



Organization for Security and Co-operation in Europe

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**OSCE PA Special Debate: Human Trafficking in a Globalized Economy
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Mr. Chair, thank you very much for organizing this special debate today. Within the global anti-trafficking conversation, this is very timely. In fact, we have seen more action on this topic in the last year than in the previous decade. I am delighted to see the OSCE Parliamentary Assembly taking a leadership role in discussing these issues.

Honourable Members of this Committee,
Ladies and Gentlemen,

the **advent of a globalized economy** has meant that goods and services are regularly sourced from all corners of the globe through far-reaching supply chains. However, there is growing risk – indeed reality - that many goods and services are produced by victims of human trafficking and forced labour. In fact, because of the complexity of **global supply chains**, right now we all –governments, businesses and individuals- are undoubtedly buying goods made with exploitation. This leads to several problems:

- First, clearly, a **human rights problem**. There are tens of millions of victims around the world, one third of which are children. People deprived of their freedom and most basic rights, producing the technology we use, the food we eat and the clothes we wear. Something is fundamentally broken in our economic system, if it is based on the exploitation of the most vulnerable around the world.

- Second, forced labour is a major problem for businesses that play by the rules. Legitimate companies that are undermined and put out of business by unfair competition. How can businesses in your districts and in your countries be expected to compete with those that do not pay their workers? Trafficking is a major human right violation – yes - but it is also so much more than that: it's an **economic problem**, impacting communities directly through the harms of trafficking and indirectly as a drag on healthy economic activity
- Third, trafficking is a **security problem**. It fuels organized crime, it drives instability, it undermines the rule of law.... And it is different from other forms of trafficking – drugs, weapons, wildlife – because people are the product, so the security response to it must cope with human victims. These aspects are increasingly penetrating the world's conscience and I believe we are coming to terms with the urgent need to tackle it systemically.

So, what are the solutions on the table and why is this important to Parliaments? One of the most effective ways to disrupt and prevent human trafficking for forced labour is to **eliminate the market for goods and services produced by human exploitation** - through informed and ethical purchasing. The concept is simple: to end force labour, we need to **stop paying for it**. Conversely, we need to promote those businesses that “play by the rules” rather than businesses that exploit children and vulnerable adults around the world, driving down costs and labour standards.

There are several legislative tools Parliaments can adopt to follow this principle. In general, **laws that eliminate trafficking for forced labour in supply chains** can be put broadly into three groups: (a) import bans, (b) reporting laws, and (c) due diligence laws.

(a) The first group – **import bans** – set trade restrictions on goods manufactured with forced labor. How does it work in practice? Border or customs authorities issue orders detaining import shipments of goods suspected of being produced by exploited labor, and either return the goods, or seize and forfeit them. The United States and Canada are two examples of countries that have these kind of laws. In the US, to release the withheld goods, importers must submit proof that the merchandise was not produced with forced labour.

(b) The second group, **reporting laws**, require businesses to disclose the measures they have undertaken to prevent and remediate certain types of human rights abuses in their direct operations and value chains. The UK Modern Slavery Act, for example, requires companies to prepare and publish an annual statement on the steps taken to assess and address modern slavery risks in their operations and supply chains. The Australian Modern Slavery Act sets similar reporting obligations, but it provides more detailed and mandatory requirements on the statements. At the EU level, the Non-Financial Reporting Directive requires companies with at least 500 employees to prepare a statement on the due diligence processes undertaken to address environmental risks, human rights, labour rights, and anti-corruption risks.

(c) Finally, the third type of laws, and probably the one with the greatest potential for driving change – is **due diligence laws**. Such laws require entities – governments or businesses – to undertake efforts to identify exploitation in their supply chains and address it, often also establishing civil or criminal liability provisions. In some cases, these laws also create avenues for affected individuals or groups to seek remedies for harm or to prompt corrective action by the companies.

Due diligence laws can be very diverse, and can look at different industry sectors, different company sizes, different human rights abuses, or other violations (like environmental issues).

Let me give you **some examples**. The Dutch Child Labour Due Diligence Act addresses a single issue: the prohibition of child labour. The French Duty of Vigilance Law is broader, requiring companies to identify and avoid violations of all internationally recognized human rights, violations of health and safety rights, and environmental damage. The German Supply Chain Law – adopted just this last summer - also allows NGOs and trade unions to bring companies to court on their behalf. And it establishes a competent authority to enforce the law, a critical element that reporting laws are often missing.

The trend right now is that countries are moving from **‘softer’ reporting laws to more ambitious due diligence legislation**. Now, what that means is that whether your country has a due diligence law or not, your companies will have to start paying attention to these issues. They may be suppliers to companies in those countries or they may want to export into economies where those laws have been adopted. And right now we are seeing the most momentum in the largest economies, as I have just outlined. Just two days ago, the EU presented its due diligence plan. The sooner countries start looking at these issues, the more they will be prepared for what’s coming. And it is coming.

So, where do we go from here? Against this diverse legislative landscape, each State will need to define its own approach, but will clearly need to do something. **My Office** has developed significant expertise on these matters, and stands ready to support your Parliaments and this Committee to further consider these issues. In fact, today we released a short handout containing some of the points I raised with you, as well as other action areas where **Parliamentary intervention** can move us in the direction of finally ending human trafficking and exploitation.

Thank you very much for your kind attention today. I remain available to answer questions or hear your comments.