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The “free market” of migrant smuggling and its implications for EU migration policy

Abstract: The aim of the article is an economically analysis of the motivations and ways of operation of smugglers and migrants by verifying the hypothesis that combating illegal smuggling of migrants is extremely difficult due to mutual benefits obtained by participants of transactions concluded on the market of services supporting migration. In addition, these benefits result from the systematic reduction of the risk of human rights abuse during migration under the influence of market and technological factors. Economic factors determine the high level of adaptability of the migrant smuggling market to the used migration policy instruments through flexible prices and shifting costs to migrants. As a result, the European Union’s tougher migration policy may lead to a worsening of human rights standards in the process of smuggling migrants.

Keywords: European Union, human rights, migration policy, migrant smuggling

Abstrakt: Celem artykułu jest ekonomiczna analiza motywacji i sposobów działania przemytników oraz migrantów poprzez weryfikację hipotezy stanowiącej, że zwalczanie nielegalnego przemytu migrantów jest niezwykle trudne ze względu na wzajemne korzyści czerpane przez uczestników transakcji zawieranych na rynku usług wspierających migrację. Dodatkowo korzyści te wynikają z systematycznego ograniczania ryzyka nadużycia praw człowieka w trakcie migracji pod wpływem czynników rynkowych i technologicznych. Czynniki ekonomiczne decydują o wysokim poziomie zdolności dostosowawczych rynku przemytu migrantów do stosowanych instrumentów polityki migracyjnej, nie tylko przez elastyczne ceny, ale także przez przerzucanie kosztów na migrantów. W rezultacie zaostrzona polityka migracyjna Unii Europejskiej może doprowadzić do pogorszenia przestrzegania standardów praw człowieka w procesie przemytu migrantów.

Słowa kluczowe: polityka migracyjna, prawa człowieka, przemyt migrantów, Unia Europejska

Global population movement on an unobserved scale since the end of World War II and the well-developed migrant smuggling business, seeing new market opportunities in these flows, can affect not only economies in countries of origin, transit and destination, but also strategies to combat the criminal organizations. Migrant smuggling is a very attractive and lucrative form of criminal activity, with an extremely low detection risk, resulting in the third largest business of international criminals groups [according to data from the International Organization for Migrants, for: da Silva 2017], with estimated turnover in the European Union (EU) of 3.0-6.0 billion EUR per year [Europol 2016: 13]. Moreover, according to European Commission (EC) estimates, 80%-90% of immigrants came to the Old Continent with the assistance of smuggling networks¹. In addition to funds derived from irregular support for migration flows and the provision of high-quality fraudulent identity and travel documents (e.g. confirming low income levels or indicating false reasons for migration), criminal networks will likely profit from participating in money laundering and offenses against their own clients who are exceptionally vulnerable to human rights contraventions (such as trafficking or coercion). It should also be noted that in the Smuggling Protocol [2000] annexed to the UN Convention against Transnational Organized Crime (UNTOC), migrant smuggling is defined in strictly economic terms as “the procurement, in order to obtain, directly or indirectly, a financial or other material benefit, of the illegal entry of a person into a state party of which the person is not a national or a permanent resident” [UNODC 2018]. As a result, the implementation of research on migrants smuggling with negligence or underestimation of the economic perspective limits the possibilities of analyzing a crucial factor stimulating the development of the smuggling services market. The economic approach makes it possible to interpret migrant smuggling as a business focused primarily on profit maximization [Salt 2000: 35]².

Referring to methodological issues, the market perspective conditions the analysis of the activities of migrant smuggling organizations in terms of costs and benefits that determine the size and basic features of demand for services of criminal

¹ According to some sources, this applies not to most, but to all migrants [European Commission 2015: 21]. As the Europol reported, most of those attempting to enter the EU originate from Syria, Pakistan, Afghanistan, Iraq, Senegal, Somalia, Niger, Morocco, India, Bangladesh, China and Vietnam [Europol 2016: 5].

² There are also allegations, that some smuggling groups provide their assistance to migrants upon humanitarian grounds, without financial benefits. Although this type of motive cannot be excluded, it should be considered a marginal phenomenon, dominated by the desire to maximize profit.

groups on the part of migrants and supply of facilitation services offered by smugglers [European Commission 2015: 130]. The volatility of market prices for these services is conditioned by the interaction demand and supply. In addition, taking into account the business dimension of smugglers' activities provides a conceptual framework for analyzing the supply of smuggling services, focusing on intermediaries organizing smuggling operations to maximize profits from the investment. Due to the fact that migrants' journeys to Europe are most often carried out by several transit countries, comprehensive migration support services must include long-distance transport, accommodation and the provision of forged documentation, which impels smugglers to demand exorbitant prices. As a result, profit-seeking migrant smuggling networks offer assistance to those migrants who are ready and likely to incur high travel costs [UNODC 2018].

