

agencies exploiting foreign domestic workers were too light and did not act as a deterrent for unscrupulous agencies. The EAA conducted 1,846 inspections of employment agencies in 2017; the labor department convicted two agencies for overcharging workers, four for unlicensed operations, and five for other offenses (eight agencies convicted in 2016). The government began to require employment agencies to comply with a newly instituted “code of practice” covering statutory requirements and standards for Hong Kong-based employment agencies. Authorities could cite the code of practice in decisions to extend or revoke employment agency licenses. The commissioner for labor revoked the licenses of six additional employment agencies on suspicion of overcharging foreign domestic workers and rejected applications for the renewal of several licenses based on non-compliance. Labor officials also issued an amended code of practice outlining the management of potential employees’ passports and personal identification documents. However, some employment agencies reportedly continued to operate—and unlawfully retain workers’ passports, with impunity—after losing their licenses, sometimes under a different name. The government reported efforts to reduce the demand for commercial sex and forced labor. The government did not provide anti-trafficking training to its officials posted overseas.

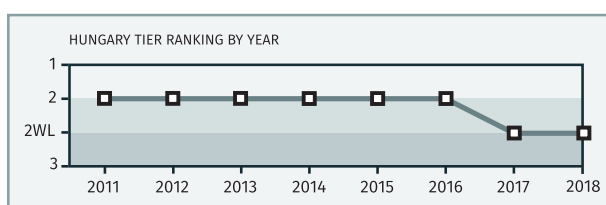
TRAFFICKING PROFILE

As reported over the past five years, Hong Kong is primarily a destination, transit, and to a much lesser extent, a source territory for men, women, and children subjected to forced labor and sex trafficking. Victims include citizens from mainland China, Indonesia, the Philippines, Thailand, and other Southeast Asian countries as well as countries in South Asia, Africa, and South America. Approximately 370,000 foreign domestic workers, primarily from Indonesia and the Philippines, work in Hong Kong; some become victims of forced labor in the private homes in which they are employed. An NGO report released in 2016 estimated as many as one in six foreign domestic workers is a victim of labor exploitation. Employment agencies often charge job placement fees in excess of legal limits, and sometimes withhold identity documents, which may lead to situations of debt bondage of workers in Hong Kong. The accumulated debts sometimes amount to a significant portion of the worker’s first year salary. Some employers or employment agencies illegally withhold passports, employment contracts, or other possessions until the debt is paid. Some workers are required to work up to 17 hours per day, experience verbal, sexual or physical abuse in the home, and/or are not granted a legally required weekly day off. Some foreign domestic workers sign contracts to work in Hong Kong, but upon arrival are coerced or lured to work in mainland China, the Middle East, or Russia.

Some women in Hong Kong—often with the assistance of their families—deceive Indian and Pakistani men into arranged marriages that involve forced domestic servitude, bonded labor in construction and other physically demanding industries, travel and identity document retention, wage theft, and other forms of abuse via exploitative contracts. Separately, criminal syndicates or acquaintances sometimes lure women to Hong Kong from the Philippines, South America, and mainland China using false promises of lucrative employment and force them into prostitution to repay money owed for passage to Hong Kong. Traffickers sometimes psychologically coerce sex trafficking victims by threatening to reveal photos or recordings of the victims’ sexual encounters to their families. “Compensated dating” continues to facilitate commercial sexual exploitation of Hong Kong children and make them vulnerable to trafficking.

HUNGARY: TIER 2 WATCH LIST

The Government of Hungary does not fully meet the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. The government demonstrated significant efforts during the reporting period by funding two NGOs to provide victim services and piloting a new EU-funded digital platform to collect statistical information on trafficking victims. However, the government did not demonstrate increasing efforts compared to the previous reporting period. Investigations and the number of victims identified continued to decrease from the previous reporting period. Government officials did not screen for trafficking indicators among vulnerable populations and law enforcement did not identify a single victim in the country. Only one of the three individuals convicted under a trafficking statute served jail time. Services for victims remained scarce, uncoordinated, and inadequate, especially for children and foreigners. Law enforcement arrested and prosecuted children exploited in sex trafficking as misdemeanor offenders, including sentencing five children to imprisonment based on their exploitation in sex trafficking. Therefore Hungary remained on Tier 2 Watch List for the second consecutive year.



