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Securing US AI Supply Chains: Policy Reforms for Responsible Data Annotation in Sub-Saharan Africa and Asia

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EXECUTIVE SUMMARY

American technology companies face growing criticism for extracting data and digital labor particularly through data annotation from developing nations in Africa and Asia. The extraction is done without equitable compensation or adequate regulatory oversight. This unregulated resource extraction model is characterized by scholars as digital colonialism, which breeds resentment and undermines U.S. credibility in regions vital to the stability of the U.S. AI supply chain, potentially creating openings for rivals like China. The pursuit of AI dominance has diverted policymakers' attention from enforcing ethical standards on technology giants. Exploitation manifests in financial abuses and exposure to graphic content.

The boom of generative AI has intensified scrutiny on this hidden infrastructure of invisible workers, revealing that AI's intelligence relies on massive, low-cost human effort primarily sourced from the Global South. U.S. tech giants often use opaque subcontracting chains through third-party vendors to distance themselves from terrible working conditions, obstructing meaningful accountability. This short-term exploitation to win the AI race jeopardizes the United States' long-term strategic goals. Corporate exploitation triggers blowback in host nations and it can manifest in multiple forms including high turnover, talent flight to competitors offering better compensation, stagnation in innovation, and even geopolitical risks such as looming data embargoes. Current US policy contains significant gaps. The Trump Administration rescinded its predecessor's mandates for ethical standards (EO 14110) in 2025 in favor of deregulation focused on innovation acceleration and speed, while existing export controls and Department of Labor initiatives overlook labor ethics in global annotation pipelines.

To safeguard critical AI supply chains and prevent key data-rich nations from aligning with Chinese ecosystems, the United States must mandate transparency and accountability for the global operations of domestic tech firms. This strategy is essential to preempting anti-U.S. data restrictions and maintaining a competitive digital edge. The proposed policy framework aims to transform exploitative practices into reliable and reciprocal

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partnerships that deliver three strategic benefits to Washington: (1) a stable, high-quality labor pipeline; (2) reduced bias and superior performance of U.S. AI systems through motivated, better-supported workers; and (3) strengthened alliances in the Global South that block Chinese inroads. This framework includes three core mandates: Mandatory Ethical Audits, requiring annual third-party inspections of AI supply chains worldwide, built upon a hybrid standard incorporating International Labor Organization (ILO) conventions and established risk management frameworks. Second, Fair Labor Certifications should tie U.S. export licenses to verifiable global labor standards, including living wages, mental-health safeguards, and a total ban on non-disclosure agreements (NDAs) that silence victims. Third, the government should mandate Metrics for Equitable Partnership Mechanisms (MEPM), requiring U.S. firms to disclose quantifiable indicators of local, in-country AI investment (such as R&D hubs and training centers) to ensure outsourcing actively builds sovereign AI capacity in partner nations like Kenya, India, and the Philippines. Moving beyond extractive data practices ensures a stable, ethical labor supply chain that is critical for training high-performing AI systems which are essential for economic prosperity and national security. Strengthening the AI commercial base creates a robust dual-use ecosystem, allowing private-sector innovation to serve as a reliable engine for national security.

Continued inaction risks high turnover and talent flight to Chinese firms, degradation in training-data quality, innovation stagnation, and escalating geopolitical blowback — including restrictive data-sovereignty laws and outright data embargoes already emerging in Kenya and India that could choke off the diverse, high-volume datasets American models critically depend on for its security and economic prosperity needs.

Introduction

American technology companies face growing criticism for extracting data and digital labor from developing nations. This extraction is done without equitable compensation or adequate regulatory oversight (specifically in data annotation). Data annotation is the process of labeling raw data (images, text, and audio) with meaningful tags or metadata so that machine learning models can understand and learn from it to make predictions. The unregulated behavior of U.S. corporations, particularly their labor extraction

model, directly undermines American credibility in regions important to the stability and security of the U.S. AI supply chains and creates openings for rivals like China.¹ The pursuit of AI dominance has blinded policymakers to the need for enforcing ethical standards on technology giants. For instance, Meta currently faces lawsuits in Ghana over allegations of terrible working conditions including cramped living quarters and exposure to depictions of murders and abuse.² In addition to that, Kenyan content moderators have filed a lawsuit against OpenAI and its former contractor, Sama. Moderators have alleged that their work for the company caused severe psychological trauma, including Post-Traumatic Stress Disorder (PTSD) and suicidal ideation, due to exposure to violent and disturbing content that too for such a low compensation.³ As the United States invests in its pursuit of global leadership in artificial intelligence, an unregulated expansion like this risks entrenching in what scholars describe as digital colonialism.

