

Trade Liberalization and the Increasing Trend in Human Trafficking in Southern  
Philippines (Mindanao)

Elena Clariza

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Professor Belinda Aquino  
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Human trafficking is a major concern for the Philippine government.<sup>1</sup> Three hundred to four hundred thousand Filipino women and children become victims of human trafficking annually.<sup>2</sup> In fact, the Philippines ranked fourth among nine nations according to the Consortium Against Trafficking of Children and Women for Sexual Exploitation with the most number of children trafficked for prostitution in 2005.<sup>3</sup> The archipelago also acts as a source, transit, and destination country for men, women, and children trafficked for the purposes of sexual exploitation and forced labor.<sup>4</sup>

Human trafficking or modern day slavery is the fastest growing transnational organized crime involving nearly all nations around the world. The United Nations Office on Drugs and Crime database shows data documenting the “trafficking of human

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<sup>1</sup> Derived from the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children supplementing the United Nations Convention against Transnational Organized Crime the Comparative Study of Women Trafficked in the Migration Process defines trafficking in these terms:

For the purposes of this protocol:

- (A) “Trafficking in Persons” shall mean the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation.  
Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude or the removal of organs;
- (B) The consent of a victim of trafficking in persons to the intended exploitation set forth in subparagraph (A) of this article shall be irrelevant where any of the means set forth in subparagraph (A) have been used;
- (C) The recruitment, transportation, transfer, harbouring or receipt of a child for the purpose of exploitation shall be considered “trafficking in persons” even if this does not involve any of the means set forth in subparagraph (A) of this article;
- (D) “Child” shall mean any person under eighteen years of age.

Janice G. Raymond et al., *The Comparative Study of Women Trafficked in the Migration Process*, Coalition Against Trafficking of Women. (2002), 2.

<sup>2</sup> Humantrafficking.org. “Philippines.” Academy for Educational Development, <http://www.humantrafficking.org>.

<sup>3</sup> Mars W. Mosqueda Jr.. “Philippines is 4<sup>th</sup> in Trafficking of Children.” *Online Newsdesk*. <http://www.ecpat.net>.

<sup>4</sup> Humantrafficking.org...

beings from 127 countries to be exploited in 137 countries.”<sup>5</sup> Albania, China, the Russian Federation, and Thailand among others ranked very high as origin countries. The Philippines was also ranked high as an origin country along with countries such as Mexico, India, Poland, Czech Republic, Cambodia, and Vietnam among others.<sup>6</sup> While the United States, Japan, Thailand, Netherlands, Italy, Germany, and Turkey ranked the highest as destination countries.<sup>7</sup>

The growing trend in human trafficking has finally reached the political agendas of several nations due in part to public outcry and the strong advocacy of Non-Governmental Organizations. In a September 2003 address to the UN General Assembly, President Bush announced a \$50 million special initiative to assist women and children who have been victims of trafficking.<sup>8</sup> Roughly six million dollars from this initiative funded USAID’s anti-trafficking activities in 2005.<sup>9</sup> Consequently, the Visayan Forum, a Philippine Non-Governmental Organization against human trafficking has been funded by USAID. In addition, the United State’s Department of Justice has provided “additional funding to build partnerships between law enforcement agencies and victim’s rights organizations in the United States on October 3, 2006.”<sup>10</sup>

The Philippines have made significant efforts to eliminate human trafficking in 2005.<sup>11</sup> It is among the first Asian countries to pass legislation against trafficking.<sup>12</sup>

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<sup>5</sup> United Nations Office on Drug and Crime (UNODC). “Trafficking in Persons Global Patterns.” United Nations Office on Drug and Crime (UNODC) (2006): 17

<sup>6</sup> Ibid, 18.

<sup>7</sup> Ibid., 19.

<sup>8</sup> USAID. Trafficking in Persons: USAID’s Response. USAID. March 2006, 5.

<sup>9</sup> USAID. Trafficking in Persons., 6.

<sup>10</sup> Department of Justice. “Attorney General Alberto R. Gonzales Announces Enhanced Programs to Combat Human Trafficking.” Department of Justice. [http://www.usdoj.gov/opa/pr/2006/October/06\\_crt\\_671.html](http://www.usdoj.gov/opa/pr/2006/October/06_crt_671.html).

