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# Understanding the Market System of Human Trafficking: A Case Study of Sabah, Malaysia

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## Abstract

The crime of human trafficking is a phenomenon that practically affects every part of the world. The crime is generally influenced by various political as well as socio-economic factors. Oftentimes, victimization, causal factors, and policy response receive the most attention in human trafficking studies, while other aspects like the market system or supply and demand in human trafficking are given little focus. Hence, the objective of this paper is to analyze the market system and the intrinsic elements that influence the supply and demand in human trafficking, with a reference to the case study of Sabah, Malaysia. The qualitative data for this paper were obtained through personal observation and interviews with public officials from the government enforcement agencies like the Royal Malaysian Police, Immigration Department of Malaysia, as well as former traffickers, ex-victims, and academicians. Besides, various reports from the government, non-governmental organizations, and news media helped to collate and provide a comprehensive analysis of the subject matter. Using perspectives from the economics of crime, this paper examined the macro and micro-level factors that regulate the supply and demand in human trafficking. The findings suggest that the supply of trafficked labour in Sabah is influenced by macro-level factors like globalization, unequal economic development, demographic factors, and domestic conflict, while the demand for trafficked labour is amplified by the factors such as consumers, exploiters, socio-culture, and the state. These elements are essential in regulating the market system of supply and demand in human trafficking. An inclusive understanding of supply and demand in human trafficking is important as it has implications for knowledge development as well as policy responses to disrupt the market forces that sustain the crime.

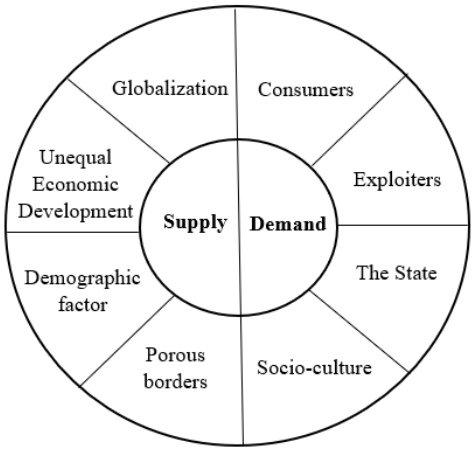
**Keywords:** human trafficking, market system, supply, demand

## Introduction

The analysis of human trafficking is gradually advancing from a narrow investigation of its victims and traffickers to a more substantial understanding of the phenomenon as a market system. This market-based approach is an abstraction to analyze the factors, actions, and behavior of people who are involved in criminal activities like human trafficking. The practicality of a market-based approach is grounded in its economic perspective and is based on the presumption that human trafficking is a high reward and low-risk business. According to Hughes (2000), human trafficking is often regarded as a business that exists in the shadows. The International Labour Organization (ILO) estimated that the business of human trafficking could generate profits of US$150 billion a year for traffickers (Human Rights First, 2017). Bales (2005) acknowledged that there are three basic underlying factors that foster

human trafficking around the world, namely the availability of an endless supply of potential victims from the source countries; continuous demand for the victim's service in the destination countries; and organized criminal network which controls the element of supply and demand to traffic and exploits human being to generate huge profits for themselves. For the purpose of this study, the element of supply and demand in human trafficking is analyzed. It is important to note that, like any other businesses, human trafficking is both supply and demand driven phenomena. Sabah is an excellent choice of fieldwork for this study because the state has recorded among the highest number of human trafficking cases in the nation (Lee, 2017). Besides, Sabah also has socio-geographical characteristics which make it vulnerable to the crime of human trafficking as well as other criminal activities. For instance, Sabah is surrounded by the strategic sea lanes as well as indigenous sea routes, shares close land and sea borders with the poorest of East Asian Growth Area (BIMP-EAGA) states, which can be defined as highly active source countries that facilitate the flow of humans across borders, often undetected by the Malaysian enforcement agencies (Joon Num, 2009). An inclusive understanding of supply and demand in human trafficking is important as it has implications for knowledge development as well as policy responses to disrupt the market forces which allow the crime continues to thrive. Diagram 1 shows the anatomy of supply and demand in human trafficking which may facilitate in understanding the market system of the crime.