The purpose of the article is to present the incentives and *modus operandi* of smugglers and migrants in economic terms by verifying the hypothesis that combating illegal smuggling of migrants is extremely difficult due to mutual benefits obtained by participants of transactions on the market. In addition, these benefits result from a systematic reduction of the risk of human rights abuse during migration under the influence of market and technological factors. The following specific questions were subordinated to the research problem formulated above:

- What incentives stimulate the demand for smuggling services for migrants?
- What kind of services are provided to migrants by criminal groups?
- How is the risk of human rights abuses reduced during migration?
- How can the specificity of the migrant smuggling industry affect the effectiveness of EU migration policy?

The starting point of the analysis are issues related to the booming demand for smuggling services, including the root causes of migration and the phenomenon of "attracting" migrants by highly developed economies of EU countries. The issues mooted in the first chapter include also various sources of financing for migration and mechanisms of financial support for migrants based on ethnic and family relations. The second chapter focuses on the development and specific features of rapidly spreading migrant smuggling networks, supported by autonomous local structures, to explain the reasons for the low detectability of criminal activities related to migrant smuggling by law enforcement agencies. These problems arise from the fact, that the crimes are committed through the provision of migration facilitating services, which naturally includes charging fees to cover the costs of providing it. This is followed

by issues concerning the “human costs” of migrant smuggling related to human rights violations, which however disappear under the influence of fierce competition on the smuggling market, the development of alternative remittance systems, and the exchange of information through social media. Analysis of the “free market” of migrant smuggling through economic lenses allows a deeper understanding of the foundations for effective tackling of migrant smuggling business, but also the unintended side effects of combating illegal migration. The fight against smuggling of migrants takes place in the conditions of benefits achieved by both parties to the transaction and the need to respect the principles of political correctness.

1. Migrants as the steadily developing demand side of the smuggling market

The basic push factors, i.e. those that may lead to migration to the EU, include social, economic, political and environmental conditions in less developed countries. Poverty, limited opportunities for economic and social advancement, prolonged political instability and disintegration, violence, armed conflicts, natural disasters and persecution [ibid.] motivate migrants to leave their homelands, stimulating the development of the smuggling industry, despite the necessity of exposing themselves to the perilous travel often ending in tragedy. Although push factors may seem dominant, many migrants are relatively well-off people who, despite the high socioeconomic status in their home country, in response to pull factors, decide to migrate, looking for much better living conditions for themselves or their families in secure and prosperous European economies with a higher standard of public services, greater employment opportunities, better education and health care, as well as more generous social welfare systems [Salt 2000: 32]. Thanks to the growing access to information, visions of abundance of consumer goods in Europe are amplified by the possibility of exercising a wider range of fundamental rights and freedoms [Reitano, Tinti 2015: 6]. Consequently, actions for the economic and political stability of migrants’ countries of origin can only to some extent limit their pursuit of a higher standard of living on the Old Continent.

Due to the decreasing possibilities of legal entry into European countries, migrants decide to place themselves in the hands of organized crime, while contributing to the flourishing market of smuggling networks to an unprecedented scale [Gallagher, Carling 2017]. Migrants are assumed to use smuggling services only when it seems impossible to move without their help, for example in the case of difficult border crossings or the need to travel in harsh conditions [Reitano, Tinti 2015: 5, 8]. Contact with smuggling networks is initiated not only by migrants, but also by smugglers who encourage migration. The process of seeking potential