Corporate exploitation creates predictable resentment in host nations. This resentment manifests as regulatory retaliation, high turnover, and data embargoes which results in innovation stagnation. States prioritize their self-interest; short-term U.S. corporate profiteering erodes trust and jeopardizes Washington's long-term partnerships. As data supply chains become the primary choke point of U.S. technological advancement, Washington cannot afford to let short-term corporate profit trigger long-term strategic loss. Given the heightened risk of blowback — which threatens to push countries like Kenya, India, and the Philippines into China's orbit and trigger data embargoes that would cripple American AI training pipelines, the United States must regulate its own actors (technology companies) to ensure sustained AI advancement.

To secure critical supply chains to maintain an edge in technological advancement, the U.S. federal government should mandate comprehensive transparency and accountability policies for U.S. tech companies' global supply chain operations. This action should include mandatory ethical audits, fair labor certifications, and equitable mechanisms with host countries in Sub-Saharan Africa and Asia. AI is the operating system of the future economy. By transforming exploitative practices into reliable and reciprocal partnerships, Washington can enhance geopolitical credibility and secure long-term strategic gains for economic resilience. This will also help prevent rivals from achieving decisive military and

economic advantages that flow from controlling the foundational technology of the 21st century. Sustained leadership in any sector is not a one-time achievement, but an ongoing process. To maintain an advantage, the pursuit of speed must be inextricably linked with sustainability.

Causes of Growing Resentment Over Time

U.S. technological dominance began after the Cold War era and was firmly established by the late 1990s and early 2000s. In 1997, the Clinton Administration issued its policy for governing the expansion of the internet, known as the Framework for Global Electronic Commerce. The Framework's emphasis on minimal regulation and private-sector leadership allowed U.S. corporations (Google, Apple, Microsoft, Amazon, Facebook/Meta) to design and control the foundational pillars of the internet.⁴

U.S. technology companies have long employed imperial control at the architectural level of the digital ecosystem. The digital ecosystem consists of three core pillars: software, hardware, and network connectivity.⁵ The United States has had a secure dominance over these for a long time. Core operating systems (Android, iOS, Windows) are dominated by U.S. companies.⁶ This means that users and entire nations are dependent on foreign-controlled, proprietary systems (users cannot read, modify, or share the source code) for fundamental functions. Local alternatives are unable to compete, leading to technological dependency.⁷ The key network infrastructure such as undersea fiber-optic cables and cloud servers are often owned or controlled by these same U.S. companies.⁸ Data flows between two countries in the Global South are also often routed through servers in the United States or Europe, introducing latency, cost, and a point of foreign surveillance.⁹

The resentment in developing nations regarding U.S. technological dominance and unfair practices intensified with the boom of generative AI.¹⁰ In late 2022 and accelerating through 2023 and 2024, generative AI rapidly embedded itself into daily life after OpenAI debuted ChatGPT in November 2022. The launch was marked by great fanfare, and the system gained over one million users less than a week of its launch.¹¹ The overall attention on this also brought unprecedented scrutiny to the hidden infrastructure, which are the invisible workers of AI, required to make it effective.¹² The narrative of AI as a

triumph of code and hardware was shattered, revealing that the intelligence of these models is derived from a massive, low-cost human effort which is a direct and modern form of labor exploitation. The glamour and hype surrounding these models was challenged by the reality that these models are built on the backs of thousands of underpaid invisible workers, primarily sourced from the Global South.

The training of Large Language Models (LLMs) requires massive, labor-intensive activities like data collection, cleaning, and annotation. Data annotation is a crucial step to make raw understandable for machine learning models. Lax regulations attract U.S. and Western technology firms. According to a 2024 Context News investigation, developing nations account for about two-thirds of the global remote workforce, with annotation hubs emerging in regions offering affordable talent. Key locations include but are not limited to (as depicted in figure 1.1 below):

India: India is the largest hotspot, with up to one million full-time and part-time annotators projected by 2030. Work clusters in urban tech as well as smaller towns and firms like Infolks and Tika Data operate low-cost facilities.

Kenya: Kenya is a major East African center for content moderation and AI safety labeling, particularly for generative models. Nairobi-based operations handle tasks like flagging hate speech, violence, and sexual abuse in datasets for tools like ChatGPT.

Nigeria: Emerging as a West African node, with workers in Lagos and surrounding areas performing microtasks for U.S. clients. Nigeria contributes to the continent's growing share of global annotation labor.

