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**Organization for Security and Co-operation in Europe**  
**Special Representative and Co-ordinator for Combating Trafficking in Human**  
**Beings**

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**at the Concluding Meeting of the 20th OSCE Economic and**  
**Environmental Forum**  
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Dear Chairman,  
Excellencies,  
Distinguished colleagues,

I would like to thank Goran Svilanovic and the Chair-in-Office for inviting me to this important conference. I am delighted to be here with Ambassadors Beham and Lozos, and my distinguished colleagues from the ICCT and WCO. I am honoured to participate in this Concluding Meeting of the 20<sup>th</sup> OSCE Economic and Environmental Forum here in Prague, and welcome the opportunity to address trafficking in human beings (THB) as an issue of good governance, and underline the importance of leveraging anti-corruption and anti-money laundering tools to combat and prevent trafficking in human beings, and simultaneously enhance good governance.

THB is first and foremost a human rights violation and an organized crime. It is a threat to security, socio-economic development and good governance. Over the past 12 years, the international community and governments have made valiant efforts to combat trafficking, and all of the OSCE participating States now have anti-trafficking legislation and policies in place. Yet, despite all the progress achieved, the extent of trafficking has not declined, but thrives on a colossal scale. In fact the global financial crisis has only compounded this complex problem, by creating a perfect market for traffickers. Widespread unemployment, a lack of viable economic opportunities, and a loss in remittances from labour migrants, have left countless numbers of our fellow citizens without a job or sustainable livelihood. At the same time, a growing demand for ever cheaper labour is combined with the normalization of corrupt practices and an increasing tolerance of the exploitation of economically vulnerable people in dangerous and degrading work throughout the OSCE region.

The economic crisis has exacerbated a phenomenon that was already rampant over the past years which we have now to admit is not the emergency mostly linked with sexual exploitation as was the common thinking in the '90s and early 2000s. Now, we are confronted, and must deal with a systemic phenomenon whose essential features have been found throughout the world in many different sectors: abuse of personal or social vulnerabilities mainly of migrants, and extreme exploitation.

Certain economic sectors such as agriculture, construction, food processing, hospitality, restaurants and services, as well as arguably the most hidden sector, domestic work, have been particularly affected by trafficking in human beings. In all these sectors, the use of workers who do not receive any wage, or receive a salary

which does not go beyond mere survival, is becoming alarmingly spread. Unscrupulous employers benefit from unpaid work on a large scale, and generate huge profits from their illegal activities, which they reinvest in legal businesses, real estate, corruption, a luxurious lifestyle or other criminal operations. Other forms of exploitation occur in a purely criminal context, such as organized begging, pick-pocketing, the selling of stolen items and drugs, and the trafficking for the removal of organs. Trafficking for sexual exploitation remains one of the worst forms of violence against women and children.

As I emphasize time and time again, trafficking is a serious crime being perpetrated on a massive scale. Recently, the International Labour Organization issued an alarming new global estimate indicating that at least 20.9 million men, women and children are victims of forced labour and trafficking around the world, of which around 3 million people are in the OSCE area.<sup>1</sup> Another indicator of the magnitude of THB is the amount of the proceeds of this crime. The market value of human trafficking totals to an estimated over USD 32 billion, a profitable criminal business based on the exploitation of millions of people across the globe who have become mere commodities in the informal economy of forced labour.<sup>2</sup>

It is crystal clear that trafficking is not something marginal, but a phenomenon affecting the global economy, obstructing economic growth, fuelling corruption, and undermining the rule of law throughout the OSCE area. We need to recognize this, to enable the change of perception necessary to identify the real challenges before us and to adapt our institutional response to tackle it more comprehensively and effectively.

Trafficking in human beings (THB) is a highly complex issue and while we combat it, it is essential that we work to prevent THB in all its forms, and in all pS, as none are immune. Prevention is one of the most difficult challenges of the so-called 3 “Ps” of Prevention, Protection and Prosecution.

Prevention efforts should address not only root causes, before trafficking occurs, but also each stage of the trafficking chain including the exploitation phase, and finally, should aim to prevent re-trafficking.

I believe that it is critical to prevent trafficking through the introduction of a number of labour market measures. For example, one area which deserves increasing attention is the growing role of recruitment and placement agencies working both at the national and transnational level, and often also in an informal manner. The

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<sup>1</sup> ILO, Special Action Programme to Combat Forced Labour, *ILO 2012 Global estimate of forced labour: Executive summary* (2012), <[http://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---declaration/documents/publication/wcms\\_181953.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_181953.pdf)>, accessed on 13 September 2012.