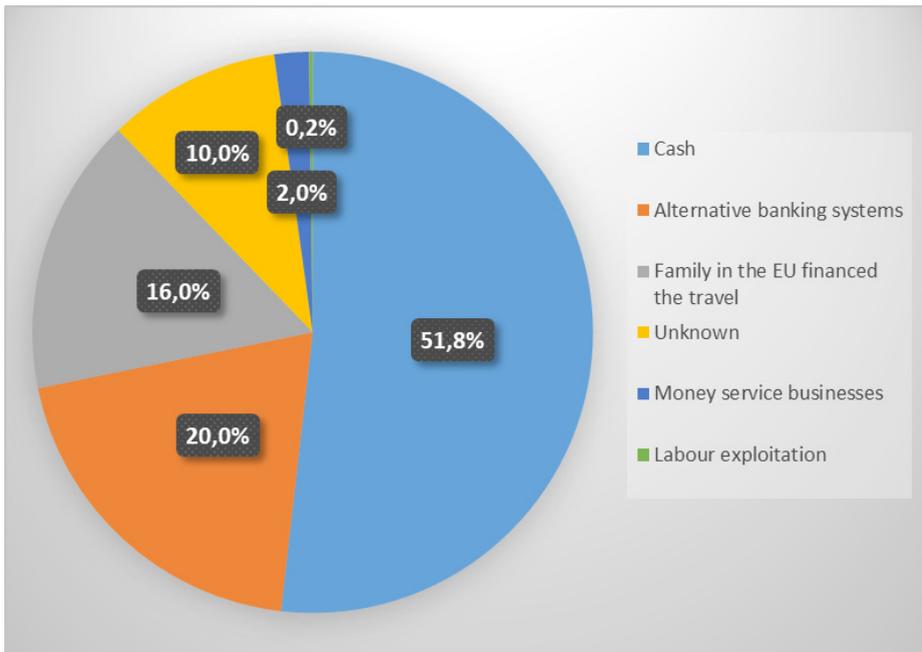
customers, including through social media (including Facebook³) and online advertising, as well as establishing trust-based relationships between market participants plays an increasingly important role in stimulating the demand for smuggling services [Campana 2017]. Those who do not use social media have to rely on recommendations and information provided orally. In addition, in order to better adapt to the potential recipients' preferences, recruitment to the smuggling network is generally carried out among members of local or diaspora communities, with particular emphasis on those who have previously used smuggling services and may become smugglers in destination or transit countries [Chongaile 2015]. As a result, criminal organizations develop mainly on the basis of ethnic or linguistic criteria, while fulfilling a "bridging" function between different communities and cultures [Reitano, Tinti 2015: 5].

The demand for migration support services is primarily a consequence of the distorted picture of living conditions in Europe, reinforced by fears and delusions, and even deliberate misleading [European Commission 2015: 28]. People in the most difficult economic situation tend to recruit a smuggler regardless of the price demanded due to the expected, attractive life prospects in destination countries and naive visions of quick earnings abroad [Reitano, Tinti 2015: 5]. In this context, employment opportunities in the informal economy, offering a huge number of legal, semi-legal and illegal jobs, and possible inclusion in the social welfare system are particularly tempting. In response to these phenomena, a number of European countries (in cooperation with EU structures) have launched awareness campaigns to discourage migrants from using smuggling services by presenting the real conditions in which migrants are smuggled and the view of standard of living in the destination countries. However, due to the never-ceasing flow of information (especially via the Internet), migrants can be presumed to be often aware of the risks associated with travel, and the decision to migrate is the result of calculating the benefits and losses arising from exposure to danger before reaching the destination. It cannot be excluded that they also consider the possibility of losing their lives and consciously agree to it. As a consequence, smugglers are classified by customers as good and bad ones, depending on the level of risk associated with the use of their services, therefore unilateral depiction of smuggling networks as groups that are intrinsically ruthless or oriented solely on exploitation of migrants is not considered reliable or useful in reducing the demand for these services [Gallagher, Carling 2017].

³ It takes only a few minutes to find smugglers on the website, but the Facebook representatives convince, that they are cooperating with law enforcement agencies to shut down any pages or posts promoting migrant smuggling services [da Silva 2017].

At the heart of effective demand for smuggling services are financial resources, i.e. the higher the level of disposable income or the greater the ability to raise cash, the higher the quality of facilitating services offered. To raise the funds required to cover the travel expenses, migrants draw on savings or sell real estate and jewellery. They also take out loans, mainly from unscrupulous money lenders, which, however, makes the whole undertaking much more risky for them. In addition, the poorest make attempts or are forced to take illegal, low-paid work in urban or suburban areas along the route, in order to pay off debts or accumulate savings to cover further expenses [Europol 2016: 5]. Analysing the structure of payment means used in smuggling operations (diagram 1), it is easy to notice that migrant smuggling has close links with money laundering, as cash transactions dominate here, and about 20% of transactions are concluded through alternative banking systems that transfer funds outside of formal value circulation. Fees are often paid in installments at subsequent stages of the customer's journey⁴.

Diagram 1. Structure of sources of financing migration



Source: own study based on: [Europol 2016: 4].

⁴ In order to hide money laundering, smugglers generally carry out legal activities by carrying out projects using cash or payment services (casinos, car dealership) as well as investment in luxury goods (cars, real estates). Dirty money is also mixed with legal funds and transferred via formal and informal banking systems [Chonghaile 2015].