Philippines: Philippines is Southeast Asia's key player, where freelancers on platforms like Upwork handle diverse labeling for AI training.

Technology companies leverage countries that have high English proficiency and BPO infrastructure.¹³

Top Sources of Online Gig Work Including Data Annotation

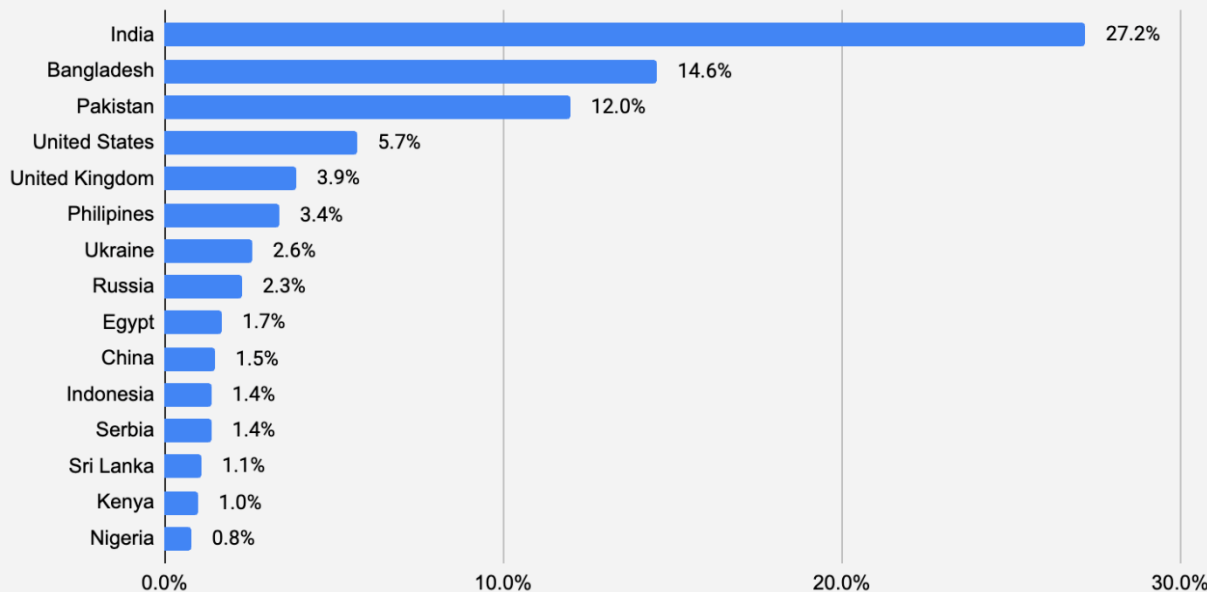


Chart: Rameen Sajjad - Source: Online Labour Index 2020 | onlinelabourobservatory.org

Figure 1.1

Following are the major grievances by workers in Global South regarding exploitative U.S. technology corporations' behavior:

Financial Exploitation

Financial exploitation has been the most cited grievance among workers. In Kenya, data workers training content filters for OpenAI's ChatGPT are paid less than \$2 per hour.¹⁴ Additionally, Kenyan annotators for Sama (a San Francisco-based outsourcing firm contracting for Meta and OpenAI) earned \$1.50–\$2 per hour in 2022–2023.¹⁵ U.S. counterparts earn \$15 to \$30 per hour for similar tasks.¹⁶ Moreover, Kenyan law (Employment Act 2007) provides formal employees with up to seven days of fully paid sick leave and seven days at half pay per 12-month period, requiring a medical certificate.¹⁷ However, Sama classifies its approximately 3,000 Kenyan workers as independent contractors, denying them these benefits. As a result, workers report no pay for days missed due to illness. Instead, there is a full-day deduction from their already low earnings. A November 2024 CBS News investigation quoted Kenyan activist Nerima Wako-Ojiwa, "It's terrible to see just how many American companies are just doing wrong here," Wako-Ojiwa said. "And it's something that they wouldn't do at home, so why do it here?"¹⁸

This resentment and precarity leads to high turnover and quality degradation of work due to low health which reveals itself as a loss to the U.S. goal in becoming a leader in AI.