<sup>11</sup> Office to Monitor and Combat Trafficking in Persons. “The 2006 Trafficking In Persons Report.” Office to Monitor and Combat Trafficking in Persons. <http://www.state.gov/g/tip/rls/tiprpt/2006/65981.htm>

Sixty-seven cases during the last year were under preliminary investigation and another thirty-one cases were filed for prosecution under the 2003 Anti-Trafficking Law.<sup>13</sup> The government also sponsors a witness protection program. Although the Philippines have made discernable progress in its anti-trafficking law enforcements, more work needs to be done, not only in apprehending offenders, but importantly, in tackling the underlying cause of human trafficking.

Human trafficking is prevalent in all parts of the republic, but in recent years, Mindanao has emerged as the largest source of trafficked women and children. According to the Visayan Forum, an internationally recognized NGO, seventy five percent of the sex workers they rescued came from Mindanao.<sup>14</sup> The Agusan and Surigao provinces in the Caraga region in Northern Mindanao has become one of the favorite routes of “highly organized” syndicates involved in the trafficking of women and children.<sup>15</sup> Other local trafficking routes in Mindanao are Davao del Sur and Davao del Norte, Agusan del Norte, Pagadian City, General Santos, Zamboanga, Dumaguete and Sultan Kudarat.<sup>16</sup>

Studies on human trafficking on the region are scarce. Statistics and information are still lacking. However, Mindanao has strong advocacy groups in many areas that are working on the ground to gather and provide information. In this paper, I will attempt to piece together the issue of human trafficking in Mindanao or Southern Philippines. I will try to answer the following questions: (1) What are the root causes of human trafficking

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<sup>12</sup> Atty. Arlene Baj-ao, Interview, September 29,2006.

<sup>13</sup> Office to Monitor and Combat...

<sup>14</sup> Visayan Forum Foundation Inc. Philippines. Visayan Forum Foundation Inc.  
<http://www.visayanforum.org/>

<sup>15</sup> Ibid.

<sup>16</sup> Mars Mosqueda....

on Mindanao?; (2) How does the liberalization of the Philippine economy increase the trend of human trafficking?; (3) What programs are in place to address this problem? Although gender inequality and poverty are the underlying causes of human trafficking, I will focus on poverty on this paper. My decision to focus on poverty is by no means to undermine the issue of gender equality in human trafficking. Hence, with poverty as one of the underlying causes of human trafficking, I argue that the liberalization of the Philippine economy contribute to the rising trend in trafficking of women and children on Mindanao. The following sections on this paper will discuss poverty in relation to human trafficking on Mindanao within the context of trade liberalization. The final section will discuss current programs and activities developed to combat this issue.

### Poverty in the Philippines

Poverty is widespread in the Philippines. Filipinos living in poverty are estimated to be between 40 to 44.4 percent of the population.<sup>17</sup> In 1997, the Family Income and Expenditure Survey showed that poverty incidence prior to the Asian financial crisis and El Nino phenomenon declined from 49.3 percent of total population in 1985 to 40.6 percent in 1994 and to 36.8 percent in 1997.”<sup>18</sup> However, this improvement in poverty incidence prior to the crisis was more of an urban than rural phenomenon. Urban poverty incidence in the total population declined from 28 percent to 21.5 percent between 1994

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<sup>17</sup>United States Central Intelligence Agency. Philippines. World Fact Book.  
<https://www.cia.gov/cia/publications/factbook/geos/rp.html>

<sup>18</sup> Asian Development Bank. Country Assistance Plan. Asian Development Bank. (2003).  
<http://www.adb.org/documents/CAPs/phi.pdf>

and 1997 while rural poverty incidence fell only from 53.1 percent to 50.7 percent.<sup>19</sup>

Thus, more than half of the rural population is still poverty stricken. According to the Asian Development Bank, there were twice as many poor rural families as poor urban families in 1994 and 2.4 times as many in 1997.<sup>20</sup>

The National Capital Region and surrounding areas had the lowest incidence of poverty; while the highest, exceeding 50 percent, are in the Autonomous Region for Muslim Mindanao, the Central and Northern Regions of Mindanao, and the Bicol Region. These are areas where high incidences of trafficked women and children were reported.<sup>21</sup> The Department of Social Welfare and Development (DSWD) statistical data indicate fifty seven incidences of trafficked beings from Region X in Mindanao. However, figures are expected to be much higher due to inadequate data banking and profiling of victims.<sup>22</sup>

Most profile of victims is usually newly graduates in high school with no prospects of entering college. Many victims are also from rural families whose main income comes from farming, fishing, transportation and domestic services, and vending food.<sup>23</sup> A number also comes from broken and abusive families and have experienced traumatic incidents within or outside of their homes.<sup>24</sup> Traumatic experiences could also be attributed to wars and conflicts that continue to bring chaos into the region.

