycle their funds through a restaurant or nail salon to avoid being flagged. But comparing the cash flows between the company used to conceal the transactions and similar competitors helps auditors identify suspicious transactions. However, analyzing these red flags does not always lead to a clear understanding of the situation behind the financial transaction. The Financial Action Task Force has published guidance on how financial institutions can detect and report human trafficking. This includes the development of policies and procedures, training of staff, and the use of technology to monitor customer activity. Financial institutions can also work with law enforcement and other stakeholders to share information and develop best practices.

97. Taylor, M. (2021, February 18). Investors pressure UK companies to comply with modern slavery laws. In *Institutional Asset Manager*. Retrieved from <https://www.institutionalassetmanager.co.uk/2021/02/18/296058/investors-pressure-uk-companies-comply-modern-slavery-laws>

98. How it works. (n.d.). Red Flag Accelerator. Retrieved from <https://redflagaccelerator.com/how-it-works>

99. Muncaster, P. (2022, January 11). Banks Still Struggling to Spot the Signs of Human Trafficking. In *Infosecurity Magazine*. Retrieved from <https://www.infosecurity-magazine.com/news/banks-signs-human-trafficking/>

3. Impact of COVID-19

The pandemic had a major effect on the connection between illicit trade and modern slavery. Fewer victims were rescued from exploitation during lockdown, and social distancing measures reduced their access to support. In the first quarter of 2020, there was a 14% decrease in the number of victims referred compared to the previous quarter in the UK.

The illicit trade criminals may move the victims from an industry impacted by the lockdown to a different industry. With the increased demand for food production, packaging and delivery services, the criminals may move and exploit their victims in these industries. The criminals may also exploit their victims by moving them to an area with a higher demand for domestic services or construction work.

The pandemic slowed down and paused the criminal justice process. Victims waiting to give interviews and testimonies were forced to wait until the necessary technology was in place.¹⁰⁰ United Abolitionists states that many traffickers/pimps are taking advantage of individuals' vulnerabilities during COVID-19, with an increased recruiting and grooming of victims via online connections.¹⁰¹

There is evidence that many various criminal enterprises, such as gangs that previously stole oil and sold drugs, have moved to primarily sex trafficking due to their other business being halted. Within the recruitment of victims, many government stay-at-home orders have led traffickers to online recruitment and grooming. For many individuals, shutdowns lead to more time online, which leads to an increase in solicitation.¹⁰² In March 2020, the FBI stated that minors were at higher risk of online exploitation due to an increased online presence.¹⁰³ The increased isolation and loneliness of people who are self-isolating and working remotely may make them more susceptible to grooming and recruitment into online sexual exploitation. Criminals are taking advantage of the financial and economic impact of COVID-19 on vulnerable individuals and families. For example, an increase in the number of women and children in poverty is expected, which can make them more vulnerable to trafficking.¹⁰⁴

100. *It Still Happens Here: Fighting UK Slavery in the 2020s.* (2020, July). In *The Centre for Social Justice*. Retrieved from <https://www.centreforsocialjustice.org.uk/wp-content/uploads/2020/07/It-Still-Happens-Here.pdf>

101. Hoffman, S. (2020, May 20). *The Impact of COVID-19 on Modern Slavery and Human Trafficking*. In *MIT Computational Law Report*. Retrieved from <https://law.mit.edu/pub/theimpactofcovid19onmodernslaveryandhumantrafficking/release/1>

102. *Ibid.*

103. *School Closings Due to COVID-19 Present Potential for Increased Risk of Child Exploitation.* (2020, March 23). *FBI National Press Office*. Retrieved from <https://www.fbi.gov/news/pressrel/press-releases/school-closings-due-to-covid-19-present-potential-for-increased-risk-of-child-exploitation>

104. Waly, G. F. (2020, July 8). *Illegal trade in fake or faulty COVID-19 products booming, new UN research reveals*. In *UN News*. Retrieved from <https://news.un.org/en/story/2020/07/1067831>



Current Gaps

Within the continuation of illicit trade and modern slavery, there are many gaps within regulations, business practices, and overall strategies to address these continued practices of exploitation. Awareness of these gaps within many different types of organizations and stakeholders is key to tackling the problem holistically. Similarly, creating coalitions and collaborations across many different types of organizations will assimilate known information and create a powerful force to reduce cases of modern slavery and illicit trade.

1. Illicit Convergence

Illicit convergence is the operation of illegal activities around known vulnerabilities within law enforcement capacity, regulatory loopholes, and insider threats. Many transnational organized crime groups take advantage of gaps within national regulation to create illicit, unsafe products.¹⁰⁵ While illicit convergence continues to be pervasive, enforcement efforts do not share knowledge of these issues internationally or amongst different divisions, leading to a fragmented environment where groups do not share mutually valuable data.¹⁰⁶ This leads to a lack of collaboration between many organizations such as regulators, banks, and law enforcement, leading to unholistic best practices and regulations.

105. *The human cost of illicit trade: exposing demand for forced labor in the dark corners of the economy.* (2021). TRACIT. Retrieved from: http://www.tracit.org/uploads/1/0/2/2/102238034/tracit_forced_labor_and_illicit_trade_nov2021_final.pdf

106. *Mitigating Illicit Convergence in Transnational Financial Crime.* (27 April 2021). Regulation Asia. Retrieved from: <https://www.regulationasia.com/mitigatinBanks Still Struggling to Spot the Signs of Human Trafficking - Infosecurity Magazine-illicit-convergence-in-transnational-financial-crime/>

2. Criminalization of Victims

Within enforcement of regulations, there is a lack of understanding by police and authorities on the correlation between situations that utilize forced labor for illegal activities. For example, this lack of understanding leads to decreased reporting and identification of modern slavery on cannabis farms due to the categorization as crime rather than victimization or forced labor.¹⁰⁷ This is due to law enforcement officials solely recognizing crime as crime rather than the actors who may be operating within modern slavery situations.

