



TEXTS ADOPTED

P8_TA(2017)0330

Impact of international trade and EU's trade policies on global value chains

European Parliament resolution of 12 September 2017 on the impact of international trade and the EU's trade policies on global value chains (2016/2301(INI))

The European Parliament,

- having regard to Article 208 of the Treaty on the Functioning of the European Union (TFEU),
- having regard to Article 5 of the Treaty on European Union (TEU),
- having regard to the Commission communication entitled ‘Trade for all: Towards a more responsible trade and investment policy’ (COM(2015)0497),
- having regard to its resolution of 5 July 2016 on a new forward-looking and innovative future strategy for trade and investment¹,
- having regard to its resolution of 5 July 2016 on implementation of the 2010 recommendations of Parliament on social and environmental standards, human rights and corporate responsibility²,
- having regard to its resolution of 16 May 2017 on the evaluation of external aspects of the customs performance and management as a tool to facilitate trade and fight illicit trade³,
- having regard to its resolution of 25 November 2010 on corporate social responsibility in international trade agreements⁴,
- having regard to its resolution of 25 October 2016 on corporate liability for serious human rights abuses in third countries⁵,

¹ Texts adopted, P8_TA(2016)0299.

² Texts adopted, P8_TA(2016)0298.

³ Texts adopted, P8_TA(2017)0208.

⁴ OJ C 99 E, 3.4.2012, p. 101.

⁵ Texts adopted, P8_TA(2016)0405.

- having regard to its resolution of 27 April 2017 on the EU flagship initiative on the garment sector¹,
- having regard to its resolution of 4 April 2017 on palm oil and deforestation of rainforests²,
- having regard to its resolution of 3 February 2016 containing the European Parliament’s recommendations to the Commission on the negotiations for the Trade in Services Agreement (TiSA)³,
- having regard to its resolution of 8 July 2015 containing the European Parliament’s recommendations to the European Commission on the negotiations for the Transatlantic Trade and Investment Partnership (TTIP)⁴,
- having regard to its Resolution of 14 June 2017 on the state of play of the implementation of the Sustainability Compact in Bangladesh⁵,
- having regard to Regulation (EU) 2017/821 of the European Parliament and of the Council of 17 May 2017 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas⁶ (Conflict Minerals Regulation),
- having regard to the Forest Law Enforcement Governance and Trade Action Plan (COM(2003)0251) and FLEGT Voluntary Partnership Agreements,
- having regard to Regulation (EU) No 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market⁷ (Timber Regulation),
- having regard to Regulation (EU) No 978/2012 of the European Parliament and of the Council of 25 October 2012 applying a scheme of generalised tariff preferences⁸ (GSP Regulation),
- having regard to Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters⁹ (Brussels I Regulation),
- having regard to Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-

¹ Texts adopted, P8_TA(2017)0196.

² Texts adopted, P8_TA(2017)0098.

³ Texts adopted, P8_TA(2016)0041.

⁴ Texts adopted, P8_TA(2015)0252.

⁵ Texts adopted, P8_TA(2017)0265.

⁶ OJ L 130, 19.5.2017, p. 1.

⁷ OJ L 295, 12.11.2010, p. 23.

⁸ OJ L 303, 31.10.2012, p. 1.

⁹ OJ L 351, 20.12.2012, p. 1.

financial and diversity information by certain large undertakings and groups¹ (Non-Financial Reporting Directive),