The decades of armed conflict in Mindanao which left many communities in abject poverty give traffickers more opportunity for recruitment. The island is littered

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<sup>19</sup> Ibid.

<sup>20</sup> Ibid.

<sup>21</sup> Atty. Arlene Bag-ao...

<sup>22</sup> Ibid.

<sup>23</sup> Ibid.

<sup>24</sup> Atty. Arlene Bag-ao...

with war torn communities hosting displaced families. Professional traffickers make their rounds in these areas offering families generous payments and promises of high salaries or decent wages for their daughters and underage children.<sup>25</sup> Recruiters also use blackmail, threats, and vulnerable situations such as sickness in the family, family abuse and disagreements to lure their victims. Most often recruiters are someone the family has direct association with or are members of a trusted group of people. For instance, recruiters in the Bicol Region were old women whom the young women trusted. Little did they know that these women were *mama sans* connected to a syndicate. Many women, children, and their families are deceived by recruiters, but many are also aware of the situation. Sadly, extreme poverty and desperation have pushed many parents to do the deplorable act of selling their own children to make ends meet.

#### The Impact of Trade Liberalization on Mindanao

As with many developing nations in the world, the liberalization of the Philippine industry has devastated the local economy causing abject poverty. Although complex and many factors contribute to poverty, the main causes are bad governance, high wealth and income inequality, and rapid population growth. A weak economy also factors in. The country's economy, considered one of the most promising in Asia in the sixties, is now devastated with industries in various stages of collapse.<sup>26</sup> The Free Trade Alliance

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<sup>25</sup> Kids.org. Girls Rehabilitation in Cebu City-Philippines. <http://www.kids.org>.

<sup>26</sup> Ibid.

(FTA) argues that the current Philippine trade and industrial policy does not advance the national interests.<sup>27</sup> Furthermore the alliance states:

It is nothing more than a blind and unequivocal embrace of liberalization as an end in itself and not as a means to further promote our national interests. Instead of capitalizing upon the very promise and advantages of economic globalization such as the establishment of rules to prevent large countries from bullying smaller countries, Philippine trade policy has instead equated liberalization with the unilateral reduction of tariffs, without policing the national market against blatant trade violations such as product dumping. While concessions have been given by developed countries to developing countries in general under the WTO, such as special and differential treatment, these are not enough.<sup>28</sup>

The liberalization of the Philippine economy has caused the collapse of many industries and the consequent increase in unemployment. Last year, unemployment rate is at a high at 11.7 percent.<sup>29</sup> While countries such as the United States and Japan, WTO member countries, actively protect their local industries despite their declaration of “free trade” in the world market, the Philippines, opened up the economy “without considering the level of readiness and development of local industries and without addressing the basic problems of business and industry such as the high cost of capital, expensive and inadequate infrastructure, lack of credit facility and other support institutions, bureaucratic red tape and corruption, absence of research development, limited inter-industry linkages and other institutional obstacles” rendering a high cost of doing

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<sup>27</sup> Free Trade Alliance. Fair Trade Not Free Trade. Free Trade Alliance. (Quezon City, 2003), 11.

<sup>28</sup> Ibid, 11

<sup>29</sup> Asian Development Bank. Philippines: Economic Outlook. Asian Development Bank. <http://www.adb.org/Documents/Books/ADO/2006/phi.asp>



business in the country.<sup>30</sup> More recently, Japan and the Philippines signed the Economic Partnership Agreement (JPEPA). Local industries again are wary of this agreement since the removal of import tariffs on motor vehicles and semiconductors will flood the country with cheap Japanese products endangering the local industry.<sup>31</sup>

The Philippines has been pursuing a comprehensive and radical program of trade liberalization since 1981 to the detriment of its economy.<sup>32</sup> It has unilaterally reduced nominal tariff rates from 23.5 percent in 1993 to 7.71 percent in 2001.<sup>33</sup> “Tariff rates were also reduced to zero on about 60% of all Philippine products in the inclusion list for the ASEAN Free Trade Area.”<sup>34</sup> Contrary to the expected billions of pesos in profits per year since 1994 due to liberalization and the generation of 500,000 additional jobs a year, agricultural employment declined from 11.29 million jobs in 1994 to 11.22 in 2003.<sup>35</sup> Its national food import bill has also tipped US \$714 million in 1993 and \$2.38 billion in 2003.<sup>36</sup> These amounts are ridiculous considering the wealth of the country’s natural resources.