RECOMMENDATIONS FOR HUNGARY

Screen all individuals in prostitution for trafficking indicators and protect adults and children from punishment for crimes committed as a result of trafficking, including prostitution; significantly increase quality and frequency of specialized victim services for adults and children and provide sufficient funding to NGOs to offer victim care; proactively identify potential victims, especially among vulnerable populations, such as migrants and asylum-seekers, children in state-run homes and orphanages, and individuals in prostitution, including by enhancing training for law enforcement and social workers on recognizing indicators of exploitation; increase law enforcement and judiciary efforts to investigate, prosecute, and convict traffickers under the trafficking statute and punish them with imprisonment; adopt and implement a non-punishment provision to ensure trafficking victims are not inappropriately incarcerated, fined, or otherwise penalized solely for unlawful acts committed as a direct result of being subjected to trafficking; amend anti-trafficking provisions of the penal code to explicitly address the irrelevance of victim consent relating to trafficking offenses and train law enforcement on its implementation; take steps to prevent trafficking of vulnerable children residing in state-run child care institutions and individuals who leave these institutions; increase victim-centered training of law enforcement, prosecutors, and social workers; bolster protection for victims who face serious harm and retribution from their traffickers, including by developing longer-term care options to improve reintegration; enhance the collection and reporting of reliable law enforcement and victim protection data; and bring the anti-trafficking law in line with international law by more precisely defining exploitation and requiring fraud, force, or coercion as elements of the core offense of adult trafficking.

PROSECUTION

Law enforcement investigations and trafficking prosecutions decreased. Article 192 of the 2013 criminal code criminalized sex and labor trafficking, but inconsistent with the definition of trafficking under international law, established the use of force, fraud, or coercion as an aggravating factor rather than an essential element of the crime. The law broadly defined exploitation as the abuse of power for the purpose of taking advantage of a victim. The prescribed penalties for the base offense ranged from one to five years imprisonment, while the penalties for trafficking crimes involving aggravated elements ranged from two to 20 years or life imprisonment. These penalties were sufficiently stringent and, with respect to sex trafficking, commensurate with those prescribed for other serious crimes. Additionally, article 193 of the criminal code criminalized forced labor, with sentences ranging from one to five years imprisonment for adult labor trafficking and two to eight years imprisonment for child labor trafficking. Article 203 of the criminal code criminalized profiting from child prostitution, with penalties of up to eight years imprisonment.

Law enforcement data remained unreliable, making it difficult to assess efforts. In 2017, police closed 18 human trafficking investigations (25 in 2016). Of the 18 investigations, 16 were for forced labor, one for duress, and one for child labor. There were 19 additional cases of trafficking for unspecified forms of exploitation. Officials reported prosecuting three individuals for forced labor under article 193, compared with two in 2016. There were no prosecutions under article 192 in 2016 or 2017. Police closed 58 investigations of exploitation of child prostitution in 2017. Prosecutors also reported prosecuting 11 individuals for exploitation of child prostitution under article 203 (compared with 22 in 2016). Courts convicted three individuals for profiting from and promoting prostitution in 2017; two were convicted under article 192 and one was convicted under article 175/B of the old criminal code, all in the same case. Courts suspended the sentences (two years imprisonment) of the two individuals convicted under article 192. The court did not suspend the sentence of the third individual convicted under former article 175/B, which included one year and six months imprisonment, two years deprivation of civil rights, and a financial penalty. Courts convicted seven traffickers in 2016 (22 in 2015 and 10 in 2014). There were 17 convictions under article 203 in 2017. Although the 2012 criminal code removed a requirement that trafficking include a commercial transaction, judges reportedly continued to seek this evidence. County police conducted domestic investigations; investigations were transferred to the National Bureau of Investigations (NBI) trafficking unit if cases involved organized crime or an international connection. The NBI trafficking unit employed 11 people, which experts noted was insufficient given the magnitude of the problem. NGOs criticized local police for lack of sensitivity toward trafficking victims, and observers raised concerns that law enforcement regularly underreported trafficking offenses. Investigations were hampered by law enforcement's and prosecutors' lack of clarity on their roles and responsibilities, but ultimately prosecutors' offices supervised police trafficking investigations.

Police remained reluctant to investigate certain trafficking cases involving child victims, including vulnerable children in state-run care institutions. The government reported no knowledge of officials complicit in trafficking; some observers, however, expressed concern about potential police protection of suspected traffickers. The government did not provide standard training on trafficking for law enforcement professionals; only ad hoc training courses were conducted. The government trained 30 consular officers and approximately 130 judicial staff on victim

protection (840 in 2016), and, with EU funding, conducted a training program for labor inspectors. During the reporting period, national police cooperated with their counterparts from Belgium, the Netherlands, and the United Kingdom on joint investigation teams pursuing sex trafficking cases. The government did not report extraditing any foreign nationals accused of trafficking, compared with 52 in the previous reporting period.

