Artículo de investigación

Global market of sexual nature services. Case for Ukraine

Глобальный рынок услуг сексуального характера: вызовы для Украины

Recibido: 5 de octubre del 2019                    Aceptado: 20 de diciembre del 2019

Written by:
Kurmaiev Petro
ORCID: http://orcid.org/0000-0001-9464-0380

Abstract

The global market of sexual nature services has an impact on the sustainable development pace, covering various spheres of public activity. We understand it as a set of relationships the purpose of which is to meet the needs of a sexual nature on a paid basis. The development of a global market of sexual nature services determines the vector and dynamics of the functioning of national markets. The article is devoted to the research of the market of sexual nature services of Ukraine. Methods of generalization and expert evaluations were used in the research process; for collecting information survey method was used. The article deals with the structuring of the market of sexual nature services of Ukraine with the allocation of markets: prostitution and sex tourism, pornography, trafficking in human beings for the purpose of sexual exploitation. The quantitative indicators and features of the components of the market of sexual nature services functioning are analyzed. The thesis is based on the further rapid development of the market of sexual nature services and its components in Ukraine. It is indicated by the low efficiency of state regulation of the market of sexual nature services in Ukraine. The negative consequences of the ineffective regulation of the market of sexual nature services, which include the reduction of opportunities for protecting the rights and freedoms for persons involved in prostitution work, pornography and other areas, are presented.

Key Words: Pornography, prostitution, sex tourism, sexual exploitation, state regulation, the market of sexual nature services.

Аннотация

Глобальный рынок услуг сексуального характера влияет на темпы устойчивого развития, включая различные сферы общественной деятельности. Мы рассматриваем его, как совокупность отношений, целью которых является удовлетворение потребностей сексуального характера на платной основе. Развитие глобального рынка услуг сексуального характера определяет вектор и динамику функционирования национальных рынков. Статья посвящена исследованию рынка услуг сексуального характера в Украине. В процессе исследования применялись методы обобщения и экспертных оценок; для сбора информации - метод опроса. В статье предложена структуризация рынка услуг сексуального характера в Украине с выделением рынков: проституции и секс туризма, порнографии, торговли людьми с целью сексуальной эксплуатации. Проанализированы количественные показатели и особенности функционирования составляющих рынка услуг сексуального характера. Обосновывается тезис о дальнейшем стремительном развитии рынка услуг сексуального характера в Украине. Указывается на низкую эффективность государственного регулирования рынка услуг сексуального характера в Украине. Приводятся негативные последствия неэффективного регулирования рынка услуг сексуального характера, к которым относены уменьшение возможностей для защиты прав и свобод лиц, привлеченных к работе в проституции, порнографии и других сферах.

Ключевые слова: порнография, проституция, секс туризм, сексуальная эксплуатация, государственное регулирование, рынок услуг сексуального характера.

* D.Sc. habil. (Economics), Assistant Professor in Economics, Department of Finance, Accounting and Economic Security, Pavlo Tychyna Uman State Pedagogical University, Uman, Ukraine
Introduction

The development of human civilization is inextricably linked with the emergence and functioning of the market of sexual nature services.

The main characteristics of sexual nature services, in fact, do not differ from the services of other types of business, which are described in detail (e.g. Moeller, 2010).

To the above it is expedient to add that the level of satisfaction with the consumption of services depends on the impact of many biological, psycho-emotional, technical and other factors. Also, for this type of service, the characteristic is the possibility of separating the producer from the seller.

Not mentioning the historical aspects described in detail (e.g. Clarkson, 1939), we note that the evolution of both global and national markets for sexual nature services was accompanied by the transformation of the structure, the change of the particles of its individual elements.

The contemporary development of the world market for services of a sexual nature is characterized by the existence of trends, among which it is expedient to distinguish:

- The transformation of the types of sexual nature services depending on the demand of consumers, national regulation policy;
- Labor migration in search of higher employment and pay;
- Informatization and virtualization of sexual nature services;
- Growth of the shadow sector, creation of new transnational structures.

