



THE ECONOMICS OF FORCED LABOR

The latest report from the International Labor Organization (ILO) was released in May 2014, *Profits and Poverty: The Economics of Forced Labor*, and estimates the illegal profits made from the use of forced labor in the private economy worldwide amount to \$150.2 billion per year.

According to the ILO, two thirds of the profits, amounting to an estimated \$99 billion per year, are generated by commercial sexual exploitation exacted by fraud or force. More than one third of the profits—\$51.2 billion—are made from forced labor exploitation, including:

- > Nearly \$8 billion generated in domestic work;
- > \$9 billion generated in agriculture, forestry, and fishing; and
- > \$34 billion generated in other industries such as construction, manufacturing, mining, and utilities.

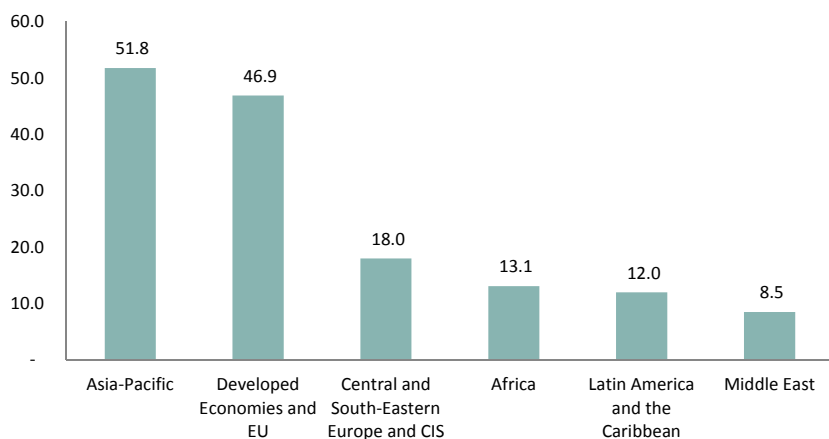
Perpetrators make roughly \$21,800 per year per victim of commercial sexual exploitation exacted by fraud or force, and an average of \$4,000 per victim of forced labor exploitation outside of domestic work.

Overall, the profits are estimated to be highest in Asia (\$51.8 billion), due mainly to the high number of victims in that region, and in developed economies and the European Union (\$46.9 billion), owing to the high profit generated per victim in developed economies.

According to the ILO's research focused on several countries in different regions, various factors contribute to individuals being vulnerable to forced labor including:

- > *living in poverty*
- > *working in unskilled occupations or informal work sectors*
- > *lacking educational opportunities or literacy*
- > *needing to migrate*

Annual Profits of Forced Labor per Region (US \$ billion)



Source: International Labor Organization, *Profits and Poverty: The Economics of Forced Labor* (2014), p. 14.

“Put into perspective, the 21 million victims in forced labor and the more than US\$150 billion in illegal profits generated by their work exceeds the population and GDP of many countries or territories around the world.”

– International Labor Organization, *Profits and Poverty: The Economics of Forced Labor* (2014), p. 54.