PROTECTION

The government maintained insufficient protection efforts. The government did not screen or adequately identify victims among vulnerable populations, such as adults and children involved in commercial sex, children living in government-run institutions, foreign workers, and unaccompanied minors, including asylum-seekers. The government decree on the trafficking victim identification mechanism listed the institutions responsible for identifying victims, the questionnaire to be completed with suspected victims, and procedural protocols. Observers criticized the mechanism for lacking clarity and standards, granting wide discretion to identifying bodies, including the police, as well as a lack of widespread dissemination of the protocols among front-line responders. Law enforcement generally treated all persons accused of prostitution as criminals, charging them with related administrative penalties and misdemeanor offenses. Hungarian anti-trafficking law did not protect trafficking victims, including children, from inappropriate administrative or criminal penalties for crimes committed as a direct result of their trafficking; the general non-punishment provision for victims of crime did not apply to misdemeanors or administrative offenses and was not implemented for trafficking victims. The government consistently failed to implement a 2011 EU directive requiring authorities to treat individuals subjected to trafficking in prostitution as trafficking victims regardless of initial consent, and Hungarian law did not include a provision on the irrelevance of victim consent. Authorities penalized 67 children (88 children in 2016), including 66 girls and one boy, for prostitution offenses; 33 children received a warning, 26 received a fine, five received detention, two were sentenced to community service work, and one had property confiscated. The Hungarian ombudsman for fundamental rights reported in March 2018 that the penalization of 14- to 18-year-olds for prostitution violated children's rights. The ombudsman recommended the interior minister consider amending the law to protect children under 18 years of age from punishment for prostitution, and that the national police review existing protocols on the handling of child trafficking for prostitution. The ombudsman also recommended that the government provide more efficient support and protection to child victims, and that it produce an action plan with dedicated government funding and targeted training for child protection experts.

The NBI trafficking unit did not report identifying any victims. In total, the government identified 33 victims, compared with 44 victims in 2016. Hungarian embassies identified nine victims, compared with 11 in 2016, but not all cases identified by embassies are reported through the system, making it difficult to compare numbers from year to year. The victim support service of the Office of Justice identified two victims, compared with nine in 2016. The victim support service provided 117,500 forint (\$450) in financial aid for the two victims. The national crisis telephone information service (OKIT) provided support in 20 cases in connection with trafficking-related phone calls, involving 22 potential victims, compared with 23 in 2016. Eleven of the 22 victims received shelter. NGOs reported assisting approximately 66 trafficking victims, compared with 143 victims in 2016.

Victim assistance services remained scarce, uncoordinated, and inadequate, and exposed victims to the risk of re-victimization. All Hungarian and EU victims were eligible for government-provided financial support, psychological services, legal assistance, witness care, and shelter. The national referral mechanism did not apply to non-EU citizens without legal residence and did not provide a basis for funding services to these victims. The Ministry of Human Capacities (MHC) granted special approval to a government-funded NGO to provide services to non-EU national victims in a few cases when the NGO requested it. Experts criticized the government's lack of harmonized guidelines on protective services for victims, noting the referral system was ineffective, and reported there was no consensus among the responsible ministries regarding protected placement options for third country national victims, regardless of residency. Hungarian and EU victims were eligible to receive services through two temporary shelters for up to six months, independent of a victim's cooperation with law enforcement. The Ministry of Justice (MOJ) established three new crime victim support centers to provide comprehensive services to victims of crime, including trafficking victims, such as customized psychological and emotional support and information on victims' rights. The centers did not support any victims of trafficking as of the end of the reporting period. The government did not have a dedicated program to provide return and reintegration assistance for Hungarian victims identified abroad. Experts noted services for long-term reintegration were lacking. No victims received state-ordered restitution or compensation.

The government lacked a framework for identifying, referring, or assisting child victims other than the general child protection system and state-run homes, but this system had insufficient staff and resources to provide appropriate care or security, leaving victims vulnerable to re-trafficking. The government-funded specialized services for eight minor female trafficking victims in a correctional facility. Experts criticized the chronic lack of assistance and specialized shelters for child trafficking victims. Children in state-run homes or orphanages were vulnerable to trafficking, both while living in the home and upon their required departure at age 18. Observers reported the government did not provide specialized services for child victims in state-run homes, which they described as "prison-like." In 2016, the MHC set up an expert working group, comprising NGO and government representatives, to focus on research, protection, prevention, and victim assistance regarding child sex trafficking in state care institutions; the group produced an assessment with recommendations in May 2017, which was distributed among the NGOs in the working group but not published. The government reported unaccompanied minors under 14 years old could be removed from transit zones and placed in a children's home in Fot, which did not offer specialized services for victims. The government planned to close the home in 2018 and did not report alternative accommodation for unaccompanied minors in the facility; media reports indicated authorities would transfer the children to a closed juvenile correctional facility. Unaccompanied minors between the ages of 14 and 18 could not leave the transit zone or be referred to the home in Fot until their asylum applications were approved.