The Philippines hosts more than 2 million crowd workers in digital sweatshops and cybercafés, annotating for firms like Scale AI's Remotasks. Workers face withheld payments and surveillance. Philip Alchie Elemento, a 37-year-old former Remotasks annotator from Mindanao told *The Washington Post* in an interview, "Scale AI can exploit Filipino workers... because they know we don't have a choice."¹⁹ This kind of exploitation of economic vulnerability breeds resentment and can manifest as skilled labor leaving for better compensation quietly shifting to Chinese firms that offer higher, more stable pay and are aggressively recruiting the same multilingual talent pool to train Beijing's military and surveillance AI systems.

Additionally, compensation is often task-based, with Kenyan annotators at Sama earning \$0.01–\$0.03 per label in 2022 to 2023. This piecemeal model, rife with penalties for 'low quality' or absences, entrenches a state of job insecurity. Christy Hoffman, General Secretary of UNI Global Union, warns that today's AI revolution is being built 'on the backs of a shadow workforce doing exhausting, skilled work for poverty wages,' and calls for Silicon Valley to be held

accountable and for data workers to gain the freedom to unionize and bargain collectively.²⁰

Exposure to Traumatic Content

Workers have also cited experiencing trauma from explicit content without programs for mental health as an issue in data annotation chains. Content moderators and labelers are tasked with reviewing text and images, including graphic scenes of violence, self-harm, murder, rape, bestiality, and incest.²¹ For instance, in Nairobi, content moderators and data annotators employed by Sama were required to review up to 700 text passages and video clips per day depicting graphic scenes often for eight to ten hour shifts with minimal psychological support. Workers like Mophat Okinyi, who handled OpenAI's ChatGPT safety training, described reading explicit accounts of rape, sexual acts with animals, suicide attempts, mass-hooping fantasies, "It has really damaged my mental health."²² Similarly, Sama's Meta moderators, including petitioner Richard Mathenge claimed that his team would end their days on a group call, exchanging stories of the horrors, he said. "Someone would say your content was more severe or grotesque than mine and so at least I can have that as my remedy." He remembers working in a secluded area of the office due to the nature of the work: "No one could see what we were working on."

Lack of Accountability

Tech companies use opaque subcontracting chains through third-party vendors, which is a tactic to distance themselves from the awful working conditions content moderators endure. This structure obstructs meaningful accountability, as workers often lack clear avenues for reporting grievances.²³ A stark example of opaque subcontracting chains in content moderation is Meta's outsourcing model in Kenya, where the company distances itself from frontline workers through multiple layers of third-party vendors. These layers serve as a buffer for Meta to avoid direct accountability for exploitative conditions. In this setup, Meta contracts Sama. Sama is a San Francisco-based outsourcing firm. The annotation chain's opacity is amplified by non-disclosure agreements (NDAs) that bind workers to remain silent about clients and content. Moreover, the subcontracting clauses allow Meta to terminate vendor contracts abruptly, such as when it ended Sama deal in January 2023 amid lawsuits.²⁴ This decision left workers blacklisted and without recourse, as they are legally tied only to the local vendor, not the actual company.

Furthermore, there also exists a structure which obstructs grievance reporting. For instance, Sama, which describes itself as an "ethical AI" company, fired Motaung in 2019 after he led more than 100 of his Facebook content-moderator colleagues in an attempt to unionize for better pay and working conditions. His dismissal letter said his actions put Sama's relationship with Facebook "at great risk."²⁵ Meta claimed no direct employment relationship or jurisdiction in Kenyan courts despite profiting from the moderated content. Over 185 former moderators sued Meta and Sama in 2022–2023 for PTSD, unfair dismissals, and constitutional violations, but the subcontracting veil delayed accountability until a landmark 2023 Kenyan High Court ruling declared Meta the "true employer," forcing it into trial.²⁶ Even then, workers reported ignored complaints routed through unresponsive vendor hotlines, with no clear escalation to Meta. By 2025, similar chains persist; Meta switched to Majorel (another vendor) post-Sama, perpetuating the cyclical instability without addressing root issues involving poverty wages or trauma care. Meta instructed Majorel not to hire any former Sama employees.²⁷

Why Short Term Exploitation Falls Short

Technology companies' exploitation of Global South labor for short term win jeopardizes Washington's ability to forge durable relationships with these vital nations in the realm of technical economy. AI is forecasted to add up to \$15.7 trillion to global GDP by 2030.²⁸ Data annotation, the foundational ghost work of labeling billions of diverse data points to train algorithms, has grown increasingly specialized. Historically, U.S. firms have outsourced this to the Global South for rapid scalability, but exploitative models are now fueling talent flight, geopolitical backlash (such as looming data embargoes in Kenya and India), and innovation stagnation. By alienating these partners, the United States risks ceding its labor pipeline and market dominance. Built up resentment causes nations to pivot toward rivals like China, who show promises of equitable terms and infrastructure investments.

