

# Briefing

NOVEMBER 2017

## 4

### Migrant Workers and Responsible Business in Iran

Globally, the number of migrants fleeing war, violence, famine or seeking better economic opportunities reached 244 million in 2015, the highest ever recorded. <sup>1</sup> **The abuse of migrants in the workplace, and their vulnerability to modern slavery, is a growing problem worldwide. This human crisis creates risks for companies as they can find themselves linked to migrant worker exploitation.** In Iran, this risk is particularly acute due to the large number of migrant labourers in many sectors of the economy. While there are no easy solutions, companies have developed useful practices in other parts of the world that can provide guidance for companies in Iran. This briefing highlights key aspects of the migrant worker issue in Iran and offers companies a path forward to begin to address the challenges.

#### MAGNITUDE OF THE PROBLEM

> There are **over 3 million migrants in Iran, 2 million of them undocumented**, and their presence is deeply ingrained in the Iranian economy. <sup>2</sup> **An estimated 2 million migrants are at work in Iran.** <sup>3</sup>

> These migrants are predominantly Afghan, with smaller numbers of Iraqis (34,500) and Pakistanis (14,320). <sup>4</sup> A majority resides in the Provinces of Tehran (33%), Khorasan Razavi (16%), Esfahan (13%), and Kerman (8%), with the rest dispersed in other provinces. Some 97% live in urban areas. <sup>5</sup>

> The UNHCR estimates 50% of the Afghan population in Iran are children (which would mean some 1.5 million children), and these **migrant children account for a significant proportion of the child labourers in Iran.** <sup>6</sup> In Tehran, 50-70% of the child workers are believed to be migrant children. <sup>7</sup>

> International NGOs estimate nearly 500,000 people in Iran are in some form of modern slavery. <sup>8</sup>



> Because documented migrants face employment restrictions and the undocumented are unable to work legally, they are easily exploited. The UN, NGOs and Iran's semi-official press all report migrants in Iran work for **substandard pay** (and sometimes delayed or no pay), **without insurance** and often under **unsafe conditions**. They typically live on or near squalid, dangerous worksites and do not complain for fear of dismissal and deportation. <sup>9</sup>

## HIGH-RISK SECTORS

Migrant workers can be found in most sectors in Iran, but they are heavily employed in **construction** (buildings, well digging, roads and other infrastructure) and are also often found in **bricklaying, agriculture/livestock, mining, urban waste disposal, gardening**, and business and residential **cleaning services**. <sup>10</sup>

For **child labourers**, high-risk sectors include **carpet and rug weaving, waste disposal, textile work, mining, brickmaking, masonry, construction, chemical production** and **domestic work**. <sup>11</sup>

Many of the sectors targeted for foreign investment in Iran are ones that involve a significant **construction component**, such as **infrastructure** (airports, rails and power generation), **water and waste management** systems, **auto manufacturing** (plant upgrades), **mining** and **tourism** (hotel construction). The construction industry's heavy reliance on migrant labour means companies active in these sectors will face an **increased risk of worker exploitation**.

## HEIGHTENING THE RISK

The Iranian government has made efforts: it now includes registered foreign nationals in the national health insurance system and enrolls foreign children regardless of legal status in the national education system. Yet the broad picture of migrant labour in Iran remains one of vast numbers of undocumented individuals facing severe workplace exploitation. Additional factors magnify the risk:

> **Opaque subcontracting:** In Iran, subcontracting often lacks transparency. Companies and municipalities **contract work out to the private sector, but much is done informally without written contracts or monitoring**. <sup>12</sup> In such an environment, it may be **difficult to identify subcontractors and their employment policies**.

> **Occupational health and safety:** OHS conditions in Iran, already **poor** (see IBR Briefing #3), are worsened by the large pool of migrant labour that is willing by necessity to work under unsafe conditions and, with the majority lacking documentation, unwilling to make any OHS complaints.