Migrants can also count on financial support from family and friends who treat them as an investment to achieve a higher standard of living, even if the expected return on it is not high or does not guarantee success [UNODC 2018]⁵. Those who reach their preferred destination send money transfers to their families to repay the loan or meet other family obligations⁶.

The presence of an ethnic diaspora in a country that migrant has chosen significantly determines the preferences of migrants regarding routes and migration countries [Reitano, Tinti 2015: 7]. This is due to the role that members of the diaspora, with which migrants have national, linguistic or cultural ties, can play in planning and organizing migration by providing assistance, often without direct material benefits, in:

- travel preparation (including emotional support and accumulation of funds for migrants planning to use migration facilitating services),
- providing information on the quality of smuggling services,
- accommodation, travel planning or employment on the black market by helping to obtain (illegally) a work permit,
- arranging fictitious marriages or false adoptions,
- introducing and integrating the migrant with the local community in the destination country [European Commission 2015: 134].

2. Migrant smuggling networks as a flexible business model

Briskly thriving migration-supporting nets that use a variety of *modi operandi* to maximize the benefits of high demand driven by the migration crisis constitute the supply side of the smuggling market. The characteristics and tasks of smugglers may vary depending on the region, route or profile of their activity: while some specialize in smuggling migrants as ‘full-time professional criminals’, others regard migration as an opportunity for additional income [Salt 2000: 36]. Although many smuggling groups have traditionally operated only along migration routes, the current scale of migration provides them with unprecedented profits that allow them to permanently transform from

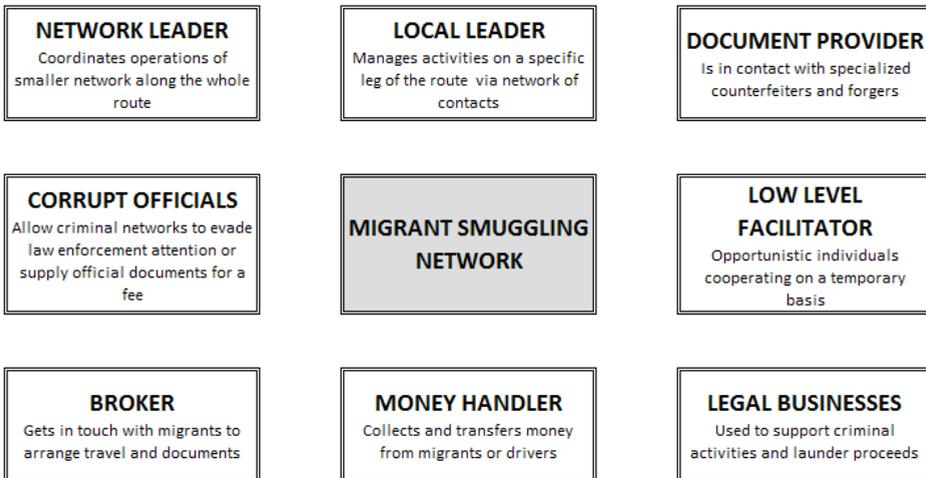
⁵ Because of the fact that most minors reaching the EU are unaccompanied by adults, this group is extremely vulnerable to harsh labour conditions or sexual exploitation. Nevertheless, it is young people that are perceived by families as a highly profitable “investment” due to the much lower probability of being sent back to their home country.

⁶ In Pakistan and Afghanistan, remittances from irregular migrants the income of households.

loosely coordinated smuggling networks into professional criminal groups that support the development of local economies by investing income [Reitano, Tinti 2015: 4].

A typical smuggling migrant network is composed of actors with varying degrees of involvement (diagram 2). The network leader (or organizer), responsible for supervision and comprehensive coordination of organization’s activities, usually operates in one of the key migration hubs, where migrants try to access smuggling services or transport infrastructure. Leaders maintain (usually remote) contact only with selected core members of the organization. Prices of smuggling services are set by local coordinators, who act as heads of regional cells in areas where migration routes run. Their duties consists in coordinating activities at the lower levels of the organization, which includes accepting orders from clients, booking flights, buying or renting means of transport, or recruiting truck drivers [Europol 2016: 9]. Although the possibilities of local coordinators’ influence on the functioning of the entire criminal network are limited, the scope of their tasks depends primarily on the complexity of the network in which they operate.

Diagram 2. The decentralized structure of migrant smuggling network



Source: own study based on: [Europol 2016: 9].

