Uncovering the complexities: business of model of labour trafficking and exploitation
FLOW project (2018-2020)
EU-FUNDED, FOCUS ON LINKS BETWEEN LABOUR EXPLOITATION AND ECONOMIC CRIMES

Finland, Estonia, Latvia, Bulgaria + study trip in Brussels
Management
Communication, monitoring, reporting, evaluation.

WORK PACKAGE 01

WORK PACKAGE 02

Analysis
An analysis tool of the financial business model of THB will be developed. The model demonstrates risks and vulnerabilities of victims in supply chains. Data collection & validation by experts. Analysis and visualisation of the model.
Investigation aids
Capacity of LEAs to Investigate THB in conjunction with economic crime improved by developing investigation aids in close cooperation with national LEAs and Labour Inspectorates.

Work Package 03

Dissemination
Appealing materials on project results disseminated through partners’ networks.

Work Package 04

Stakeholders involvement
Businesses engaged in roundtables. Based on the dialogue a normative framework guide and risk management tool for businesses is developed.

Work Package 05
<table>
<thead>
<tr>
<th>Labour exploitation</th>
<th>Forced labour</th>
<th>Labour trafficking</th>
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<tbody>
<tr>
<td>a set of abusive conducts where the worker is subjected to poor terms of employment, long hours with wages below the national limits, in poor or even unsafe conditions.</td>
<td>any work or service which people are forced to do against their will, under threat of punishment.</td>
<td>exploitation of a person for economic gain, fulfilling the 3 elements of THB: the act, the means and the purpose = trafficking for forced labour.</td>
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</tbody>
</table>
Continuum of exploitation

Less severe forms of labour exploitation can create breeding ground for more serious forms and thus must be addressed.
Underpayment

- No extra pay for overtime, shifts or weekend work
- Withholding pay
- Overlong working hours
- Sexual violence or the threat thereof
- Forbidding social interaction
- Unreasonable or unlawful recruitment fees
- Confiscation of ID
- Restriction of movement
- Unreasonable transport fees
- Physical violence or the threat thereof
Crimes related to labour exploitation

Based on our findings from Bulgaria, Romania, Finland, and Latvia, several types of related economic crimes and other abuses are commonly committed in connection with child labour trafficking and labour exploitation.

In many instances, only some of the related crimes and/or violations of the labour law are identified by authorities, and relevant cases might never be investigated or referred to criminal or civil courts. Investigations of such cases are often very labour intensive and require specialized expertise in labour crimes, as well as human trafficking and the exploitation of women.

<table>
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<th>Economic crime</th>
<th>Document fraud</th>
<th>Bribery</th>
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<td>Money laundering</td>
<td>Trade and travel fraud</td>
<td>Extortion</td>
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<tr>
<td>Tax evasion</td>
<td>Money laundering</td>
<td>Bribery</td>
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Data collection

Expert interviews
law enforcement, tax authority, labour inspection and civil society

Collection of two case examples per country and their analysis according to joint framework

Collection and analysis of other materials, including media articles, reports from authorities

FLOW
FLOWS OF ILLICIT FUNDS AND VICTIMS OF LABOUR TRAFFICKING: UNCOVERING THE COMPLEXITIES
Labour exploitation and trafficking are driven by the possibility to make profit on many levels.

Businesses benefiting from labour exploitation are not restricted to criminal organisations -> fully legitimate businesses can be linked to exploitation.

The borderline between legal, grey and illegal forms of business activities is not always evident.
Cost reduction

- Underpayment/withholding payments
- Longer hours for exploited workers
- Not providing legally required safe and healthy work environment
- Evasion of taxes
- Evasion of social and health contributions
Revenue generation

- Imposition of upfront fees for securing job placement/job trainings
- Inflation of costs
  - Transportation
  - Housing
  - Food
  - Clothes
  - Work equipment and tools
Crimes related to labour exploitation

- Economic crimes
- Document offenses
- Benefit fraud
- Tax, social and healthcare dues evasion
- Money laundering
- Online card fraud
- Bribery
- Extortion
- Labour law violations
- Work safety violations
- Fraud
- Charging illegal recruitment fees
Gas Station 2

Main contractor
large and well-known company in Austria

Subcontractor 1
franchise owner in Austria

Subcontractor 2
company in Bulgaria

Facilitators
gas station managers

Victims
marginalized Roma men

Gas Station 1

Facilitators
gas station managers

Victims
marginalized Roma men

Money flows
Unreported money flows
Means of recruitment and control

legal contract

money laundering/tax and social contribution fraud

cash bonus
decision over work conditions
cost reduction via logistics and accommodation
violence
revenues from underpayment
Access to justice

Exploited migrant workers often face serious problems in accessing justice and/or claiming their unpaid wages.

Unless defined as victims of trafficking, exploited migrant workers do not get access to services provided to trafficked persons.
Many are sent here only for 3 months to work and then they leave. It’s less risky for the employer, and in worst case they only have to pay the wages for that period. If you get caught, they’re only used for a short time, and then the guy goes back, or the company changes, and new papers are made. So, it only looks like a short-term. It’s difficult to tackle this. They [workers] do not report these cases, they don’t know the system. When does the worker even think it is exploitation if they feel like they’re making more [money] here than in the home country? (Finland, civil society)
WP3 work with authorities and WP4 work with businesses

First round of mutual learning workshops were organised in Sep/Oct 2019

We collected data for 2 understanding and skills surveys on the participants’ experiences and views

Investigation aid and check list materials are under development, as is the risk management tool for businesses
CONCLUSIONS

• Links between labour exploitation and economic crimes are evident
• Legal structures are being used to hide grey and illegal activities
• Labour exploitation is a low-risk high gain form of corporate crime
• Focus on definitions and case law in the national context is needed
• What we should do:
  • Ensure that exploited workers have access to justice, perpetrators are properly sanctioned and victims are referred to service providers and legal assistance
  • Intensify cooperation between police, labour inspectorates and tax authority
  • Ensure that businesses have policies against labour exploitation and take measures to ensure transparency in supply chains
Keep in touch!

@heuni_institute
@Jokinen_A
anniina.jokinen@om.fi