Diagram 1: The anatomy of supply and demand in human trafficking




## The Supply of Victims

In the market system of human trafficking, supply refers to the source or availability of potential victims for the purpose of exploitation. Based on the findings of this study, the Philippines and Indonesia are reckoned as the main source countries for the supply of victims in Sabah (please refer to table 1). The supply of potential victims from these countries who are willing to migrate and work in Sabah is almost endless. There are several factors which have contributed to the supply of victims for commercial exploitation in Sabah. Among the factors are globalization, economic imbalance among countries in the region, a decline in border controls, as well as the lack of job opportunities due to demographic factors and gender discrimination. These factors are the reflection of a complex constellation of social, economic and political problems in the source countries which push individuals, especially young people, to seek employment opportunities in Sabah. Most of these aspiring migrants do not have proper knowledge about the conventional migration procedures in Sabah and as a result become easy prey of human traffickers who appears as the transporters, middlemen or employment providers.

Table 1: Statistic of trafficking victims rescued in Sabah in 2017

| Country of origin | Number of victims rescued |
|---|---|
| Philippines | 45 |

| | |
|---|---|
| Indonesia | 36 |
| Malaysia | 9 |
| Thailand | 5 |
| China | 3 |
| Total | 98 |

Source: The Royal Malaysian Police, as per November 2017.

## *Globalization*

Globalization has facilitated cheap, frequent, and faster transportation as well as incognito communications that are a catalyst to the trafficking activities in Sabah. The high volume of ferry and boat trips between Sabah, Southern Philippines, Kalimantan, and Sulawesi has facilitated the trafficking of human beings into Sabah. Traffickers often use the service of illegal boat operators to transport their victims. Even though the sea surrounding Sabah is safeguarded by various government agencies like Malaysian Maritime Enforcement Agency (MMEA), Royal Malaysian Navy (RMN), Marine Department Sabah and the newly established Eastern *Sabah* Security Command (ESSCOM), not all boats and vessels heading towards Sabah is inspected, enabling trafficked victims to travel in holds of boat without detection. The same 'illusion of inspection' exists in the various airports in Sabah, which is also considered as a human trafficking hub (Immigration Department of Malaysia, 2017). Besides, there is also a significant number of people who are trafficked via land into Sabah. Vans, buses, and trucks crossing the Kalimantan-Sabah borders are infrequently inspected by the Malaysian Border Security Agency. Trafficked victims are usually transported in a specially constructed compartment of a van or truck crossing the border. Presumably, many such vehicles might have made its way into Sabah before it is finally detected by the Malaysian authority. For instance, it was reported that the Royal Malaysian Police detained two Tawau-bound buses ferrying 75 illegal immigrants with some of them are suspected victims of human trafficking (Bernama, 2017). On the other hand, technological advances also further accelerate the trafficking activities. Internet and social media are increasingly used to attract potential victims through advertisement of fake job opportunities in foreign countries. The vulnerable people in the poor and developing countries like the Philippines and Indonesia are often influenced by the promises of jobs with good pay, but once they reach the intended destination, they are subjected to exploitation and forced to work in various legal as well as illegal industries.

## *Unequal Economic Development*

Unequal economic development in various part of the world including the Southeast Asian region is a hallmark of globalization. While the global economic amalgamation has led to several encompassing benefits such as foreign direct investments, stimulation of domestic and international trade, and advancements in knowledge transfer among countries, globalization also resulted in economic imbalance and monetary crisis among the developing and poor nations, widening the chasm between poor and rich as well as causing social instability at large. In the context of this study, globalization has resulted in unequal economic development between the source and the destination countries. The source countries like the Philippines and Indonesia are often characterized as having systemic problems such as inefficient management of government resources, lack of foreign investments, and corruption in economics, politics, as well as social institutions. This common dilemma distorts and diverts economic growth, particularly in the rural areas, which result in monetary crisis, poverty, hunger and eventually migration, let it be internally or externally. The financially sound and economically stable neighbouring states like Sabah, Malaysia become an ideal choice for the aspiring migrants because of its proximity to these countries. However, illegal migration poses a serious national and regional issue as it has an undisputed link with human trafficking. Besides men, young women and girls from the poor rural areas in the southern states of the Philippines, North Kalimantan and Sulawesi of Indonesia who sought employment in Sabah become an easy target for exploitation by traffickers.