The supply side of the smuggling market has a complex and opaque structure. The market, particularly at the lowest, local level, is very fragmented and deprived of separate management, thanks to which it has become highly competitive [da

Silva 2017]. As experts emphasize⁷, organized smuggling networks are supported by a huge number of professional, local collaborators, dealing with corruption and forgery of documents, and by ordinary citizens, such as carriers, hoteliers, taxi drivers, truck drivers, travel agents and lenders [Reitano, Tinti 2015: 5]. The ‘subcontractors’, equipped with special knowledge and experience, are recruited mainly through social media and operate outside the criminal organizations on an *ad-hoc* basis. As a consequence, they form part of the criminal network only occasionally, and sometimes render services for several smuggling groups at the same time [Europol 2016: 10]. Professionals who are members of ancillary networks often run legal businesses on a daily basis, only occasionally performing tasks assigned by criminal networks and taking advantage of opportunities to make some extra money offered by the illicit economy [Reitano, Tinti 2015: 5]. Due to the very low requirements for participation in the migrant smuggling market (low capital investment, not very advanced skills, low risk of being brought to justice [UNODC 2018]⁸), agencies combating smuggling networks must take into account the fact that when one member of the subsidiary grid is apprehended, the vacuum emerged is immediately filled by others [da Silva 2017].

Even if the basic structure of the market is currently a loosely interconnected network, it can be observed that these networks are becoming more and more specialized, rationalizing operations through mergers and acquisitions, cooperative relationships, the absorption of smaller organizations or open conflicts over market share [Salt 2000: 42-43]. As a result of the monopolization market factors, smuggling structures are becoming more and more transnational in nature, going beyond national borders and undertaking other forms of criminal activity [UNODC 2018].

The scope and structure of smuggling services offered is tailored to the payment possibilities of the migrant, although prices may vary significantly depending on the country of origin and preferred destination (prices shoot up when it is necessary to cross many borders), type of transport and guaranteed safety of the smuggling route. Closer contacts with smugglers or willingness to cooperate with

⁷ For instance, Paolo Campana [2017], a criminologist at the Cambridge Institute of Technology, referring to the structure of the smuggling market, describes this industry as a “quintessential free market” without monopolies, unlike other black markets controlled by organized crime groups.

⁸ In consequence, almost anyone can become a smuggler or co-worker of the smuggling network: from street vendors offering assistance in crossing the borders to tourist guides and fishermen equipped with boats for sea expeditions [Campana 2017].

them may also be relevant in price negotiations [Chongaile 2015]. In addition to providing comprehensive services to accompany migrants throughout the entire migration route, some offers provide support for migrants only in the area of the local smuggling network on a point-to-point basis [European Commission 2015: 132]. In relatively cheaper pay-as-you-go packages fees are transferred to unrelated smugglers bit by bit, after a specific part of the route has been travelled by the migrant. However, this type of migration is recognized to be biased with a particularly high risk of violating human rights. “Package” offers are more expensive, but they are definitely a faster and safer way to reach the destination [Reitano, Tinti 2015: 4-6].

The scope of additional smuggling services depends primarily on the funds available, which affects the modes of transport offered. However, using a combination of these means is considered to make the journey longer and more dangerous. Very low-income migrants can take advantage of land transportation (including desert routes), facilitated by smuggling network only on sections with extremely uncomfortable conditions (illegal crossing of borders by foot, in trucks, by rail or through special tunnels) [UNODC 2018]. Regardless of the particularly high risk, the poorest, most desperate migrants (or with no alternatives) make attempts to cross the sea. Sea routes are usually crossed on boats often unseaworthy and overcrowded. In this context, the significant number of sinking recorded when attempting to get from North Africa to the EU through the Mediterranean should not be surprising⁹. At the same time, the mass purchase of boats and a wide range of life jackets from local producers and fishermen contributes to the skyrocketing injection of financial resources to local economies, which positively influence their development [European Commission 2015: 31]¹⁰. Additionally, due to the rooting of criminal organizations in local economic structures, they are gaining significant support from the community in smuggling migrants, which is a serious challenge to the successful combating the smuggling industry.

Despite tight controls on land and sea routes in the EU in recent years, airways are a relatively less frequently used channel for smuggling migrants. Although air

⁹ The amount of the fee affects the privileges granted to migrants, also in terms of security standards. For example, the more affluent Syrians traveled on the plane and received life jackets, while Africans were locked in their luggage hatch and were not equipped with life jackets [Reitano, Tinti 2015: 10].