The volume of this market in terms of value is one of the largest among the services markets. So, summing up the results of the research of its individual components, we can speak about more than 600 billion USD volume of global market.

The market of sexual nature services in Ukraine is about 220,2 mln USD. At the same time, Ukraine, with its 42 million people, is one of the poorest countries in Europe. 25% of the population of Ukraine lived below the poverty line (Hope For Ukraine, 2018).

But the problem of the functioning of the market of sexual nature services is not limited only to cost expressions. Much more important is the humanistic aspect of its functioning. This is due to the problems of violation of human rights in Ukraine as a result of violence, involvement of minors, coercion to commit unlawful acts. The above-mentioned is broadly covered in the report of the international organization HRW (Human Rights Watch, 2018). Separately, it is advisable to pay attention to the problem of spreading HIV/AIDS and other sexually transmitted diseases.

Globally, new infections among key populations and their sexual partners accounted for 36% of all new HIV infections in 2015 (United Nations Programme on HIV/AIDS, 2017).

According to the results of 2017, in Ukraine the sexual path occupies 63.6% in the structure of HIV transmission (Public Health Center, 2018). That is why the functioning of the market of sexual nature services affects each of us directly or indirectly.

Theoretical framework

The global market of sexual nature services has an impact on the sustainable development pace, covering various spheres of public activity. The development of a global market of sexual nature services determines the vector and dynamics of the functioning of national markets. In turn, under the sexual nature service, we mean a holistic set of useful characteristics of the immaterial good that is formed to meet the sexual needs of the consumer.

Methodology

The theoretical basis of our study is the understanding of the market of sexual nature services as a socially sensitive economic institute.

Separating and studying the components of the market of sexual nature services required the use of a generalization method. Information on quantitative characteristics of the components of the market of sexual nature services is based on expert opinions of researchers.

In the process of collecting information, a survey method was used.

Surveys of people involved in street prostitution were conducted in Uman, Ukraine, at the intersection of the trans-European road routes E50 (Brest, France-Makhachkala, Russia), E85 (Klaipeda, Lithuania-Alexandroupolis, Greece)
and E95 (St. Petersburg, Russia - Mamsun, Turkey) In total, 27 women were interviewed. Interview questions related to work experience in sex business, their relationship with representatives of law enforcement agencies and criminal gangs.

In the course of the study, we analyzed 496 portfolios of persons providing escort services. Also, we used the materials of statistical, sociological and other research on the research issues - Human Rights Watch, United Nations Programme on HIV/AIDS, Public Health Center of the Ministry of Health of Ukraine, TAMPEP, Pornhub, Prosecutor General’s office of Ukraine, IOM Mission in Ukraine.

The reports and scientific works of scientists were used, the list of which is given in the list of literature.

Results and discussion

Some issues of the functioning of the market of sexual nature services and the allocation of its structural elements are described in (Farley et al., 2004). Using the above-mentioned approaches partially, it is advisable, in our opinion, to allocate the following components of the market of sexual nature services: prostitution market, sex tourism market, pornography market, trafficking in human beings for sexual exploitation.

The market of a sexual nature services is mainly composed of elements that are available in other markets. For example, intermediaries, advertising agencies, recruit companies, financial and credit organizations, health care institutions and others.

In our opinion, a certain feature of this market is the existence of many types of intermediaries, from traditional (pimples, which tend to actively influence the choice of the consumer) to the information and technology, the functioning of which is devoid of direct human influence.

Among the components of the market of sexual services, the prostitution market has the largest share.

We proceed from the assumption that the prostitution market is a set of relationships that arise between prostitution actors in the process of providing sexual services. The main subjects of prostitution are: producers, consumers, infrastructure elements, public authorities.

The consumers of prostitutes’ services are men, women and third-sex representatives. And the proportion of men is dominant.