High Turnover and Quality Degradation

High attrition is a recognized problem in the data labeling industry, driven by the combination of low pay, poor working conditions, and lack of accountability by firms. In Kenya, data labelers and

content moderators for U.S. firms have taken collective action. The formation of groups like the Data Labelers Association and the African Content Moderators Union is a direct response to these exploitative conditions.²⁹ Ahead of President Joe Biden's Kenya state dinner, a group of nearly 100 tech workers from Kenya wrote a letter in which they stated, "U.S. Big Tech companies are systematically abusing and exploiting African workers. In Kenya, these U.S. companies are undermining the local labor laws, the country's justice system and violating international labor standards."³⁰

Moreover, compared to the platform-based model of data annotation by U.S. tech companies, Chinese firms offer a firm-based data annotation model. This firm-based model is described by researchers as offering greater financial stability and more predictable employment than the platform-based freelance work common in the West.³¹ The platform-based model used by U.S. technology companies often treats global workers as disposable resources, leading to high turnover. Workers migrate to better opportunities, including those offered by Chinese firms, which are expanding annotation hubs with promises of stability. This could degrade U.S. AI models, as diverse, high-quality annotations from multilingual Global South talent are irreplaceable for reducing biases in global applications.

Geopolitical Risks including Data embargoes

Nations implementing laws to require data to be stored and processed within their sovereign territory. For instance, Kenya's National AI Strategy 2025–2030 prioritizes data sovereignty by mandating local processing for AI projects, potentially barring foreign firms from exporting raw datasets without government approval.³² Kenya has been vocal about technology exploitation, and data sovereignty laws could be a response to exploitation. In India, 2025 amendments to the Digital Personal Data Protection Act have imposed stricter fiduciary duties on cross-border transfers, effectively creating embargoes for opaque U.S. sub-contractors.³³ The Digital Personal Data Protection Act will compel businesses to overhaul their data collection, processing, and governance strategies.

This trend directly reveals the risk of data embargoes and market fragmentation, which forces U.S. companies to either inland-source or shift operations. Shifting operations and in house sourcing can incur cost hikes and delays in AI training cycles. It also

increases the competitive advantage of local or aligned rivals like China. Fragmented flows could starve U.S. systems of diverse, high-volume data enabling rivals to outpace in ethical, localized AI ecosystems. Fragmented flows often lead to fragmentation in hardware. If the United States is cut off from data collaboration in certain regions, it may also lose oversight of the physical supply chains that produce the chips and sensors feeding those AI systems leading to compromised components.

Additionally, AI is the engine of the modern economy, and global data is its fuel. To ensure U.S. economic resilience, Washington must secure transparent, ethical partnerships with the Global South to guarantee continued access to these datasets. Without these formal ties, the United States faces data embargoes and economic isolation, while China's Digital Silk Road fills this void. By building exclusive data pipelines and setting its own tech standards, Beijing is creating a divided global market that threatens to lock out American innovation.

Innovation Stagnation

Exploitation creates room for innovation stagnation. The lack of upskilling, limiting workers' evolution from basic labelers to advanced roles like AI trainers, can cause stagnation. It is important to note that the Global South, led by Africa, will add approximately one billion working-age individuals (15–64) by 2050, creating a massive talent pool for AI if harnessed ethically, otherwise lost to rivals.³⁴ If U.S. firms continue short-term exploitation instead of systematic upskilling, Washington will forfeit the opportunity to turn this cohort into a reservoir of engineers, researchers, and consumers whose productivity and purchasing power would play a role in Washington's economic prosperity. Moreover, sustained economic prosperity in the Global South is inseparable from U.S. economic prosperity: a prosperous middle-income belt across Africa and Southeast Asia buys American hardware and adopts U.S.-aligned technical which serves as a strategic counterweight to Chinese influence.

Short term exploitation by U.S. firms caps Washington's ability to tap into the Global South's demographic boom which will help keep the United States a global leader in AI. The Global South's demographic boom offers a chance for it to become both a producer and consumer for U.S. AI advancement. Although, it is important to keep ethical practices at the center of these partnerships with host nations.