¹⁰ Fees paid to fishermen for help in smuggling are so high that they can completely give up fishing [Reitano, Tinti 2015: 15].

transport is perceived as the most effective and safest way to travel, smuggling by air is associated with high costs, with the need to involve professional counterfeiters of documentation authorizing them to cross state borders [Reitano, Tinti 2015: 7]. However, there are many options available for obtaining this type of document: a borrowed or stolen passport with a photo of a migrant-like person, a fake travel or ID document, a legal passport or visa issued on the basis of false documents confirming personal data [UNODC 2018]. Fake documents are delivered to clients by the facilitator at the beginning of the journey or systematically at subsequent stages of the smuggling route, which allows migrants to travel between sections by themselves.

The costs incurred by smugglers are in some cases estimated to absorb almost 50% of the smuggling fees. Migrant payments must cover the expenses of network members involved in smuggling activities, i.e. the rental of so-called “secure homes”, where migrants are waiting for the departure, rental or purchase of a boat or other means of transport, as well as special fees for local armed militias or authorities for protection [Reitano, Tinti 2015: 13]. A large part of the expenditures are bribes given at various stages of migration routes to make officers the part of the enterprise. Immigration and customs officials as well as other law enforcement officials receive money for passing unverified vehicles or ships through border-crossing points, and corrupt consulates and embassies staff charge fees for visas and passports or supporting the migration applications [Europol 2016: 12].

An analysis of the supply side of the smuggling market indicates that it is based on profits not only from huge economies of scale, but also from operational practices that violate basic human rights. Relatively fixed, i.e. independent of the number of smuggled persons, costs of bribery encourage the mass movement of migrants. As a result, criminal networks try to transport as many individuals as possible at a time, which ensures lower average service costs. Unfortunately, these low-cost operating methods most often consist in squeezing “human cargo” into extremely small spaces in trucks, containers or crowded boats to make its value sufficiently high to mitigate the risk of seizing by law enforcement agencies [Reitano, Tinti 2015: 10]. However, these methods significantly violate human dignity, posing a greater risk to the life and health of migrants and resulting in a sharp rise in the number of reported deaths and serious injuries during smuggling operations [UNODC 2018].

3. Mitigation of risk of human rights violations in the migrant smuggling market

The development of organized crime involved in migrant smuggling is considered as a reaction to the growing restrictions on the influx of migrants from less

developed countries into the Old Continent. As a dirty business, the smuggling market gives tremendous power to the criminals, which significantly increases the likelihood of serious breaching of human rights and the exploitation of migrants [European Commission 2015: 130]. As a result, in the market of migration support services legal and illegal operations easily blur into one another, and migrant smuggling turns into human trafficking [Chonghaile 2015].

As stated in the EC report from 2015, in addition to negative experiences related to severe conditions of travel to the EU and staying detention facilities, customers of smuggling networks are extremely vulnerable to mistreatment by smugglers, in the form of human trafficking, hostage taking, extortions, rapes, robberies, battering, tortures and blackmailing [European Commission 2015: 20]. There are frequent cases of kidnapping for ransoms from migrant families and the so-called debt slavery, where the cost of smuggling is initially covered by the smuggler, and migrants or their families are forced to repay the debt under the conditions set by the criminal group, fearing of violence or deportation from the destination country¹¹. An additional threat to the safety and well-being of migrants are long migration routes, with numerous detours or last-minute shifts, depending on the weaknesses in border controls. In some cases, when migrants tried to turn back, they were forced to continue their journey. The practices presented above clearly show that not everyone who has decided to use illegal migration channels are aware of the circumstances in which the journey will take place [Salt 2000: 34].

Particular attention should be paid to the methods used by criminal groups to shield from the risk of detecting their activity and avoiding criminal liability. The strategy of these groups is based on blurring the boundaries between smugglers and customers, as a result of which migrants are forced, e.g. to navigate a boat or drive a truck [Gallagher, Carling 2017]. Criminals were also reported to pretend to be migrants so efficiently that they were not apprehended at borders, but repatriated [UNODC 2018]. Moreover, smugglers stay up-to-date with developments along the migration routes and measures taken to prevent illegal smuggling, such as changes in law enforcement, asylum procedures or improved border controls, using online platforms, which allow them to respond immediately to disadvantageous conditions at borders or their closure. Changing smuggling routes or looking for safer routes in regions where the law enforcement is weaker, however,

¹¹ For example, Eritreans were transported free to the Libyan coast and then locked up and tortured to obtain ransom from their families [Chonghaile 2015].

causes automatic price surge, not only increasing the financial costs borne by migrants, but also – paradoxically – the demand for services provided by migrant smugglers [Europol 2016: 10].