No where has the negative impacts of liberalization been felt more strongly than in agriculture. All Philippine agriculture products were similarly committed to bind to the agreement under the World Trade Organization (WTO).<sup>37</sup> With the steep competition from foreign products, Philippine products such as coconut, tobacco, sugar, onion, garlic,

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<sup>30</sup> Ibid,9.

<sup>31</sup> Santos, Rafael S. “Trade Dept Says JPEP a Boon to RP Competitiveness, but Industries Balk.” *Manila Times*. September 12, 2006, BI.

<sup>32</sup> Chavez, Jenina Joy, Mary Ann Manahan, and Joseph Puruganan. “Hunger on the Rise in the Philippines.” *Global Network For Justice*, (2004): 2

<sup>33</sup> This reduction was done through the Tariff Reform Programs I-IV. Ibid., 3.

<sup>34</sup> Ibid.

<sup>35</sup> Ibid.

<sup>36</sup> Ibid.

<sup>37</sup> Ibid.

cassava, coffee, and many others are slowly disappearing.”<sup>38</sup> Thirty-nine percent of the country’s labor force, 2/3 of which are employed, relies on agricultural. This labor force has to compete with shrinking share of this sector.<sup>39</sup>

Moreover, no economist can deny the negative impact of liberalization on the Philippine industry. For instance, the negative impact of the liberalization on the corn market of the Philippines is an example of larger nations exploiting smaller ones in the name of “free trade.” Corn is the second most important crop in the country after rice, with around 1.2 million households involved in production. Poverty levels among these households are intense and pervasive. Mindanao is the main corn-producing area. Over half of its population lives below the poverty line with incomes insufficient to meet basic needs for nutrition, shelter, and clothing. Many of the poorest households derive over three quarters of their income from corn sales. Corn production in the Philippines suffered significantly between 1994 and 2000 due to the opening up of the corn market in 1997 which reduced corn prices by one-third.<sup>40</sup> “At that time, US corn growers were receiving US \$20,000 a year on average in subsidies, while Filipino farmers in Mindanao had average income levels of US\$365.”<sup>41</sup> As a result, their meager income declined with falling prices making them unable to afford much anything else even food. Cheap subsidized corn imports basically killed the local market. As a result, Mindanaons became more impoverished and hunger also became a more pervasive problem.

According to the Social Weather Station, 23% of Mindanao is suffering from hunger. On November 17 and 18, representatives of farmers, workers, small producers,

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<sup>38</sup> Ibid.

<sup>39</sup> The agricultural sector declined from 22% in 1993 to less than 15% in 2003. Ibid.

<sup>40</sup> Sharma, Devinder. “WTO and Agriculture-The Great Trade Robbery.” Countercurrents.org. <http://www.countercurrents.org> .

<sup>41</sup> Ibid.

indigenous people, NGO workers, business people, food processors and manufacturers, commercial farm, agribusiness sector and consumer group gathered at The Consultation on Food, Agriculture and Trade Policies Conference in Mindanao organized by the Alternative Forum for Research in Mindanao (AFRIM), Focus on the Global South and the Philippine Rural Reconstruction Movement-Mindanao (PRRM) to confront the question of hunger on Mindanao. “The participants noted that hunger was not a result of poor natural resources because Mindanao is a very rich area in terms of natural resources. The root causes of hunger and poverty lie on access to and ownership of resources (land and water) and on access to economic factors. The groups highlighted the importance of food and agricultural trade policies to solve this crisis.<sup>42</sup> According to Focus on the Global South (FOCUS), a non-governmental organization affiliated with the Chulalongkorn University Research Institute, commitments under the World Trade Organization and bilateral and regional trade agreements are seriously affecting various food producing sectors in Mindanao. This why a broad coalition of NGOs, farmers and consumer organizations planned a massive mobilization against the ministerial WTO conference in Hong Kong in December 2005.<sup>43</sup>

However, women bear the brunt of poverty in Mindanao. A recent study show that 23.5 percent of women in Mindanao experienced hunger as compared to 22.9 percent of men. “Despite the problem Mindanao only gets a small share for health spending from the national government. Only 1.26 percent of the budget was allocated for health while 25.91 percent was allocated for debt service interest. For the year 2005, 1.8 percent is allocated for health from the P907.589 billion GAA. Allocation for debt service has gone

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<sup>42</sup> Chavez, Jenina Joy, Mary Ann Manahan....3.