Current Policy Gaps

Biden Administration Executive Order 14110 (2023) and Its 2025 Rescission

The Biden Administration Executive Order (EO) 14110 (2023) emphasized safe AI development, mandating risk assessments and ethical standards for federal contractors. Executive Order 14110, signed by President Biden on October 30, 2023, marked the most comprehensive U.S. AI governance framework to date, emphasizing trustworthy development and a requirement by developers to stick to high labor standards.³⁵ It directed federal agencies to establish guidelines for AI risk management, including equity, civil rights protections, and ethical standards for contractors. In the context of supply chains, it indirectly addressed exploitation by promoting responsible AI practices, such as bias mitigation in training data which is critical for annotation tasks. Majority of these tasks are outsourced to low-wage labor from the Global South.

However, on January 20, 2025, President Trump rescinded EO 14110 via Executive Order 14148, labeling it dangerous and overly burdensome. This was followed by EO 14179 (“Removing Barriers to American Leadership in Artificial Intelligence”) on January 23, 2025, which shifted focus to deregulation and innovation acceleration to secure U.S. AI hegemony against China.³⁶ The rescission halts oversight on ethical data sourcing, and focuses merely on speed for the short-term gain all while exacerbating exploitation in annotation. These executive orders prioritize speed over sustainability. By mid-2025, agencies like the Equal Employment Opportunity Commission (EEOC) and Department of Labor (DOL) withdrew related guidance, leaving subcontractors unmonitored.³⁷

Bureau of Industry and Security (BIS) Export Controls on AI Technologies

The BIS, under the Department of Commerce, enforces export controls via the Export Administration Regulations (EAR) to restrict dual-use AI technologies. Dual-use technologies are items with civilian and military applications.³⁸ As of 2025, these include controls on advanced computing integrated circuits, AI model weights and related software, expanded in January 2025’s Framework for Artificial Intelligence Diffusion. The rules impose worldwide licensing for exports, reexports, and transfers, with a Foreign Direct Product Rule capturing foreign-

made items using U.S. tech.³⁹ These controls target national security which includes preventing AI chips from enabling Chinese surveillance, but they explicitly overlook labor ethics. The current regulatory framework defines ‘human rights’ narrowly as the prevention of state-sponsored surveillance. It fails to account for the broader spectrum of human rights, specifically the labor rights of the global workforce that powers AI development. By vetting for Chinese dependencies but not forced labor, the policy secures Washington’s technology but ignores the ethical treatment of the people building it. There’s no requirement for exporters to audit subcontractors for forced labor or fair wages in annotation pipelines, despite BIS’s vetting for “human rights” in data center validations.⁴⁰

DOL Initiatives on Forced Labor and Overseas Enforcement

The existing DOL initiatives address forced labor, but enforcement is limited overseas. No specific mandates require transparency in AI annotation chains.⁴¹ But the DOL runs programs in foreign countries to help build government capacity to identify and remedy labor law violations. Since AI supply chains in minerals, hardware and data are done in three different regions of the world, it leaves room for opacity. The opacity then allows the United States to only focus on the final product in the supply chain. Overseas, DOL’s Bureau of International Labor Affairs (ILAB) runs capacity-building programs in 50+ countries, training governments to identify violations but enforcement remains U.S.-centric and limited abroad having no extraterritorial mandates for AI annotation chains.⁴² Importers prove absence of forced labor only at borders, ignoring mid-chain exploitation. On top of this, the Trump Administration cancelled most of the ILAB projects which makes room for AI annotation watch nearly impossible since the programs cease to exist overall.⁴³

Partnership for Global Inclusivity on AI (PGIAI)

International efforts like the Partnership for Global Inclusivity on AI (PGIAI) promote ethical AI but lack a binding force. This vacuum enables exploitation, as tech firms evade accountability via subcontractors.⁴⁴ Launched September 23, 2024, at the UN General Assembly by Secretary Blinken, PGIAI partners the State Department with Amazon, Anthropic, Google, IBM, Meta, Microsoft, Nvidia, and OpenAI,

committing \$100M+ for AI in sustainable development. Focus areas include compute access and capacity-building (e.g., training 2M learners by 2025 via AWS).

PGIAI lacks binding force, since it is voluntary, with no enforcement mechanisms, penalties, or subcontractor accountability requirements.⁴⁵ As a public-private pact, it relies on self-regulation. Tech firms outsource annotation to unmonitored subs like Sama or Toloka, exposed by The Bureau of Investigative Journalism (TBIJ) in 2024 for low pay and trauma from toxic content. TBIJ's 2022-2025 probes revealed Amazon's offshore video annotation workforce facing eye strain and impossible quotas, with no PGIAI oversight.⁴⁶