Producers of services (prostitutes) are persons who provide sexual nature services on a paid basis. The results of their own research revealed 100% of women among sex workers. At the same time, the results of the research (TAMPEP, 2013) point to the following gender structure of sex of workers in Ukraine: 88% - women, 11% - men, 1% - transgender.

The dominant motive is that prostitution is material.

Prostitution

Nowadays, there is pluralism of scientific approaches to the definition of forms and typology of prostitution (e.g. Flowers, 1998; Harcourt & Donovan, 2005; Weitzer, 2009). In our opinion, it is advisable to take as a base three forms of prostitution (for example, according to the classification (Danna, 2014): street, house, on call. Combining some similar forms of prostitution in the place of localization (for example, massage parlors and bars/casinos) allows you to consider them concentrated and more clearly define the impact of their functioning.

It should be noted that this division is, to a certain extent, conditional, since under the influence of socio-economic, political, legal and other factors, the transformation of forms of prostitution takes place.

Street prostitution. It is advisable to agree with (Danna, 2014) that one of the important characteristics of street prostitution is the expectation of a prostitute in a public open space. In this case, an important prerequisite for the effectiveness is the presence of a large number of potential customers, the possibility of visual and verbal contact. The communication association (Levitt & Venkatesh, 2007) rightly points out that for street prostitution the choice of successful localization is dominant, since the ability to use traditional marketing tools is limited. So, the results of the research (Levitt & Venkatesh, 2007) showed that 50% of cases are concentrated in 0.3% of the city districts. The results of our observations on the territory of the Uman district of Cherkasy region indicate the localization of prostitutes near logistics centers, transport solutions with the presence of minimal hospitality infrastructure.
Analysis of age characteristics based on the responses of 27 respondents showed that the most significant age group is 25-29 years old - 33.3%. 29.7% of prostitutes have an age range of 20-24 years, 30-34 years old - 25.9%, 35 years or more - 11.1%.

44.4% of those polled indicated that they began to engage in prostitution at the age of 20-24, 33.4% were at the age of 25-29, 22.2% were at the age of 14-19 years.

66.7% of respondents noted that they were subjected to various forms of violence during the course of prostitution. Only 14.9% of people who have suffered violence applied for help to law enforcement agencies, NGOs, respectively, 85.1% of prostitutes did not seek help.

51.8% of respondents reported their intention to change work within six months, 29.6% - to look for another job during the year and only 18.6% - to continue to engage in prostitution.

The provision of services under this form is accompanied by a high degree of risk, the source of which can be both clients and representatives of the authorities (subject to the criminalization of prostitution and / or violation of the conditions of the activity).

The organization of the provision of sexual services can take place both through an intermediary (pimp) and without its participation. The price of sexual services is the lowest compared to other forms of prostitution. The results of our survey of prostitutes in the Uman district (Ukraine) showed that the minimum price for services is 15 USD.

During the 1990s, this form of prostitution was dominant. But, since 2000, the proportion of street prostitution, in comparison with other forms, gradually decreases. This is due, first of all, to the development of infrastructure (massage parlors, saunas, and rented apartments), increased risk, and dependence on weather conditions.

House Prostitution. This form assumes the presence of localization premises and for conducting activities. In this case, success is determined by the effectiveness of the use of marketing tools. The price of sexual services is usually higher than street prostitution, due to the need for room and other additional costs.

In economically developed countries where prostitution is decriminalized, this form is dominant, and the provision of services takes place in specialized institutions. In Ukraine, housewife prostitution has been developing dynamically since the 2000s, accompanied by the proliferation of hotel, massage salon and sauna facilities.

Prostitution on call. In (Weitzer, 2009; Danna, 2014) the division of this form of prostitution into the call of prostitutes and escort services is given. In our opinion, such a division is rather conditional, since the basic characteristic is the provision of sexual nature services on a call. The role of the mediator is substantially increased, compared to other forms of prostitution.