Similarly, within financial flows criminalization, unless institutions are purposefully analyzing financial flows for illicit operations or suspicious activity, there is a lack of criminalization. Also, professional enablers who record their illicit financial transactions can hide money within other companies or distribute it to many other companies to avoid direct criminalization.

3. Lack of Variance in Organizational Responses

Different organizations should utilize unique tactics when responding to modern slavery and illicit trade crimes. A “one-size-fits-all” approach to tackle this large issue will lead to many gaps within enforcement as the regulatory restrictions and strengths of organizations are all different.

4. Lack of Research on Specific Topics of Illicit Trade

The illicit trade of arms and explosives and its connection to modern slavery is more difficult to identify and understand than other forms of illicit trade. The manufacturing of most arms and explosives found on the black market are sourced back to private producers. These privately produced weapons are traced back to their respective source countries (countries of manufacturing), with the US being responsible for a 60% majority of black-market products that are traded illicitly.¹⁰⁸ While firearms and explosives are the most common listing found on the dark web, tracking their distribution and connection to the black market is difficult and unclear. Since the production process takes place in legal, private manufacturing plants, we do not find evidence of modern slavery. However, information on the use of modern slavery in firearms acquisition and distribution is limited, and the relationship is unclear. While limited information is available regarding the relationship between the illicit trade of arms and explosives and modern slavery, it is possible that modern slavery takes place in the distribution of weapons, similar to the way drug mules are subject to slavery in the distribution of drugs.

107. Ramiz, Adam, Rock, Paul, and Strang, Heather. (28 August 2020). *Detecting Modern Slavery on Cannabis Farms: The Challenges of Evidence*. Retrieved from: <https://link.springer.com/article/10.1007/s41887-020-00052-1>

108. Paoli, G. P., Aldridge, J., Ryan, N., & Warnes, R. (2017). *Behind the curtain The illicit trade of firearms, explosives and ammunition on the dark web*. N.p.: RAND Corporation.

Recommendations

Based on the research findings and the lack thereof, the following recommendations can be made to organizations, professionals, and individuals to take action within modern slavery and illicit trade.

1. More research overall to understand the nexus of modern slavery and illicit trade should be produced to better understand this interconnectedness within all topics and industries. There is not much research to understand this interconnectedness which is surprising. There's an urgent need for research to understand the financial relations between modern slavery and illicit trade, specifically within the following areas:
 - a. Financial transactions across different types of illicit trade.
 - b. Arms and explosives within all phases of recruitment, production, distribution, and financial flows.
2. There should be more collaboration between sectors and across different stakeholders to share information and strategize towards addressing modern slavery and illicit trade within their operations and overall industries. Lack of collaboration creates dissonance and contributes to a slower response time. Prioritization of collaboration is needed in order to quickly understand and take action on the problem. Specifically for companies, introducing self-regulation and individual tactics is a more efficient route than relying on the introduction of governmental legislation as lobbying, time, and loopholes remain effective barriers to action against modern slavery and illicit trade.¹⁰⁹



109. Hodgson, Camilla. (30 September 2017). *Business Insider*. Retrieved from: <https://www.businessinsider.com/holding-companies-to-account-modern-slavery-2017-9>

3. Within local government organizations specifically, unique training, tools, and awareness should be created and regularly implemented with local trends of modern slavery and illicit trade identified.¹¹⁰ Industries also vary with trends within geographic hotspots of crime, types of goods, and overall commonalities, which makes staying in tune with industry knowledge extremely important. This includes understanding common types of modern slavery or illicit trade within the local area and how the recruitment, production, distribution, and financial flows may commonly operate. During arrests of criminals for violating laws surrounding modern slavery and illicit trade, more holistic investigations to rule out other forms of modern slavery and illicit trade linkages should be conducted as these topics are extremely interconnected. If a criminal conducts one form of illicit trade, it is highly likely they are participating in another illegal crime relating to modern slavery or illicit trade.
4. Financial institutions should create red flagging and risk management programs to specifically target illicit trade amongst financial transactions within operations. First, they should purposefully engineer these red flag script programs to understand unusual transactions within all forms of modern slavery and illicit trade -- as the financial sector has a serious lack of understanding of many pertinent topics. Next, financial investigators need to be trained to understand common modern slavery and illicit trade tactics to understand the reason for the computerized red flagging.
5. Conversations about modern slavery and illicit trade within organizations and amongst individuals about their importance should be more frequent. This will develop an understanding of the issue of modern slavery and illicit trade, and create a sense of urgency and commitment.
6. Within criminality work, data searches and investigations should holistically consider all types of illicit trade and modern slavery. This is especially needed within cross-border transactions, financial transactions, and cases of human trafficking.
7. International, national, and local legislation should better target and require investigations into modern slavery and illicit trade circumstances in order to create a greater understanding and urgency towards finding and addressing these situations.

110. *It still happens here: fighting UK slavery in the 2020s. (July 2020). The Centre for Social Justice. Retrieved from: <https://www.centreforsocialjustice.org.uk/wp-content/uploads/2020/07/It-Still-Happens-Here.pdf>*



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