- having regard to the 2007 joint strategy of the EU and its Member States entitled ‘Aid for trade: Enhancing EU support for trade-related needs in developing countries’,
- having regard to the Commission staff working document of 24 April 2017 entitled ‘Sustainable garment value chains through EU development action’ (SWD(2017)0147),
- having regard to the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy,
- having regard to Report IV of the 105th ILO Conference on decent work in global supply chains,
- having regard to the 2030 UN Sustainable Development Goals,
- having regard to the fundamental ILO Conventions on child labour, forced labour, discrimination, and freedom of association and collective bargaining,
- having regard to the Council conclusions of 12 May 2016 on the EU and responsible global value chains,
- having regard to the Commission communication on a renewed EU strategy 2011-14 for Corporate Social Responsibility (COM(2011)0681),
- having regard to the UK Modern Slavery Act 2015 and the French law on the duty of care of multinational companies,
- having regard to the UN Guiding Principles on Business and Human Rights and the UN Global Compact,
- having regard to the UN International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families,
- having regard to the new ILO Protocol on Forced Labour,
- having regard to UN Human Rights Council Resolution 26/9 of 26 June 2014, in which the UNHRC decided to establish an open-ended intergovernmental working group with the mandate to elaborate an international legally binding instrument on transnational corporations and other business enterprises with respect to human rights,
- having regard to the OECD Guidelines for Multinational Enterprises and several sector-specific OECD guidelines (financial, agricultural, mineral, garment and footwear sectors),
- having regard to the UNCTAD Trade and Development Reports of 2013 and 2016,
- having regard to the 2015 UNCTAD Investment Policy Framework for Sustainable Development,

¹ OJ L 330, 15.11.2014, p. 1.

- having regard to the World Trade Organisation Technical Barriers to Trade (WTO TBT) Agreement,
 - having regard to the WTO General Agreement on Tariffs and Trade (GATT),
 - having regard to the UN Convention on the Rights of the Child, and the Children’s Rights and Business Principles developed by UNICEF, the UN Global Compact and Save the Children¹,
 - having regard to voluntary country-specific partnerships, such as the Bangladesh Sustainability Compact and the Myanmar Labour Rights Initiative,
 - having regard to the Council conclusions of 20 June 2016 on Child Labour,
 - having regard to Rule 52 of its Rules of Procedure,
 - having regard to the report of the Committee on International Trade, the opinions of the Committee on Foreign Affairs and the Committee on Development and the position in the form of amendments of the Committee on Women’s Rights and Gender Equality (A8-0269/2017),
- A. whereas Article 207 of the TFEU stipulates that the EU’s trade policy must be built on the principles and objectives of EU external policy; whereas Article 208 of the TFEU establishes the principle of policy coherence for development and sets the eradication of poverty as the main objective; whereas the Commission’s Trade for All communication bases EU trade policy on three key principles – effectiveness, transparency and values; whereas this communication has a dedicated section on responding to the rise of global value chains and on the responsible management of supply chains, recalling its complexity, the fundamental need to think prospectively, for the involvement of a range of public, private and civil society actors and for the use of a mix of soft and innovative tools and legislative changes;
- B. whereas free trade has come under increasing public scrutiny of late and concerns about the inequitable distribution of the benefits and loads of trade have brought to the forefront a largely shared view that trade policy needs to put social and environmental values, as well as transparency and accountability, at its core;
- C. whereas global value chains (GVCs) are a complex, technology- driven and rapidly changing reality which have become a key feature of today’s global economy and may help developing countries to better integrate into it and to reduce poverty and create jobs, while at the same time increasing production capacity; whereas, on the one hand, GVCs offer new prospects for economic growth, sustainable development, the involvement of civil society, workers and business associations, and for job creation for companies within the production chain, by enabling them to focus on specific tasks while increasing their interdependence; whereas, on the other hand, their extremely complex nature, lack of transparency and dilution of liabilities may lead to a higher risk of human and labour rights violations, factual impunity for environmental crimes and large-scale tax avoidance and tax fraud;