Malaysian Journal of Social Sciences and Humanities (MJSSH), Volume 4, Issue 2, (page 1 - 7), 2019

### *Demographic Factor*

The expansion of the world population, especially in the developing Southeast Asian countries has led to a substantial supply of 'slave-able' people. Typically, human traffickers or trafficking syndicates target economically challenged and heavily populated areas like in the southern states of Philippines, Kalimantan and Sulawesi of Indonesia because these places offer more productive operation bases. It is important to note that most people in the Philippines and Indonesia are working populace. The total population in the Philippines and Indonesia is estimated to be around 103 million and 263 million respectively (United Nations, 2017). Besides, over 61.1% and 66.5% of the figure falls under the working age (15-64). As an average of 1.5-2 million people enters the labour market in these countries every year, the demand for employment is higher than the state can supply (O'Neil, 2004; Mei, 2006). Hence, the Philippines and Indonesian government encourage labour migration as a way to address unemployment issues. Hence, overseas labour migration policy becomes an integral component of economic development in the Philippines and Indonesia, given the fact that a significant amount of remittances is sent home by the migrant workers every month. For instance, the Philippines Statistic Authority (PSA) reported that there are about 2.2 million overseas Filipino workers who remitted a total of US$ 4 billion in the year-end 2016 (Marcelo, 2017). The overseas labour migration policy is backed by many employment agencies who send workers abroad especially to neighbouring states like Sabah, Malaysia. However, some legal, as well as illegal employment agencies, exploit the situation by engaging in criminal activities such as human smuggling as well as human trafficking. While human trafficking affects every demography, a common factor that leads to a higher susceptibility to victimization is the victims' vulnerability to exploitation. Many aspiring migrants often find themselves indebted or deceived when they reach Sabah and are eventually obliged to work under exploitive conditions.

### *Porous Borders of Sabah*

In the era of globalization, border control has been compromised in many parts of the world especially in nations or states that largely surrounded by maritime. In the Southeast Asian region, border controls probably have declined due to the existence of many illegitimate entry-points as well as century-old 'barter trade' practices. While Sabah's borders are watched over by many enforcement agencies, many human traffickers are known to use illegitimate entry-points, which is also known as the 'rat routes'. The Chief Representative of the Indonesian Consulate in Tawau once estimated the 'rat routes' to be around 1,000 in number (Pro Kaltara, 2015). Sabah-Kalimantan border is often highlighted as a gateway for illegal Indonesian migrants to enter Sabah and also regarded as a human trafficking hotspot (Mattangkilang, 2013). Huge landmass with limited surveillance resources and control at the Sabah-Kalimantan border are among the main factors behind these illegal movements. Besides, hundreds of tiny islands near the Sabah coastal as well as a high number of traffic volume on the South China Sea, the Sulu Sea and the Celebes Sea with limited inspection by government authorities, corrupt officials as well as little prioritization of border security by surrounding nations have created a paradise for human traffickers. On the other hand, the century-old practices of 'barter trade' between Sabah, islands off Southern Philippines, and the east Kalimantan islands of Nunukan and Tarakan are potentially compromising its border security (Chan, 2016). While it may not fit the real definition of barter or trading without currency, this age-old tradition is still alive and well in Sabah particularly in the east coast towns. Even though the trading system at the present days are monitored by the Royal Malaysian Customs Department along with port and marine authorities, there are some unscrupulous human traffickers who take advantage of these 'barter trade' practices to transport their victims into Sabah undetected by the Malaysian authorities (Malaysian Maritime Enforcement Agency, 2017).

## The Demand For Labours

On the other hand, human trafficking does not simply subsist because there is a ready supply of victims but due to the endless demand for cheap labours from whom the exploiters can profit. The basic economic theory embraces that the demand for a product or service is fundamental to its market survival. In this context, demand can be technically defined as a desire by certain individuals like the

employers to obtain cheap labour for their businesses. Just like any other legitimate businesses, supply and demand in human trafficking are inter-related. Wherever there is a demand, supply became apparent. In fact, demand is the push factor in a felonious trade of human trafficking. Generally, there are two important components that make up the demand for trafficked persons in Sabah, namely the consumers and exploiters who procure and exploit the labour or service of trafficked persons; and the state and socio-cultural factors that indirectly promote human exploitation.