Big Tech Lobbying

Big tech lobbyists use the revolving door to gain unfettered access to U.S. trade officials (at USTR and Commerce) to push for digital trade rules. This is done to defend their monopolistic self-dealing and abuse of consumer and worker rights. By failing to address this, the government risks being perceived as prioritizing private corporate profits over welfare and sovereignty of its trading partners. Trade lobbying by Big Tech aims to lock in rules that shield monopolistic practices, such as data extraction and labor exploitation, under the guise of free trade, undermining antitrust efforts and worker protections.⁴⁷

Policy Framework for Responsible Data Annotation in Sub-Saharan Africa and Southeast Asia

Adopting new governance frameworks is essential for maintaining U.S. AI leadership and retaining key international partners in AI data annotation supply chain. This policy action directly addresses the challenge of preventing dominant technology companies from co-opting U.S. foreign policy for private gain. Content moderators are the invisible cogs in the vast machinery of technical innovation. To secure them is to secure the future of technical advancement. With the following policy reforms, U.S. policymakers can maximize its AI interests moving forward.

Mandatory Ethical Audits

To prevent U.S. technology companies from offshoring harm while maintaining ethical credibility abroad, Congress or relevant agencies should require

all firms with an annual revenue above one billion dollars to undergo annual independent third-party audits of their AI supply chain operations worldwide. Companies receiving federal contracts and funding should also be required to comply by the same audit requirement for global operations. These audits should be built on the proven, auditable foundations of the NIST AI Risk Management Framework (AI RMF 1.0) for AI-specific risks and COBIT 2019 for enterprise governance and control maturity, while explicitly extending the scope to worker-welfare and labor-rights requirements drawn from International Labor Organization (ILO) core conventions. Because neither NIST nor COBIT currently addresses wages, working conditions, or subcontracting transparency, a new hybrid standard must be created taking from the existing framework. Audits must include unannounced on-site inspections in high-risk jurisdictions such as Kenya, Ghana, the Philippines, and India.

A direct and instructive precedent is the third-party audits that emerged in the Democratic Republic of Congo's cobalt supply chain after Amnesty International's 2016 report exposed child labor and deadly conditions in artisanal mines.⁴⁸ Those mines supplied Apple, Tesla, Samsung, Microsoft, and others. Driven initially by reputational pressure, Dodd-Frank Section 1502, and later by EU regulations, industry adopted rigorous protocols under the Responsible Minerals Initiative (RMI) and Fair Cobalt Alliance.⁴⁹ While child labor has not been eliminated, audited sites have shown measurable reductions in the worst forms of child labor, removal of thousands of children into remediation programs, and improved safety conditions where audits are consistently applied.⁵⁰ This demonstrates that large-scale, on-site audits in low-governance, high-risk environments are both technically and politically feasible when backed by disclosure rules and coordinated pressure.

Fair Labor Certifications

The Uyghur Forced Labor Prevention Act (UFLPA) has proven that America can successfully weaponize trade policy to enforce human rights. It can serve as blueprint for the proposed Fair Labor Certifications. Instead of limiting enforcement to forced labor, tie U.S. export licenses (not just import bans) to verifiable global standards: living wages, mental-health safeguards, and a total ban on NDAs that silence workers. Companies that want to sell into the world's largest market or use American technology abroad would have to certify compliance across their entire supply chain, exactly as many already do under the

UFLPA's rebuttable-presumption model. The compliance burden will be tough, but the UFLPA already showed that American leverage is irresistible when backed by law. Firms rerouted billions overnight rather than lose the U.S. market. By extending that same logic to broader labor rights, Washington can force a global race to securing ethical supply chains for data annotation.

Mandated Metrics for Equitable Partnership Mechanisms

The government should mandate reporting on measurable indicators of international partnership. This should include the volume and value of local, in-country AI investment in target regions. This ensures U.S. companies are demonstrably contributing to local AI capacity and infrastructure development as a core element of equitable partnership between the United States and developing nations. The Mandated Metrics for Equitable Partnership Mechanisms (MMEPM) should require U.S. tech firms and federal contractors to annually disclose quantifiable indicators of in-country investment. This should include capacity-building and value distribution in target regions. This shifts the paradigm from extraction to co-creation, ensuring that AI leadership is built on mutual prosperity rather than digital colonialism. For Washington's leadership in the \$15.7 trillion AI future, which ensures economic prosperity, it is important to avoid data embargoes and blow backs which could result from grievances of digital colonialism.