There is some irony in the fact, that the search-and-rescue operations undertaken by organizations seeking migrants in trouble have become a good illustration of the creativity of criminal networks in reducing risk and operational costs [Gallagher, Carling 2017]. In an attempt to mitigate harsh humanitarian consequences of the smuggling business, these organizations help migrants who call for help by firing torches or sending an SOS signal from “disposable” boats (like dinghies) drifting in international waters¹². Therefore, the main goal of smugglers was to transport migrants to the border of international waters, where they might receive the aid. A side effect of the aid action was the reduction of the logistic and operational costs of smuggling, which is indicated by less fuel carried on migrant boats, and to lower market entry barriers to the level at which smugglers can be anyone who is able to manufacture or buy a boat and find people willing to take advantage of the services offered¹³. Consequently, the possibility of being taken off the smugglers’ hands by humanitarian organizations has made facilitation services much more attractive to migrants, significantly increasing the illegal migration tide [Campana 2017].

Market and technological factors may have an impact on the gradual reduction of human rights abuses in the smuggling market. Although the choice of a trusted contractor in such a dangerous and unstable business is extremely hard, market mechanisms lead to a natural selection of “bad” and “good” smugglers, while the latter can be defined as persons or groups willing and able to transport migrants to destination countries as safely as possible and at an acceptable price [Gallagher, Carling 2017]. Zooming up competition in the smuggling market and numerous customer complaints have forced a shift in risk sharing between seller and buyer. On the one hand, money is less and less often paid to the smuggler in advance, and on the other – the process of selecting service providers, according to their reputation, is carried out. The selection is conducted by word of mouth (family members or friends who used the services of a given smuggler and successfully arrived to

¹² In order to contact humanitarian organizations, smugglers often provided migrant groups with a cell phone and telephone number to call for assistance from the state.

¹³ According to the chief prosecutor of Catania in Sicily, “Italian Operation Mare Nostrum (...) had an unexpected effect. The criminal organizations handling the migrant trafficking took advantage from the new opportunities and deliberately enhanced [the] danger of the situation in order to force the Italian Navy to advance toward the African coast, so lowering their costs and consequently prices required to the migrants” [Reitano, Tinti 2015: 12].

destination) and recommendations on digital forums [European Commission 2015: 132]. Due to the dissemination of modern communication technologies and constant access to information, migrants can efficiently inform each other about the quality of services received and travel conditions offered by smugglers [Reitano, Tinti 2015: 25]. Being aware that “accessing and evaluating information could mean the difference between life and death” [Campana 2017], i.e. it is *conditio sine qua non* to stay in the trade, smugglers are forced to take additional risk associated with supporting migration and more reliably comply with the provisions of contracts concluded with customers [da Silva 2017].

Migrants increasingly pay for smuggling services through insurance offices, third party guarantors or escrow services, which guarantees payment of funds to smuggler only when the customer is satisfied with the services delivered¹⁴. One of the most prevalent forms of payment for smuggling is the use of an informal remittance system called hawala. This illicit banking is primarily based on mutual trust and respect, supported by text messaging and a well-developed network of brokers. Funds deposited with an underground money handler (hawaladar) are transferred to smugglers (as per the migrant’s order) after completing the next stages of travel in transit or destination countries [Chongaile 2015]. In some cases, the smuggler receives some of the money on the up-front basis, and the balance is paid only after confirming that the migrant has safely reached the checkpoint or his final destination.

In addition, a developing money-back guarantee scheme might make the smuggling market more transparent and fair, because if the migrant does not reach his destination, the money is sent back to the family and the whole deal is called off. In more dramatic cases, compensation for fatalities is paid to families of victims. Even if these indemnifications can be interpreted as the consequence of remorse and a manifestation of the humanization of the smuggling market, they are primarily aimed at maintaining the position on the market [da Silva 2017].

4. Implications for EU migration policy

An analysis of the migrant smuggling market from an economic perspective gives rise to reflections on the impact of the specificity of this market on EU immigration policy, in particular in the context of the low effectiveness of

¹⁴ Funds are transferred to the smuggler after the broker deducts the agreed amount [Reitano, Tinti 2015: 18].

counter-smuggling operations. Given the characteristics of the migrant smuggling industry, it appears that the implementation of a comprehensive response to the illegal influx of migrants by systematically transforming the crime from “low risk, high-reward” business to a “high risk, low-reward” one is unlikely [Chongaile 2015]. The deterring function of sanctions and a more stringent EU migration policy (e.g. with no access for migrants to social welfare systems) are considered ineffective or, more importantly, unacceptable from humanitarian perspective. As for the efficacy of tightening migration regulations, such as forced deportation of migrants or sending them back to their place of origin, they are considered to have little impact on weakening migratory pressure, largely due to the persistent disparities in socio-economic development between developed countries and developing ones that ensure steady and unlimited demand for smuggling services [Salt 2000: 41]. Additionally, it should be borne in mind, that capacity building of law enforcement and the development of new methods of detecting crime, as well as monitoring the evolution of forms of migration to the EU require vast investment as a prerequisite for increasing the degree of international coordination in the field of preventing illegal migration. Catching up with the high dynamics of the development of smuggling networks becomes practically unattainable with limited financial resources of European countries, strained by huge public debts as the legacy of the economic crisis in Europe.