## *Consumers and Exploiters*

The human trafficking industry worldwide is obviously consumers oriented. There wouldn't be a human trafficking industry without consumers' demand for cheap labours or services. The diversity of human trafficking in the world means that there is a broad range of people or group who consume and exploit the trafficked persons. As in other parts of the world, there is an even more varied range of people who consume and exploit the trafficked persons in Sabah, including many who are employed in the legitimate economy. Generally, the demand for trafficked persons is contributed actively or passively by two groups of people, namely the consumers and the exploiters. The consumers are individual customers who, knowingly or unknowingly, seeking the labour or service of the trafficked person. Former United Nation's Special Rapporteur on trafficking in persons, Joy Ngozi Ezeilo acknowledged that consumer demand plays an important part in the business of human trafficking and fundamentally determines the market for trafficked persons (OHCHR, 2013). While the exploiters are individual or group of individuals who control the actions of a trafficked person and consume the proceeds gained from their exploitation in a number of industries such as agriculture, construction, food and beverages, as well as entertainment. Based on a number of human trafficking cases that have been probed by the Anti-Trafficking in Persons and Anti-Smuggling of Migrants Unit (ATIPSOM) of the Royal Malaysian Police, the identified exploiters in Sabah include a range of actors such as business owners and managers, pimps, members of organized crime groups, as well as corrupt government personnel who facilitate the trafficking activity. It is important to note that the increase in demand for cheap labours in certain economic sectors in Sabah naturally contributes to the increase in the human trafficking activity. The vulnerability among the aspiring migrants as well as those already in Sabah also causes some of them being easily manipulated and exploited in many labour-oriented sectors, including the sex industry.

## *The State and Socio-cultural Factor*

The state, in this context, the destination country is contributing to the demand for trafficked persons, actively or passively, by tolerating human exploitation in the commercial industries. The more state controls and monitors the industries, the more actively they become a component that affects the demand for trafficked persons. Sabah is considered to be a hotspot for human trafficking due to its multi-ethnic culture and fluid social as well as economic boundaries with the Philippines and Indonesia, which facilitate the flow of illegal migrants as well as trafficked persons into the state, often undetected by the Malaysian authority. The demand for cheap labours coupled with the influx of illegal migrants and trafficked persons from these two countries, human exploitation has become a common facet in many economic sectors in Sabah. According to the Royal Malaysian Police, detecting and acting on human traffickers or exploiters is not always easy as many of them often conceal their activities behind the curtain of a legitimate business establishment or have an alert mechanism in case of raids. On the other hand, the socio-cultural factor in Sabah is another aspect that indirectly contributes to the exploitation of trafficked persons. Although the socio-cultural aspect has significant influence in shaping the demand for trafficked persons, the factor is poorly understood or hardly discussed. Frequently, the socio-cultural aspects of demand are described based on the notion of gender discrimination. However, the idea does not provide a complete explanation of the demand for trafficked labour in Sabah as there are various other factors that influence the situation too. Among them is the culture that inclined to tolerate human exploitation, media and technologies that less bothered about the issue of human trafficking, as well as corrupt practices among enforcement personnel which, directly or indirectly, tolerates exploitation of trafficked persons.

## Conclusion

Just like in any other legitimate economic sectors, supply and demand appear to be important aspects that regulate the market system of the illegitimate sector like human trafficking. In many competitive economic sectors that demand cheap labours, trafficked persons comprised of men, women, and children are regarded as the 'commodity', who can be can be bought, sold, resold, and traded. The effect of globalization which facilitates a swift movement and communication between people around the world, the systemic inequalities between the source and destination countries, as well as the porous international borders are among the vulnerabilities that significantly contribute towards the supply of human beings for exploitation. On the other hand, there are two important components that fundamentally modulate the demand for trafficked labour. First is the individual like consumers and exploiters who are responsible for creating the demand for cheap labours, which has a strong correlation to the supply of trafficked persons and to the crime of human trafficking. Second, a phycological motivation in the background of demand for cheap labours is amplified by the socio-politics and socio-cultural factors of a destination state that, directly or indirectly, tolerates human exploitation. When a state attempt to control human trafficking activities, they indirectly become a component that affects the demand for trafficked labour. Besides, the culture of tolerance among people in a society is also reckoned as a reason for human exploitation continue to subsist in the form of human trafficking.

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