This framework would compel firms to disclose the total volume and monetary value of local AI investments, including capital spent on training centers, annotation facilities, and digital infrastructure. The mechanism would ensure that outsourcing goes beyond labor extraction to actively build sovereign AI capacity in partner nations like Kenya, India, and the Philippines. For instance, companies would need to report audited figures on funding allocated to local hardware or education programs for worker upskilling, to qualify for federal contracts or export licenses. Such transparency prevents hit-and-run outsourcing models. AI capacity building will send a signal of fair business-like relationship between Washington and these states where both parties get a fair compensation for the investment of labor and time. This will ensure the longevity of mutual work between Washington and these states along with reducing the effect of Chinese pull for the same pool of multilingual talent. By enforcing these metrics through agencies like the

Department of Commerce or a new AI Supply Chain Oversight Board, the U.S. government can transform annotation workers from low-wage inputs into co-creators of global AI ecosystems, securing diverse and high-quality data flows. This would also reduce geopolitical risks from regulatory backlash or Chinese competition, and positioning America as a trusted partner in AI advancement for all.

Ways Forward

To begin with, direct the Federal Trade Commission (FTC) to issue binding guidance that defines the systemic lack of transparency and the use of exploitative global data annotation supply chains as an "unfair and deceptive act or practice" under the FTC Act Section 5. This grants immediate, enforceable accountability powers by using existing consumer protection laws against the lack of transparency required by the mandatory ethical audits.

Additionally, amend the terms and conditions for all federal grants and subsidies, specifically CHIPS Act funding and access to federal supercomputing testbeds, to mandate Responsible AI (RAI) compliance. Compliance requires recipients to provide third-party mandatory ethical audits and demonstrate fair labor certifications for all data and labor used to train models developed with federal resources. Furthermore, the Commerce Department's Export Administration Regulations (EAR) licensing for high-end chips must condition export on the recipient company's commitment to avoiding data-sourcing from known exploitative operations in Africa and Asia. This creates an economic incentive for tech giants to adhere to ethical sourcing, effectively enforcing fair labor standards globally by tying them to essential AI annotation supply chain stability.

Moreover, codify an Interagency AI Supply Chain Task Force (DOL, FTC, BIS) through a low-profile legislative vehicle (for example, an appropriations bill rider) with specific, legally mandated annual reporting requirements. This should also include enforcement of the Equitable Partnership Metrics by requiring the task force to track and publish the volume of local, in-country AI investment by U.S. firms. This administrative transparency compels U.S. companies to engage in partnerships that enhance both their accountability and Washington's geopolitical credibility.

Conclusion

The extraction of data and digital labor from the Global South is a strategic vulnerability undermining the United States' long-term AI dominance. The current model is characterized by building generative AI on the backs of thousands of invisible workers who suffer exploitation, earning as little as \$1.50–\$2 per hour while facing severe psychological trauma. This systemic financial abuse and disregard for human welfare are enabled by opaque subcontracting chains and NDAs designed to shield U.S. tech giants from accountability. The decision by the U.S. government to rescind ethical mandates like Executive Order 14110 in 2025, prioritizing speed over sustainability, guarantees short-term corporate profit but risks long-term strategic loss. This manufactured resentment predictably triggers geopolitical blowback, including talent flight to competitors like China and the looming threat of data embargoes, thereby compromising the security and stability of the supply chains critical to the \$15.7 trillion AI future.

To secure its technological future and geopolitical credibility, the U.S. federal government must immediately cease treating this as an oversight and treat it as a national security imperative. The path forward includes transforming these exploitative pipelines into reliable and reciprocal partnerships by weaponizing America's existing economic leverage. This means implementing the proposed policy framework which includes mandatory ethical audits built on labor standards set by ILO and fair labor certifications that tie U.S. export licenses to verifiable standards, including living wages, mental-health safeguards, and a total ban on silencing NDAs. Furthermore, by mandating Metrics for Equitable Partnership Mechanisms (MMEPM), the government ensures U.S. firms disclose quantifiable, audited local investment in countries like Kenya and India, fundamentally shifting the paradigm from pure extraction to co-creation of sovereign AI capacity.

The U.S. government must enforce these standards by using its economic hammers, such as directing the FTC to define systemic exploitation as an "unfair and deceptive act." Moreover, conditioning access to vital federal resources including CHIPS Act funding on strict compliance. Future work must focus on administrative oversight and transparency in tracking these metrics. By regulating the conduct of its own corporate giants abroad, the United States secures both its data supply chains and its position as a trusted global partner. The big tech global exploitation must

end, because America cannot afford to build the future on a foundation of resentment and exploitation. To secure its position as the global leader in AI, Washington must integrate the pursuit of ethical AI standards into its core international strategy.

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