Undoubtedly, more legal and communication barriers on migration routes result in increased demand for smuggling services, which enables criminal organizations to thrive. Highly responsive character of the market means that announcements concerning new security measures, rising border controls or changes in resettlement policy in European countries affect the immediate adjust of smuggling routes or the increase in prices of smuggling support services due to the higher costs of circumventing the barriers to migration [Gallagher, Carling 2017]. As a result, smuggling becomes not only more expensive, but also more dangerous for smuggling networks customers, as the need to use their services increases. Therefore, the ability to react swiftly to changes in the business environment determines the flexibility of the smuggling market¹⁵ and the rapid “internalization” of all forms of combating organized crime, which results in a small deterrent effect [Salt 2000: 43].

¹⁵ T. Reitano and P. Tinti confirmed, that criminal networks operating across the Horn of Africa very quickly adapted the methods of operation to the growing number of migrants from Syria heading to Europe [Reitano, Tinti 2015: 9].

The costs of migrant support services might also increase in the case of stricter combating of smuggling networks or toughening sanctions for illegal smuggling, as a result of improving the quality of surveillance of migrant transport, increasing detection of smuggling or conducting more effective evidence proceedings. Higher risk translates into higher fees very quickly. Excessive concentration on maximizing and concealing profits means that smuggling proceeds are highly vulnerable to freezing, seizure or confiscation, but the low effectiveness of traditional instruments to fight organized crime will probably not be able to stem smuggling activity and weaken the wave of illegal migration [Gallagher, Carling 2017].

In view of the above, one of the considered methods of limiting the role of organized crime in migration flows is to introduce laxer control of entry into the EU, open state borders or create additional legal migration channels. However, it is worth noting that even if this could curtail the activity of smuggling networks, social debate on the cultural and social implications of an increase in the migrant population in host countries is needed, also when migrants are perceived as an illegal workforce, which can play an active role in filling shortages on the labor market and counteracting negative demographic trends in the economies of target countries. Bearing in mind the fears of European societies, public authorities appear to be caught up in a specific Gordian knot when we take into account the dilemma on the one hand between maintaining cultural unity and promoting diversity, and on the other – between budgetary constraints in public finance and diverse political interests. Consequently, the EU's efforts to develop a coherent solution to the problem of migrant smuggling within (constituting European identity) liberal values and human rights basis may limit the autonomy of Member States to conduct their own migration policy. This is crucial in the light of the fact that liberal democracy is one of the most important factors attracting migrants to the Old Continent, contributing to the increase in the number of migrants arriving in the EU at an exponential rate [ibid.].

Conclusions

The analysis of the migrant smuggling market presented in the article indicates that smuggling operations for commercial purposes are very difficult to detect and rarely punished due to (typical of this market) the consensual structure of the relationship between the migrant and the smuggler. Despite the temporary nature, these relationships condition an almost ideal business model, in which each transaction party profits. Has the migrant reached its destination, the smuggled and smugglers remain in a “win-win” situation, which bolsters the “symbiosis” between market participants.

Reciprocal benefits for market agents, however, do not exclude the asymmetry of market power to the disadvantage of migrants, which sometimes results in a harsh violation of human rights, although migrants are not dissuaded from relying on smuggling networks by threats to life or difficult travel conditions. The economic dimension of smuggling activity indicates a tendency to commodification of masses facilitated by criminal organizations, for which migrants are only one of the goods smuggled across national borders (tobacco, drugs, firearms) [UNODC 2018]. However, this phenomenon is systematically mitigated by a free market mechanism that gradually eliminates dishonest contractors due to the free flow of information between migrants. As a result, migrants may perceive smuggling services as less coercive, which will stimulate their willingness to settle or work in the EU.

The above-mentioned economic factors also determine the high level of adaptability of the migrant smuggling market to the modifications of migration policy, not only through flexible prices, but also by shifting costs to migrants. As a result, a tightened migration policy may lead to the deterioration of human rights standards in the process of smuggling migrants. The hopes of European decision-makers that the migration crisis can easily be resolved while respecting European values on the basis of close cooperation between public authorities in the field of migration policy may therefore prove futile.

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