The government provided 21.9 million forint (\$84,740), compared to 19 million forint (\$73,520) in 2016, in the form of one-year grants to one NGO to run two temporary shelters that could assist eight victims each with accommodation, psycho-social, and legal support. The NGO reported providing services for 20 victims (64 in 2016 and 62 in 2015), including one minor, as well as 12 dependent children and one adult

relative. Authorities provided 5.4 million forint (\$20,890), compared to 2 million forint (\$7,740) in 2016, to another NGO to support its shelters providing services to trafficking victims. The government provided 6 million forint (\$23,220) to an NGO to implement a trafficking prevention and training program for vulnerable children in two juvenile correctional centers in 2018. The MOJ subsidized two NGOs that assist crime victims, including trafficking victims, with 24.7 million forint (\$95,570), compared to 76.6 million forint (\$296,380) in 2016. There was a severe lack of funding for victim services.

Foreign victims could receive a 30-day reflection period to decide whether to assist law enforcement, during which they were eligible for a certificate of temporary stay. Victims who cooperated with authorities were entitled to a residence permit for the duration of their cooperation. The government did not issue any temporary residence permits, permanent residence permits, or exemptions from deportation for trafficking victims during the reporting period. NGOs remained concerned about inadequate government protection for victims who testified against traffickers; no victims assisted in an investigation or prosecution or participated in the witness protection program during the reporting period.

PREVENTION

The government maintained weak prevention and coordination efforts. The government had an anti-trafficking coordinator who chaired the national coordination mechanism, an entity including government actors, one international NGO, and the government-funded NGO that operated the trafficking shelters. Its work was complemented by the NGO roundtable, also chaired by the national coordinator. Coordination among these entities remained uneven. The government did not have an anti-trafficking national strategy and reported waiting for the European Commission to release a plan before adopting its own plan. The government did not release reports assessing its anti-trafficking efforts. The government provided approximately 1.5 million forint (\$5,800) the same amount as in 2016, to support the operation of OKIT, a 24-hour hotline for assisting victims of domestic violence and human trafficking. The hotline received approximately 7,500 calls, approximately 100 of which were trafficking-related and involved 22 victims. No investigations were initiated because of calls to OKIT.

The government contributed 25 percent of the funding for six trafficking-related projects awarded by the EU, worth a total of 137 million forint (\$530,080). The government did not commit additional funding to continue these projects when EU funding expires in 2018. Experts said the EU funding did not provide a long-term, durable solution to address the magnitude of the problem. An international organization received 70 million forint (\$271,850) to conduct a social media public awareness campaign on trafficking and 14 million forint (\$54,170) to establish a transnational referral mechanism between Hungary and Switzerland. The national police received 20 million forint (\$77,380) to provide training for approximately 700 police officers and front-line practitioners and 8 million forint (\$30,950) to organize eight local forums to enhance regional coordination. The immigration and asylum office used 7 million forint (\$27,080) to train immigration and asylum officials, produce a document to be used in victim identification, and organize a conference. The MOJ received 18 million forint (\$69,650) to design a new digital platform for recordkeeping and case management on trafficking victims. The government launched the platform in September, and began training experts. Two county police headquarters also organized local awareness

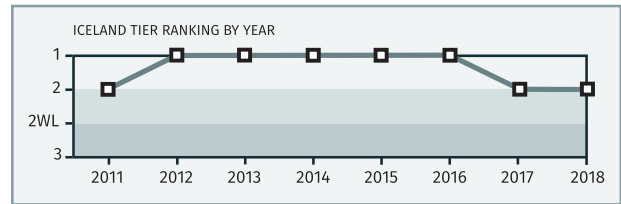
campaigns. The government did not make substantial efforts to reduce the demand for sex or labor trafficking. The government did not have the authority to inspect labor recruitment agencies or impose fines or punishment on foreign labor exchange agencies that committed trafficking offenses. The government did not have the authority to inspect the activities of labor recruitment agencies, but it could assess agencies' compliance with regulations concerning temporary work; it did not identify any victims while conducting this type of inspection.