¹ <http://childrenandbusiness.org>

- D. whereas trade policy must contribute to ensuring a transparent production process throughout the value chain, as well as compliance with fundamental environmental, social and safety standards;
- E. whereas EU trade and investment policy must maintain the multilateral system as its cornerstone and strengthen Europe's position in fair global supply chains, but must also provide tools to establish clear rules and responsibilities for governments and companies in order to ensure compliance with international commitments such as the UN Sustainable Development Goals (SDGs); whereas sustainability and transparency are not only a matter of values but should also be seen as real drivers of increased added value in global trade and investment in the context of GVCs;
- F. whereas SMEs¹ form an important part of the GVCs and play an important role in promoting economic growth, sustainable development and quality jobs and in keeping local populations from moving away from their regions;
- G. whereas participation in GVCs is beneficial for SMEs in terms of growth and internationalisation; whereas according to the 2015 Eurobarometer survey entitled 'Internationalisation of Small and Medium-sized Enterprises', only 31 % of SMEs in the EU were involved in business outside the Internal Market in the previous three years; whereas many SMEs face difficulties securing access to international and EU-based GVCs; whereas trade policy and trade agreements can help overcome the barriers and challenges that SMEs currently face in accessing GVCs;
- H. whereas voluntary due diligence and GVC transparency schemes are being used and promoted worldwide by economic and social partners and NGOs, producing substantive and positive results;
- I. whereas in its May 2016 conclusions, the Council underlined 'the need for continued advocacy for the uptake of internationally agreed principles, guidelines and initiatives on CSR/RBC such as the UN Guiding Principles on Business and Human Rights, the UN Global Compact, the ILO Tripartite Declaration on Principles concerning Multinational Enterprises and Social Policy, and the OECD Guidelines for Multinational Enterprises, including in non-OECD member countries, also contributing to anti-corruption efforts by creating more open and transparent business environments';
- J. whereas responsible global management of GVCs is essential in order to align trade policy with the European values enshrined in the Treaties; whereas both the Commission and the Member States have been at the forefront of these debates worldwide;
- K. whereas several international conventions, guidelines and rules aim to prevent human rights abuses; whereas producer countries in particular have the obligation to implement them and to create the appropriate legal and economic conditions under which businesses can operate and find a place in global supply chains; whereas producer countries must also be able to implement international standards and norms, including

¹ See definition of SME: <http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32003H0361&from=EN>.

drawing up, implementing and enforcing appropriate legislation, particularly in the area of establishing the rule of law and combating corruption;

- L. whereas the EU should respond even more effectively to social and environmental dumping and unfair competition and trade practices, and ensure a level playing field;
- M. whereas the EU is the world's largest exporter and importer of goods and services taken together, the largest foreign direct investor and the most important destination for foreign direct investment (FDI); whereas the EU should use this strength to benefit both its own citizens and those in other parts of the world, particularly in the world's poorest countries;
- N. whereas the EU has developed binding regulations in the area of corporate due diligence in specific sectors where there is a high risk of human rights abuses, such as timber and conflict minerals; whereas some Member States have also developed legislation, such as the UK Modern Slavery Act, the French Law on the duty of care of multinational companies (MNCs), which applies to large French companies numbering more than 5 000 workers, and the Dutch Child Labour Due Diligence Bill; whereas the EU has developed initiatives to promote due diligence and several European Parliament resolutions have called for the EU to develop binding rules on the issue;
- O. whereas the EU has already taken important steps towards a more responsible management of GVCs worldwide by developing specific partnerships,- such as the Bangladesh Sustainability Compact and the Labour Rights Initiative with Myanmar, and on specific issues, such as the conflict minerals initiative, illegal logging regulations, sustainability criteria for biofuels, corporate reporting on supply chain issues, and corporate transparency on payments made to governments by extractive and logging industries, as underlined in the Trade for All communication;
- P. whereas the Trade for All communication states that the Commission will promote ambitious trade and sustainable development (TSD) chapters in all trade and investment agreements; whereas recently concluded EU trade and investment agreements contain TSD chapters calling on the parties to the agreement to make commitments on the protection of human rights, social and environmental standards and corporate social responsibility; whereas such chapters have displayed differences in their level of ambition in successive EU trade agreements; whereas labour and environmental standards are not limited to TSD chapters but must be effective throughout all areas of trade agreements; whereas a dialogue-centred approach has not prevented severe violations of the freedom of association in some FTAs;
- Q. whereas the particular situation of Export Processing Zones (EPZs) is such that in some countries they are exempt from local labour laws and forbid or limit union activity, and that workers have no recourse to legal redress there, which constitutes a clear violation of ILO standards;
- R. whereas the lack of ethical behaviour in business is also a consequence of a lack of good governance, the powerlessness or non-existence of impartial public authorities acting in the general interest of citizens; whereas corruption, the lack of transparency of GVCs and exemptions from labour laws and taxation in EPZs could have a negative impact on human rights, in particular by undermining decent work and trade unions;