<sup>43</sup> Ibid.

up a whopping 33.24 percent. As the budget for debt service accelerates, the allocation for health decelerates.”<sup>44</sup>

Mindanao has suffered greatly for the government’s lack of foresight and disregard for the welfare of its people. A region that runs an annual trade surplus in bananas and crude oil of around 600 million in recent years has no reason to starve. On the other hand, Mindanao has also been plagued by decade’s long war punctuated by incessant corruption depriving the region of much needed economic development. As if this is not hard enough, Mindanao was hit by a devastating drought in 1998 that left communities starving and more impoverished. Destitution, desperation, and hopelessness are common factors that areas like Mindanao become susceptible to human trafficking.

#### Existing Responses to Human Trafficking on Mindanao

This section will discuss several current programs and activities as stated on the Executive Summary on the Multidisciplinary Seminar Against Trafficking in Persons in Mindanao organized by the Visayan Forum Foundation. Philippine politicians at the national and local levels have been mobilized to combat human trafficking. As of November 2004, Davao has implemented laws to intercept traffickers along “trafficking routes.” For instance, the city passed an ordinance that strictly monitors reported minors traveling without authorization. This is a good start; however, with Davao’s infamous reputation for human rights violation especially towards street children, this could be an avenue where children could also be abused by police authorities. Moreover, the National

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<sup>44</sup> Sun Star Network Online. “Women bear brunt of poverty in Mindanao: study.” Sun Star Network Online. <http://www.sunstar.com.ph>.

Bureau of Investigation (NBI) through its Gender Development Program, conducts child-friendly investigation and education sessions for other law enforcement agencies. The Prosecutor's Office, on the other hand, helps in the prosecution and coordination with other agencies. The Department of Social Welfare and Development (DSWD), the most active agency developed to alleviate the problem, conducts advocacy activities in schools, LGUs, NGOs, parents, facilitates round table discussions with Women Network Group, and provides counseling to victims among others.

Furthermore, Sorsogon has also been cued in into the anti-trafficking activities. Authorities in Matnog Port, Sorsogon have intercepted and repatriated minors recruited in Bukidnon. Agents were also alerted about suspects at the Nautical Highway that cuts across Iloilo. In Zamboanga, a major exit point to Saba, Malaysia, immigrant officials have been able to confiscate fake passports among suspected victims. Agents have also been notified of activities around Cagayan de oro and General Santos City. Areas with peace and order issues such as General Santos, Cotabato (Maguindanao), Marbel, and Zamboanga conduct advocacy activities and service provision such as community education, advocacy, and lectures on Anti-Trafficking law through radio programs.

The Forum recognizes gaps and challenges faced by agencies working on alleviating the problem of human trafficking. Some of these are insufficient manpower to monitor actual workings of recruitment agencies in source and transit areas such as sea ports, airports, and bus stations, lack of halfway houses for victims especially in Cagayan de Oro City, and lack of information on trafficking routes especially sources, transit, destination, and choke points.

## Conclusion

The discussion of human trafficking on Mindanao is not complete without studying the impact of armed conflict, gender issues, and international migration on the region and the rest of the country. However, in this paper, I presented at least one underlying cause of poverty in recent years that contributes to the increasing trend in human trafficking on Mindanao.

Trade liberalization of the Philippine agriculture worsens poverty among subsistence farmers because it exposes them to steep competition, below market prices, very low rural wages and exacerbating unemployment. This was particularly apparent with the opening up of the corn market. The blow to the agricultural industry hit Mindanao hard since many families rely solely on subsistence farming for income. The dip into their economic resources resulted in abject poverty, destitution, and hopelessness-common factors that made them more susceptible to human trafficking.

Even though the Philippine government especially advocacy groups have made significant efforts in curbing this problem, there is still a lot of work to be done. Anti-Trafficking legislation such as RA 9208 is important in protecting victims and apprehending offenders, but it is not enough to combat human trafficking. These responses although commendable to some extent are nothing but reactionary or band aid solutions. There has to be a political will to end human trafficking. This includes fully funding of programs mandated under the anti-trafficking laws and the apprehension of offenders in military and political positions providing protection to ring of syndicates. Importantly, the government as well as the entire Philippine society must get to the root

of the problem. Poverty is one of the root causes of human trafficking. Although it is complex and has many factors contributing to it, the Philippine government needs to make a considerable effort to review and undo the damages that trade liberalization has caused the Philippines and its people. It is not a matter of choice, but an obligation to the Filipino people.

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