TRAFFICKING PROFILE

As reported over the past five years, Hungary is a source, transit, and, to a lesser extent, destination country for men, women, and children subjected to forced labor and sex trafficking. Vulnerable groups include Hungarians in extreme poverty, undereducated young adults, Roma, single mothers, asylum-seekers and unaccompanied minors, and homeless men. Hungarian women and children are subjected to sex trafficking within the country and abroad, mostly within Europe, with particularly high numbers in Germany, the Netherlands, and France. Hungarian men and women are subjected to forced labor domestically and abroad, particularly in Germany, the United Kingdom, and the Netherlands. NGOs have reported a phenomenon of selling disabled victims for sex trafficking. Hungarians, particularly Romani women and girls and those from state care institutions, are exploited in sex trafficking in large numbers in Austria by Hungarians of Roma and non-Roma origin. A large number of Hungarian child sex trafficking victims exploited within the country and abroad come from state-provided childcare institutions and correctional facilities, and traffickers recruit them when they leave these institutes. Hungarian women lured into sham marriages to third-country nationals within Europe are reportedly subjected to forced prostitution. Hungarian men are subjected to labor trafficking in agriculture, construction, and factories in Western Europe. Trafficking victims from Eastern European countries transit Hungary en route to Western Europe. Hungary is a transit country for asylum-seekers and illegal migrants, some of whom may be or may become trafficking victims. Within the country, Romani children are exploited in forced begging, child sex trafficking involving both girls and boys, and forced petty crime.

ICELAND: TIER 2

The Government of Iceland does not fully meet the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. The government demonstrated increasing efforts compared to the previous reporting period; therefore Iceland remained on Tier 2. The government demonstrated increasing efforts by investigating more trafficking cases and adding a staff member to the specialized investigative unit. Iceland also identified more potential victims and increased resources for overall victim protection. However, the government did not meet the minimum standards in several key areas. The government did not prosecute or convict any suspected traffickers for the seventh consecutive year. Observers reported the need for further clarification on referral procedures and the inability for victims to receive work permits hindered investigations due to victims leaving the country for employment.



RECOMMENDATIONS FOR ICELAND

Significantly increase and report efforts to identify trafficking victims and refer victims to care facilities for assistance; intensify efforts to investigate, prosecute, and convict suspected traffickers; increase training for all police, prosecutors, and judges on detecting and prosecuting trafficking crimes; prioritize building trust between law enforcement and victims and provide protection and work permits to encourage victims to participate in the investigation and prosecution of traffickers; provide specialized services, including for male and child trafficking victims; enhance training methods for collecting evidence against suspected traffickers to avoid overreliance on victim testimony; improve victim referral procedures and develop procedures for identifying victims of forced marriage; expand training for officials on proactive identification of trafficking victims, particularly among migrant workers, unaccompanied children, and asylum-seekers; and finalize a current national anti-trafficking action plan and provide adequate funding for its implementation.

PROSECUTION

The government slightly increased law enforcement efforts. Article 227a of the criminal code criminalized sex and labor trafficking and prescribed penalties of up to eight years imprisonment. These penalties were sufficiently stringent and, with respect to sex trafficking, commensurate with those prescribed for other serious crimes, such as rape. Law enforcement reported 20 investigations compared with 16 investigations in 2016. Law enforcement also investigated one suspect for knowingly soliciting a sex trafficking victim to perform a commercial sex act. The government has not reported prosecuting or convicting any trafficking cases since 2010. Law enforcement did not conduct any international investigation during the year, compared to one in 2016. The government did not report any investigations, prosecutions, or convictions of government officials complicit in trafficking offenses. The police maintained a special investigative unit dedicated to combating trafficking and prostitution and added a staff member to the unit for a total of three officers. Law enforcement maintained a special email address for tips or inquiries about possible trafficking cases. The Ministry of Justice (MOJ) announced increasing resources for police by 407 million krona (\$3.9 million) to investigate sexual abuse cases, including sex trafficking. Observers reported the need to consistently train and educate prosecutors and judges on trafficking. The police college curriculum included instruction on victim identification and investigation of trafficking cases and police officers working on prostitution-related offenses received specific training on trafficking.

PROTECTION

The government maintained victim protection efforts. Government-funded civil society organizations identified seven potential trafficking victims, compared to four official victims in 2016. Of these, three were potential victims of sex trafficking, compared to four forced labor victims in 2016. Police