<sup>2</sup> ILO, *ILO action against trafficking in human beings* (Geneva, 2008).

experience of some participating States clearly indicates that regulating, licensing, monitoring and establishing control mechanisms of recruitment activity is crucial to protect workers against fraudulent and abusive practices that can lead to trafficking. Preventive measures should also embed the principle that fees for recruitment are never charged to workers, not even indirectly. Furthermore, I am convinced that promoting decent work for all, namely: rights at work, employment, social protection and social dialogue, is one of the core elements of a strategy to prevent labour trafficking. Another powerful prevention measure is the promotion of workers' self-organization and representation. A relatively new area of anti-trafficking action which is receiving growing attention is voluntary codes of conduct to prevent labour exploitation in supply chains and to reduce the demand for goods and services that might have been produced by trafficked persons. An important step in this regard, was the adoption of the *UN Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework*, by the UN Human Rights Council in June 2011.

In order to make THB a high risk - low profit crime we need 3 "Cs", to convict the perpetrators, including corrupt officials; to confiscate the trafficker's assets, and finally to compensate the victims. In fact, these "Ps" form a closed circle. Importantly, without successfully prosecuting the traffickers, we cannot prevent trafficking in the first place.

As long as the crime remains profitable and low risk, and we fail to understand and address the business of trafficking across the world and combine forces more effectively, the overall result of our efforts will continue to be limited.

My Office has raised these issues in our 2010 publication "Analysing the Business Model of Trafficking in Human Beings to Better Prevent the Crime". To protect their profits, traffickers operate smartly and minimize risk by splitting their financial gains into different investments. Transfer of funds may occur by bank transfer, but for the most part it is done through informal channels, via personal transfers or couriers – persons travelling back to the home country may take the criminal proceeds as cash.<sup>3</sup> Advanced Internet and software technology is an enabling factor which also deserves further attention.<sup>4</sup> THB may involve different types of organized crime ranging from highly structured international trafficking networks to loosely connected clusters of people, together forming a very flexible and specialized trafficking network, which is difficult to disrupt.<sup>5</sup> Contacts between the nodes of the network operate along the

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<sup>3</sup> OSCE Office of the Special Representative and Co-ordinator for Combating Trafficking in Human Beings (OSR/CTHB) and United Nations Global Initiative to Fight Human Trafficking (UN.GIFT), *Analysing the Business Model of Trafficking in Human Beings to Better Prevent the Crime* (Vienna, May 2010).

<sup>4</sup> For instance new possibilities of paying for services with pay as you go mobile phones – even from unregistered users – allow for greater anonymity in illicit markets.

<sup>5</sup> OSCE Office of the Special Representative and Co-ordinator for Combating Trafficking in Human Beings (OSR/CTHB) and United Nations Global Initiative to Fight Human Trafficking (UN.GIFT), Op. Cit.

lines of business relations.<sup>6</sup> However, what sets a trafficking business apart “is that violence and corruption are innate to its business operations”<sup>7</sup>.

Trafficking in human beings, for any form of exploitation, would not have spread on such a massive and global scale without corruption, which is both a driver and a consequence of this crime. The opportunities for corruption are multiple, and they all are used by criminals and corrupt public officials to ensure that the criminal process goes smoothly at all stages, including recruitment, provision of documents to victims, transportation, border-crossing, control and exploitation, and in the final stage, the laundering of the proceeds made from trafficking in human beings.

Taking into account the variety of activities and behaviours which can constitute an opportunity for bribery and corruption, it affects a vast array of individuals and officials, from police, customs, visa officers/embassy personnel, border control, immigration services, other law enforcement agencies, prosecutors, investigative judges, local officials, intelligence/security forces, armed forces (national or international), and persons/groups/parties with “influence”, even parliamentarians, private sector actors, such as travel and recruitment agencies, airlines, transportation sector, financial institutions, banks, etc.<sup>8</sup> Corrupt practices range from passive (ignoring or tolerating trafficking) to active participation in, or even organizing trafficking in human beings, including committing a violation of duties, obstructing investigations, prosecution, judicial proceedings and access to justice, revealing and selling information, issuing false or fraudulent documents, and results in a miscarriage or travesty of justice.<sup>9</sup>