Escort services often go beyond mere prostitution, since they may include, among other things, a joint visit to the client of various thematic events, holding time. This usually requires special training not directly related to the provision of sexual nature services, which may include: fluency in foreign languages, ability to hold conversation, awareness in literature, art, etc. To some extent, the prototype of the escort service was the operation of Oyran in Japan and the Kissen in Korea.

The results of the analysis of 496 portfolios of persons providing escort services showed that the average age of prostitutes is 22 years, persons under the age of 20 years take 22.2%. The cost of escort services is in the range of 50 to 350 USD per hour. In case of knowing foreign languages, having medical certificates, the average cost of services increases to 210 USD. The largest number of escort services is localized in the cities of Kyiv, Odessa, Kharkiv, Lviv, Dnipropetrovsk.

In Ukraine, all forms of prostitution, as well as the pimping and detention of places of deportation (brothels), are illegal. Moreover, the removal of prostitution is punishable by a fine of 6.3 USD or a warning. In all identified cases, prostitution in Ukraine during 2017 was voluntarily paid the equivalent of 738.8 USD (17.8% of the total amount of imposed fines) (Karmazina, 2018). At that time, the pimping and detention of places of deprivation of liberty include punishment, including imprisonment.

According to official statistics in 2017, compared with 2013, the number of cases of prostitution and detention of brothels is decreasing (Fig. 1). At the same time, official data does not fully take into account the real situation, which is due to several reasons.
Firstly, a high level of corruption, including among law enforcement officials that leads to the non-disclosure of detected crimes, distortion of statistics.

Secondly, the high level of the illegal economy, which leaves about 31% of the economy of Ukraine outside of official statistics (Ministry of Economic Development and Trade, 2018).

In our opinion, the prostitution market will grow in value and quantity (number of prostitutes) indicators. This will happen both at the expense of persons who are below the poverty line, and at the expense of migrants.

**Sex tourism**

Globalization, as a general civilization process, has led to a significant liberalization of social relations. One consequence of this is the disappearance of borders in the broad sense, which contributes to the development of individual sectors of the economy, in particular tourism and the hospitality industry.

![Fig 1 The dynamics of the number of detected cases of prostitution, pimping and the content of brothels in Ukraine Source: (Karmazina, 2018)](image)

Under the influence of economic, political, technical, cultural and other factors, tourism is showing rapid growth.

One of the components of international tourism is sex tourism.

The term sex tourism has become widespread in the literature of a scientific and journalistic nature. It is defined as a kind of organized trip for the purpose of buying and selling sexual nature services. Quite interesting is the statement by Sheila Jeffreys (Jeffreys, 2008) that the term ‘sex tourism’ is the euphemism, and a normalizing term, which can conceal the damage done by prostitution tourists and represent this form of men's behaviour as being about mutual fun and entertainment. The term 'prostitution tourism' is more suited to making the gendered nature of the phenomenon (Jeffreys, 2008).

In our opinion, focusing on the gender aspects of this phenomenon is not correct, as sex tourists can be people of any gender.

The emergence and development of sex tourism, in general, is determined by the factors that are inherent in other types of tourism.

At the same time, the volume of sex tourism in the world is affected by a number of specific factors. The main ones are the following:

- Legalization or tolerance of prostitution in the destination country;
- Deepening of income differentiation between countries of the world;
− Globalization of public life.

It is advisable to agree with (Wonders & Michalowski, 2001) that for many countries the sex tourism market is an important sector that contributes to the development of the national economy and the attraction of foreign capital. Ukraine is not an exception.

Sex tourism is a sector of the national economy of Ukraine, which is dynamically developing and is being characterized by a high level of profitability.

It is clear that the number of sex tourists and the volume of the market of these services in value terms are indicative given the specific (sometimes criminal) nature of services, but it allows you to assess the scale of this type of tourism.

