International Labour Organization

Profits and Poverty: The Economics of Forced Labour

February 2024

Aim of the study

This report estimates the illegal profits generated from forced labour in the world today.

These illegal profits reflect the wages effectively stolen from the pockets of workers by the perpetrators of forced labour through their coercive practices. They represent the money subtracted from the incomes and remittances of workers often already struggling to meet the needs of their families. For governments, these illegal profits constitute lost tax revenue, because of the illicit nature of the gains and of the jobs that generated them. More broadly, the profits from forced labour can incentivize further exploitation, strengthen criminal networks, encourage corruption and undermine the rule of law.

Understanding and addressing the illicit profits generated from forced labour is critical to wider progress against the phenomenon.

Background

This report is the second edition of the ILO report "Profits and Poverty: The Economics of Forced Labour" published in 2014. At that time, profits from forced labour were estimated at US$150 billion annually.

Ten years later, with better and more detailed data and updated global estimates on the number of forced labour victims, the ILO has produced new estimates of profits from forced labour as part of its workstream on the economics of forced labour.

While the core methodology remains the same, some important refinements have been introduced.

Illegal profits from forced labour in the services sector are estimated separately for the first time, alongside estimates of illegal profits in agriculture, domestic work, industry and forced commercial sexual exploitation.

Critical assumptions made for the 2014 estimates on wages and labour income shares have been relaxed and replaced with observational data unavailable ten years ago. The new estimates also benefit from more comprehensive data on value added at the sectoral level.

Report contents

Like the 2014 edition, this report presents global, regional, and sectoral estimates of illegal profits from forced labour. The estimates of illegal profits from the different branches of economic activities (e.g., agriculture, industry, services and domestic work) are based on the value-added approach, where the profits from wage underpayment per victim are calculated as the difference between the value added by a worker in forced labour and the wages earned by them. Illegal profits from forced commercial sexual exploitation are estimated separately based on data on annual per victim revenues and costs.

As in 2014, the illegal profits estimate concerns the wage underpayment of workers in forced labour. Another critical source of illegal profits from forced labour stems from the unlawful recruitment fees and related costs[1] that forced labour victims must frequently bear. To pay for the recruitment fees and costs to secure employment or placement, many workers incur heavy debt, which may lead to debt bondage. The study provide some insight into the broader relevance of illegal profits from recruitment fees and related costs by estimating the profits generated from this source from international migrants in forced labour.

The launch of the second edition of the Profits and Poverty report is part of a broader series of events planned for 2024 to mark the 10th anniversary of the adoption of the Protocol to the Forced Labour Convention, 1930.

[1] These are defined as "any fees or costs incurred in the recruitment process for workers to secure employment or placement, regardless of the manner, timing or location of their imposition or collection".