

Statements from the Floor

Bali Process  
Government & Business Forum  
Perth, Australia  
Aug. 24-25, 2017

By:  
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## **Surangel & Sons Co.**

Import, Retail, Wholesale, Logistics, Travel  
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Palau, our island home in the Northwestern Pacific, is a destination country for victims of human trafficking in mainly two sectors: sex trafficking and forced labor. We have the Anti-Smuggling and Trafficking Act of 2005, which prohibits all forms of human trafficking and prescribes stringent penalties for violators. With sentences of 10 to 50 years in prison and up to 500,000 USD in fines, you would think that we've handled human trafficking with an iron fist. Unfortunately, in reality, nothing much has changed. There is this "not our problem mentality" at home when it comes to human trafficking. That law is just a decoration. In fact, we have been a Tier 2 country in the U.S. Department of State's Trafficking in Persons Report for the past few reporting periods.

Human trafficking -- modern-day slavery -- exists in our backyard. Our leaders are not treating it seriously because the victims are non-voting citizens, even though foreign workers make up a large portion of Palau's workforce. While this is clearly a human rights problem that needs to be dealt by governments, it is also a serious business problem. A 2011 study by Global Financial Integrity ranked Human Trafficking third in the list of illicit trades.

Let's talk about the illicit economy for a second since it impacts businesses everywhere. In 2015, the World Economic Forum estimated that nearly 21 million people were victims of forced labor. It was estimated that this illegal labor force generated at least 150 billion USD in profits.

Businesses should care because as we have become global in nature, we run the risk of unknowingly participating in the illicit economy. By doing so, we're supporting the production and distribution of cheap counterfeit goods that flood our markets and hurt our bottom line.

In addition, the 21<sup>st</sup> Century consumer is also a product reviewer, a digital protester, and a vigilante. They are the Davids of today's Goliath marketplace. Businesses that are complacent with the source of their products, especially ignorant of human trafficking, risk backlash and even litigation costs from its consumers because nowadays, people rally and protest digitally.

Going back to Palau and the North Pacific region, we have become trafficking hot spots as our Asian neighbors crack down on traffickers and the illicit economy. These criminals are smart and would just move over to the next country. They prey on countries that are ill equipped in this area. A country that continues to give out lesser charges and mere 20 days of jail sentences is a friend of these criminals.

From a business perspective, we have too much at stake to sit back and let criminals run the show. My father always said, "All you have is your reputation. An ethically and socially

responsible business is a successful long term business.” Not only is it a moral responsibility for me as a CEO of Surangel & Sons to make sure our supply chains are free of human trafficking, it's also a financial risk to our brand and reputation as a company if we were to look the other way or simply don't pay attention.

I urge our government to step up its efforts in making human trafficking a serious crime by implementing the existing Anti-Smuggling and Trafficking Act of 2005. It should consider the recommendations of the latest TIP report and consider signing the 2000 UN TIP Protocol. It should empower and enable civil society to raise public awareness in human trafficking. It should do all these not only to protect the non-voting people living in Palau but also to protect our businesses. Most importantly, it should do this in order to keep our children and communities safe from traffickers and their networks of criminals.

Moreover, I appeal to the business community to take its own steps in combating human trafficking and the illicit economy. This means we ought to make sure that our supply chains are free from forced labor and counterfeit products. Our motivation is two-fold: one, human trafficking and the illicit economy is a threat to us financially; and two, as major players in the communities we operate in, we have to practice corporate responsibility in order to build and ensure safe communities. Which brings me to an idea for us here: *to set up a human-trafficking-free certification process.*

We need to put in place a “human-trafficking free” certification process. Perhaps we could start in Palau and see where it goes from there. I'm committed to supporting the creation of the certification process by a third party actor where a trained and qualified body would certify businesses that are free from human trafficking -- from their employees to their suppliers. We've seen this done in other industries such as the "Dolphin-free" label in the tuna industry or the "fair trade" label used in coffee and other similar products. Businesses could then flaunt their new credentials to prospective customers.

This would even be more effective if the government commits to procuring supplies and services from certified suppliers and contractors. Its effectiveness could also expand trans-nationally when the certifying body works with organizations such as the Philippines Overseas Employment Administration and other similar agencies around the region. This human-trafficking-free certification process would make it easy for businesses and everyone else to avoid criminal transactions. It is a concrete step that we can take in order to “Think globally; Act locally.”

To close, human trafficking is everyone's problem. Governments and businesses are affected whether we like it or not. Together we can make it hard for criminals to operate in our region. For business leaders, we need to be active players in minimizing human trafficking and the illicit economy as it is a threat to our businesses and the communities we live in. For the government leaders, if you have laws, use them. Let criminals know that you're not a human-trafficking-friendly country.

Thank you.