In our opinion, the total volume of the sex tourism market of Ukraine may be about 37 million USD. Ukraine, as a destination for sex tourism, is attractive, due to the following aspects: a fairly liberal attitude to prostitution; the ability to avoid punishment for a crime as a result of corruption; visa-free entry regime for citizens from 66 countries; low cost of stay and prostitutes services.

The number of foreigners who visited Ukraine decreased by 42.5% during 2013-2017. At the same time, in 2017, compared with 2013, the number of citizens of economically developed countries that visited Ukraine also increased.

The presence of foreigners among regular clients was indicated by 12.7% of prostitutes, among random clients - 31.7% (Balakireva et al., 2014). Our analysis of places of foreign travelers stay in Ukraine made it possible to identify cities that are potentially the most popular for sex tourism: Kyiv, Odessa, Kharkiv, Lviv.

**The porn market**

Modern economic science has formed two basic scientific approaches to the definition of the essence of pornography. According to the first, pornography is a representation of sexual behavior in books, pictures, statues, motion pictures, and other media that is intended to cause sexual excitement (Cambridge dictionary, nd).

In the second approach, pornography is seen as a form of prostitution (Jeffreys, 2008), as the actors/actresses receive remuneration for sexual services. In (Jeffreys, 2008) it is fairly noted that in countries where prostitution is outlawed, pornography is, as a rule, legal. That means that it may be considered as a prerequisite for the legalization of prostitution.

The use of information technology allows to remotely provide sexual services. The main characteristic of these services is the lack of tactile (tactical) communication with their producers, which is replaced by visual and verbal. The role of the producer can be a person who uses audio-visual means and communication tools to provide sexual services. Also, in systems of complemented reality, a person can replace an image created by a computer program.

During 2010-2017, the share of services provided with the use of information and communication technologies has increased for clients from Ukraine from 3% to 19%.

There are no expert estimates of the volume of pornography market in Ukraine.

Two forms of pornography have spread in Ukraine: online (webcam model) and the creation and distribution of pornographic material in the recording.

The share of online video is growing rapidly, due to the further reduction in the cost of technology transfer information; approaching real communication; less risk compared to other ways of creating and distributing porn content.

Recruiting to porn studios takes place in several ways. According to the manager of one of the studies Veronica, models are recruited through accounts in online dating services (Kanarova, nd). Often, promoters give flyers about the girls' set just on the street. However, as a rule, the studio gets through personal recommendations: the web-model calls a friend, the friend - sister and so on. The studio pays the employee for a new person 500-2800 hryvnia (18.5-104 USD) (Kanarova, nd).

For a better understanding of the situation in the pornography market, it is expedient to analyze the statistical information of the largest pornographic site - Pornhub. Statistical data is covering 22.5 million registered users (28.5 billion visitors a year) (Silver, 2018).

The first five countries according to traffic consist of: USA, Great Britain, India, Japan, Canada. Ukraine ranks 27th in Pornhub traffic. The results of the gender analysis showed that in
2017, 80% of porn site visitors from Ukraine identified themselves as men, 20% - women.

At the same time, the average indicator among visitors from all countries is 74% - men, 26% - women. Above average visitors who identified as women observed in the Philippines (36%), Brazil (35%), South Africa (32%), India (30%), Sweden (30%), Argentina (29%), Mexico (29%), Poland (29%), Australia (28%), the Netherlands (27%), Belgium (27%), Spain (27%) (Pornhub, 2018).

In Ukraine, the production and distribution of pornography is a criminal offense. In spite of this, the number of cases of manufacturing and distribution of pornographic products in Ukraine is increasing. So, according to the results of 2017, 1541 cases were registered, which is 151% more than in 2013. Thus, only during July 2018 in two cities of Ukraine (Kyiv and Dnipro) has identified seven porno studies, which employed 30 adult models.

**Human trafficking for sexual exploitation**

Human trafficking for sexual exploitation is a socially dangerous activity, since it directly violates human rights and freedoms.