Trafficking in human beings is still a low risk crime compared to other types of organized crime. Reported criminal proceedings for trafficking in human beings are modest. According to the 2012 U.S. Trafficking in Persons Report, a total number of 7,206 trafficking prosecutions were recorded globally in 2011. It is reasonable to assume that a large number of criminal proceedings are often carried out on the basis of an indictment for less serious crimes. However, the most important aspect of the criminal justice chain is the obstruction of investigation or criminal proceedings, and the revealing and or selling of investigative information in order to help the traffickers to escape prosecution. In other cases, the police, prosecutors, and or judges are on the pay roll of the traffickers, or in some cases, friends or directly working with the traffickers.<sup>10</sup> It is apparent that the risks for corrupt officials are still nearly non-existent, and victims most often believe that they have no recourse to justice against these officials or the traffickers. In all scenarios, corruption has a

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<sup>6</sup> UNODC, *Organized crime involvement in trafficking in persons and smuggling of migrants* (2010), p. 38.

<sup>7</sup> Louise Shelley, *Human Trafficking: A Global Perspective* (Cambridge University Press, August 2010), p. 112.

<sup>8</sup> Anti-Slavery, Transparency International and UNODC, *The role of corruption in trafficking in persons* (2009), p. 7.

<sup>9</sup> Programme against Corruption and Organised Crime in South-eastern Europe, Project PACO Networking, *Trafficking in human beings and corruption, Report on the regional seminar*, Portoroz, Slovenia (June 2002), p. 7.

<sup>10</sup> *Ibid*, pp. 7-8

direct impact on human rights of trafficked persons, and the costs of these corrupt practices are passed on to the victims, which exacerbates debt bondage.

The criminal justice response is not commensurate with the scale of the crime; moreover, only final exploiters, usually the “small fish”, are targeted, mainly in the field of sexual exploitation; the level of penalties is low compared to the gravity of the crime. The environment is still too often one of high impunity as the risks for corrupt officials are still virtually non-existent. There have been relatively few reports or investigations into corruption or money laundering offences relating to trafficking, with virtually no cases leading to convictions, and importantly no seizure or confiscation of the proceeds of crime is carried out in the vast majority of cases.<sup>11</sup>

Money laundering is an integral component of THB allowing the proceeds of crime to flow into the legal economy and bring “legalized” profit to the traffickers. Real estate and related activities – from construction and restoration to property investment companies and real estate agencies – are the most common tools habitually used by organized crime to launder money, in addition to maintaining a luxurious lifestyle.<sup>12</sup> Until recently, trafficking in human beings and money laundering remained the least explored and understood in the trafficking process. However, the OSCE, in particular the OCEEA, TNT/SPMU and my office have collaborated together with the United Nations Office on Drugs and Crime (UNODC) in organizing an innovative expert seminar on leveraging anti-money laundering regimes to help combat human trafficking in October 2011, and the SPMU recently organized a training for police and financial investigators from the OSCE pS on this very topic here in Prague. We must continue such good practices to build the capacity and co-operation of all the relevant actors who till now too often work in isolation from each other, in order to improve the investigation and efficient prosecution of trafficking in human beings and related crimes.

Since THB is profit-driven, we must find, freeze and forfeit the proceeds of crime. This requires the use of financial investigations on a routine basis as well as on a large scale. So far this investigative tool has been underutilized or almost never applied in cases of trafficking in human beings. The use of financial investigations is particularly important to trace the proceeds of crime in a country in which such proceeds are usually reinvested and laundered, most notably in countries of origin. This requires decisive improvements in law enforcement and judicial co-operation, especially between the country in which exploitation takes place and the country where profits are reinvested. This would entail encouraging the banking sector to investigate and build controls concerning money laundering, and other illegal money transfers related to trafficking cases.

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<sup>11</sup> Anti-Slavery, Transparency International and UNODC, *The role of corruption in trafficking in persons* (2009), p. 6.

<sup>12</sup> EUROPOL, *OCTA 2009: EU Organised Crime & Threat Assessment* (2009).

Investigative information shows a vast phenomenon of reinvestment of the proceeds of trafficking especially in countries of origin. Trafficking in human beings was chosen as a subject for the joint FATF/MONEYVAL typologies exercise due to the importance of such trafficking as a potential source of proceeds.<sup>13</sup> The FATF and Moneyval Reports, including those related to typologies of money laundering, are inclusive, comprehensive, and considerably enrich anti-trafficking instruments we already have. “Red flag indicators” of money laundering are a tremendous resource for the law enforcement and for the financial institutions, and such tools should be at the disposal of Anti-Trafficking Units to be applied in the investigation and prosecution of THB cases.