> **Weak regulatory environment:** Loopholes in Iranian labour law allow a company with less than 10 employees (which may **incorporate 50% of the country's workforce** <sup>13</sup>) to be exempt from most of the country's labour regulations. <sup>14</sup> Lack of government oversight and weak enforcement of existing regulations increase the risk of exploitative practices.

> **Large informal economy:** Undocumented workers are prominent in Iran's informal economy (which employs a third of the workforce), <sup>15</sup> with informal employment prevalent in the **construction, agriculture, transportation, retail** and **textile** sectors. <sup>16</sup>

## WHAT COMPANIES CAN DO:

Good practices around the world show business can address these challenges.<sup>17</sup> Companies can take these first steps:

**1. Ensure company policy requires written contracts with the terms of employment in the language of the worker, and prohibits worker-paid fees and the holding of workers' passports or personal papers.**

Since 2014, HP's Foreign Migrant Worker Standard prohibits the payment of fees by workers, requires written contracts in the worker's language, and prohibits the withholding of identification documents.

**2. Map your supply chain in Iran to identify priority risk areas for migrant exploitation, considering the risk factors outlined in this briefing at a minimum.**

Patagonia began auditing material suppliers **beyond the first tier** in 2011. These audits revealed possible instances of forced labour. This information helped the company prioritise and design its response; see the "Protecting Migrant Workers" section of the Patagonia company website.

**3. Consider imposing requirements for Iranian suppliers regarding treatment of migrant workers and build supplier relationships to support their improvement in recruitment and employment practices.**

Nike worked with its supplier Hytex in Malaysia to address migrant exploitation. Among other steps, it obliged the supplier to reimburse workers for any employment procurement fees; move migrant workers into approved accommodations; return personal papers or passports to the workers; and provide access to a hotline to report violations of the supplier's commitments to Nike. Nike also offered trainings to suppliers to improve migrant worker treatment.<sup>18</sup>

**4. Provide channels to allow workers throughout your supply chain to safely voice concerns about exploitative practices or conditions.**

Adidas worked with their suppliers in Indonesia to help them implement a mobile phone system that allows workers to anonymously report labour grievances to Adidas's monitoring staff.

**5. Work collaboratively with companies, business associations and other local partners to address the challenges caused by the exploitation of documented and undocumented migrant workers in Iran.**

The Coca-Cola Company has conducted joint supplier trainings with peer companies to provide a common message to suppliers about migrant worker treatment. During recent supplier trainings in the Middle East in 2014, Turkey in 2015 and Thailand in 2016, sessions were dedicated to addressing human trafficking risks.