The reasons for explaining the existence of human trafficking for sexual exploitation are given in (Presentation on theme: Human Trafficking and Slavery, n.d.). The most significant of these are:

- The growth of the world commercial sex industry;
- The functioning of unorganized labor markets;
- Gender discrimination and tolerance to violence.

At the same time, in our opinion, the main reason is the high level of profitability of this type of offensive activity.

Really, in (Parrot & Cummings, 2008) it is stated that the human trafficking industry generates about 57 billion USD annually, its victims are 800 thousand women and children.

Along with sexual exploitation, human trafficking includes other forms of it. For example, 64% of victims of human trafficking in Eastern Europe and Central Asia are associated with forced labor. In Central, Western and Southern Europe, the dominant form of exploitation is sexual (UNODC, 2016).

The deterioration of the socio-economic situation in Ukraine directly affects the number of human trafficking cases. Over the past 25 years, over 160,000 Ukrainians have been trafficked (UN House in Ukraine, 2016). The humanitarian catastrophe in the East of Ukraine and the economic crisis has led to an increase in cases of human trafficking.

Thus, according to official statistics of the Prosecutor General's Office of Ukraine, the number of cases of human trafficking during the years 2013-2017 increased from 131 to 346 (Prosecutor General's office of Ukraine, 2018). Of the 346 cases, 142 are related to sexual exploitation. In 2017 this indicator has doubled. An analysis of the gender distribution of victims of human trafficking for sexual exploitation, according to the data of the International Organization for Migration (IOM Mission in Ukraine, 2018), showed that 100% of the victims were women. It should be borne in mind that a large number of people do not turn to the police and public organizations.

In (Tucker, 2016) there is a story of one of the human trafficking victims which was recruited on the promise of work caring for an elderly woman in Moscow. Nadia and the three women with whom she had travelled were kept in a house, beaten, underfed, sexually harassed and forced into domestic servitude (Tucker, 2016).

In fact, such stories, for which there are real people are much more than only this one.

That means that in the number of identified cases of human trafficking, one can speak of the presence of an organized network of criminal groups that carry out this kind of illegal activity. The main destinations are EU, Turkey, and Russia.

In Ukraine, the search and recruitment of potential victims occurs, as a rule, with the use of legal business, which may be a recruiting or model agency, a job placement agency. Another possibility is personal contacts, victim contacts with the recruiter. At the destination, the victims are selected documents, psychological and physical coercion are carried out, personal freedom is limited.

Since 1998, Ukraine has begun to actively cooperate with international organizations whose activities are aimed at countering human trafficking. In our opinion, the main obstacle is the low efficiency of the judicial system in Ukraine. Thus, during the years 2013-2017, 167
convictions were issued Number of court verdicts, while the number of registered crimes was 817. The above was reflected in the report (US. State Department, 2018): The Government of Ukraine does not fully meet the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so.

Conclusions

In this study, we tried to characterize the main components of the market of sexual nature services. Today, it is imperative to define the markets for prostitution, pornography and sex tourism in Ukraine as those having traits of perfect competition.

The results of the analysis of statistical data confirmed our assumption about the further rapid development of the market of sexual nature services and its components in Ukraine.

The prostitution market is the largest among the sexually-oriented services markets. At the same time, according to the rapid pace of information technology development, the market share of pornography, namely the webcam model, will continue to grow.

In general, the market of sexual nature services in Ukraine is criminalized. Providing sexually explicit services in Ukraine is a crime and it is enforced by law. At the same time, the analysis of statistical information on identified crimes and convictions and amounts of fines paid indicates that state regulation of this market is ineffective, what is explained by the declarative nature of the law and corruption. The negative consequence of the ineffective regulation of the market of sexual nature services and their components is to reduce the possibilities for social adaptation, protection of rights and freedoms for persons who for various reasons are involved in work in prostitution, pornography and other fields.

References


Clarkson, A. (1939). History of prostitution. The Canadian Medical Association journal. 41, 296-301