Regarding anti-corruption measures, governments should examine the role of corrupt officials, to what extent they can be accountable in trafficking prosecutions, and find ways to raise the costs and risks of trafficking, including by reforming police, judicial and other systems to make them less corruptible.<sup>14</sup> Governments should criminalize trafficking ensuring serious consequences for perpetrators, making it less profitable by confiscating assets, and in order to provide victims with compensation. It is also critical to work with the anti-corruption commissions, NGOs and investigative journalists to uncover corrupt practices related to trafficking, to work with the banking sector to investigate and build controls concerning money laundering, and other illegal money transfers that may be related to trafficking proceeds.

I would like to underline that concerning anti-corruption, successful action can only be based on a combination of prevention and prosecution. We are aware that prosecution alone cannot be the response to a phenomenon that has so many social and economic root causes, and should be accompanied and strengthened by the political will to implement a wide range of prevention measures. However, prevention will be ineffective as long as the impunity of corrupt officials remains a widespread reality.

International co-operation, and specifically in the OSCE context, regional co-operation, should be our main focus in combating transnational organized crime. The creation of joint investigation teams (JIT) should be considered a very effective tool in promoting international co-operation among law enforcement agencies and further promoted. The main advantage of the JIT is the direct co-operation of police officers and judicial authorities in one single operation across state borders. With one single team leader maintaining a global overview of the investigation, the risk of duplication

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<sup>13</sup> Financial Action Task Force (FATF) and the Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures (MONEYVAL).

<sup>14</sup> OSCE Office of the Special Representative and Co-ordinator for Combating Trafficking in Human Beings (OSR/CTHB) and United Nations Global Initiative to Fight Human Trafficking (UN.GIFT), *Analysing the Business Model of Trafficking in Human Beings to Better Prevent the Crime* (Vienna, May 2010), p. 71.

is minimized.<sup>15</sup> Moreover since seconded members have an opportunity to share and review evidence collected in different jurisdictions directly instead of relying upon the collection of evidence by another jurisdiction, there is a greater review mechanism, and thus arguably there is an opportunity to ensure that information and evidence is collected in accordance with internationally accepted human rights standards.<sup>16</sup> This is particularly important in trafficking cases in which the testimonies of victims provide crucial evidence for the success of the prosecution, and in which the protection of the rights of victims/witnesses is equally fundamental to ensure effective prosecution and justice. Indeed, practice in numerous OSCE participating States shows that those which have the most comprehensive victim assistance and protection measures in place, fare better in prosecuting traffickers. When victims of crime have free legal services at their disposal to help claim their rights, including compensation, they are more likely to come forward and not only report and testify against traffickers, but also against corrupt officials.

In conclusion, we now have sufficient tools and the legal framework by which to address trafficking in human beings and these related crimes. The challenge is thus to begin to put them to their full use to address these challenges. We have made the first step to admit that trafficking in human beings endangers socio-economic development and democratic institutions, especially when it is connected with corruption, and money laundering. Any country serious about ending trafficking in human beings has to tackle corrupt practices and to undertake financial investigations of the money flows of THB. Each government has the responsibility to implement the national policies and the wider commitments that we have all taken, whether the UN Convention Against Corruption (UNCAC), the UN Convention on Transnational Organized Crime (UNTOC) and its Trafficking Protocol, and the relevant OSCE Action Plans and Ministerial Council Decisions, to take connected and consistent actions against all three of these crimes, which feed upon one another.

Finally, I have come to believe that only through regional and international co-operation will individual governments be able to address the full spectrum of criminal actors and networks at stake rather than focus on lower-level perpetrators. This is our common challenge, and I am committed to working with you all to further international co-operation on the nexus of these three crimes, including undertaking additional targeted activities in 2013. I offer my support in this critical effort to improve good governance, and uphold rule of law, by protecting fundamental rights and freedoms and ensuring justice for all, by advancing the “3 Cs”: the conviction of the perpetrators, including corrupt officials; the confiscation of the trafficker’s assets, and finally, compensation for the victims which is critical to end the trafficking circle.

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<sup>15</sup> C. Rijken and G. Vermeulen, *Joint Investigation Teams in the European Union: From Theory to Practice* (The Hague, 2006).

<sup>16</sup> *Ibid.*, p. 51.