## Notes

- <sup>1</sup> 2015 Global Migration Trends Fact Sheet, International Organization for Migration (IOM) <http://gmdac.iom.int/global-migration-trends-factsheet>
- <sup>2</sup> Mid-Year Trends 2016, UNHCR <http://www.unhcr.org/en-us/statistics/unhcrstats/58aa8f247/mid-year-trends-june-2016.html>
- <sup>3</sup> The Status of Foreign Nationals in the Labour Market of Iran, Iranian Ministry of Labour website, 5 September 2017 <https://tinyurl.com/y75g9guk>
- <sup>4</sup> The Statistical Centre of Iran <https://www.amar.org.ir/english/>
- <sup>5</sup> Echo Fact Sheet – Iran, European Commission - Humanitarian Aid and Civil Protection, April 2017 [https://reliefweb.int/sites/reliefweb.int/files/resources/iran\\_en.pdf](https://reliefweb.int/sites/reliefweb.int/files/resources/iran_en.pdf)
- <sup>6</sup> Solutions Strategy for Afghan Refugees: Progress Report 2014, UNHCR <http://www.unhcr.org/en-us/562a44639.pdf>
- <sup>7</sup> More Than 70% of Working Children Are Not Iranians, Eghtesad Online, 23 September 2017 <https://tinyurl.com/yghclq5l>
- <sup>8</sup> The Global Slavery Index, Walk Free Foundation, 2016 [www.globalslaveryindex.org](http://www.globalslaveryindex.org). (The Global Slavery Index includes forced labour, debt bondage, human trafficking, descent-based slavery, child slavery and forced/early marriage in its definition of and statistics for modern slavery.) See also Ali Abaspoor, Investigating Human Trafficking in Iran, Rahnaameh, March 2011 [http://www.rahnaameh.ir/article\\_192\\_07fe8b074989750bf18a60659f48407.pdf](http://www.rahnaameh.ir/article_192_07fe8b074989750bf18a60659f48407.pdf).
- <sup>9</sup> See When Afghans Refugees Become Employer Isicl in Iran, Iranian Students' News Agency (ISNA), 14 April 2013 <https://tinyurl.com/y7gj248n>; Residence of 33 Afghan Municipal Workers in Two Metal Chambers, Afghan Refugee Association, 13 August 2014 <http://afgrefugees.com/7363>; ILO-UNHCR Cooperation Towards Comprehensive Solutions for Afghan Displacement, Afghan Households in Iran: Profile and Impact, October 2006 <http://www.unhcr.org/455835d92.pdf>; Zahra Karimi Moughari, The Effects of Afghan Immigrants on the Iranian Labour Market, Iranian Economic Review, Vol.13, No.20, Fall & Winter 2007 [https://ier.ut.ac.ir/article\\_32651.html](https://ier.ut.ac.ir/article_32651.html)
- <sup>10</sup> Afghan Citizens in Iran, LandInfo, Country of Origin Information Centre, 14 March 2011 [https://landinfo.no/asset/2063/1/2063\\_1.pdf](https://landinfo.no/asset/2063/1/2063_1.pdf)
- <sup>11</sup> 4 Million Gap in the Number of Child Labour Statistics: New Form of Threats Appear, Mehr News, 25 October 2016 <https://tinyurl.com/ybf4bykh>
- <sup>12</sup> Ehsan Khayamabshi, Current Status of Waste Management in Iran and Business Opportunities, United Nations Industrial Development Organization (UNIDO), October 2016 <http://www.unido.or.jp/files/Iran-updated.pdf>
- <sup>13</sup> Labor and Class in Iran, Middle East Research and Information Project, 26 May 2017 <http://www.merip.org/mero/mero052617>
- <sup>14</sup> ILO NATLEX: Islamic Republic of Iran Labour Code, 20 November 1990 <http://www.ilo.org/dyn/natlex/docs/WEBTEXT/21843/64830/Eg0IRN01.HTM#c12C>
- <sup>15</sup> Growth in Informal Sector Undermining the Economy, Financial Tribune, 22 August 2016 <https://financialtribune.com/articles/domestic-economy/48138/growth-in-informal-sector-undermining-economy>
- <sup>16</sup> Kevan Harris, Iran's Labor Flashpoint, The Iran Primer, US Institute of Peace, 17 February 2011 <http://iranprimer.usip.org/blog/2011/feb/17/iran%E2%80%99s-labor-flashpoint>
- <sup>17</sup> The examples in points 1, 2 and 5 come from the Interfaith Center on Corporate Responsibility report Best Practice Guidance on Ethical Recruitment of Migrant Workers, April 2017 available at: [http://www.iccr.org/sites/default/files/iccrsbestpracticeguidanceethicalrecruitment05.09.17\\_final.pdf](http://www.iccr.org/sites/default/files/iccrsbestpracticeguidanceethicalrecruitment05.09.17_final.pdf)
- <sup>18</sup> Forced Labour by Nike Supplier, Oxfam, 15 July 2008 <https://www.oxfam.org.au/2008/07/forced-labour-by-nike-supplier/>



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RESPONSIBILITY

**IBR** is a nonprofit initiative that works with companies, governments and other stakeholders to foster responsible business practices that respect people and the environment, enhancing the benefits business can bring and reducing the risks for companies.

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