- S. whereas according to the ILO, 21 million people are victims of forced labour worldwide, and many of them are exploited in GVCs; whereas forced labour in the private economy generates USD 150 billion in illegal profits every year;
- T. whereas thanks to its global mandate, expertise and experience, the ILO, in collaboration with its Members, is well placed to lead global action for decent work in global supply chains; whereas the ILO Committee on Decent Work in Global Supply Chains has called for an assessment into the failures which lead to decent work deficits in global supply chains and for a reflection on the initiatives and standards needed to promote decent work and facilitate the reduction of decent work deficits in global supply chains;
- U. whereas a multilateral, global and holistic approach to corporate liability for human rights abuses and environmental sustainability is needed in the context of global trade and particularly in GVCs; whereas it is important, therefore, that the EU continues to lead these debates worldwide; whereas the EU has positioned itself as a front-runner in reforming the investor-state dispute settlement mechanism, notably through the development of a multilateral court system; whereas equal progress is expected in other critical areas of concern such as the enforcement of investors' obligations in relation to human rights;
- V. whereas production in GVCs takes place in various jurisdictions with varying degrees of human rights protection and social, labour and environmental law enforcement; whereas victims of human rights abuses involving transnational companies may face multiple obstacles to accessing judicial remedies;
- W. whereas gender equality in all EU policies is firmly established in Article 8 of the TFEU; whereas trade and investment agreements tend to affect women and men differently on account of structural gender inequalities; whereas the gender equality perspective is often overlooked in the analysis of GVCs; whereas according to the ILO, in 2012 21 million people worldwide, of whom 55 % were women and girls, were the victims of forced labour, with 90 % of these were exploited in the private economy by individuals or enterprises;
- X. whereas women comprise the majority of workers in certain segments of the garment, horticulture, mobile phone and tourism global supply chains but tend to be more concentrated in low-wage or low-status forms of employment than men, leading to gender segregation in types of occupations and activities, gender gaps in wages and working conditions, and gender-specific constraints in access to productive resources, infrastructure and services;
- Y. whereas according to Article 3(3) of the TEU, the Union shall protect the rights of the child; whereas all the Member States ratified the UN Convention on the Rights of the Child;
- Z. whereas services are playing a greater role in GVCs, in particular for manufacturing production; whereas the increased integration of services into GVCs will require agreements supporting the digital economy, including the free flow of data;

- AA. whereas the development of global value chains further contributes to the integration of services into the production of goods; whereas a significant amount of the value of imported goods has been added through services from importing countries;
- AB. whereas EU Member States are the world's largest exporters of financial services, and the sector is of strategic importance in the EU's trade policy; whereas the inclusion of provisions relating to financial services in EU External Agreements, including FTAs, has raised some legitimate concerns regarding their potential negative effects in terms of money laundering and tax evasion and avoidance and further highlights the importance of considering the use of tools to address them; whereas trade and investment agreements offer a good opportunity to increase cooperation in the fight against corruption, money laundering, and tax fraud, evasion and avoidance;
- AC. whereas transparent and informative labelling can be a useful tool that allows EU consumers to make more informed and adequate choices; whereas, beyond the price and origin of a product, social and environmental criteria should also be made available to EU consumers; whereas such criteria can technically be developed in line with the WTO Agreement on Technical Barriers to Trade (TBT), which lays down conditions for the production process to enable the sale of a product;
- AD. whereas the full observance of human rights in the production chain and full compliance with the food safety standards of goods released for free circulation on the European market should be respected by both states and enterprises; whereas the burden of responsibility should not be borne solely by consumers, whose choice is constrained by both individual resources (economy, time, knowledge) and external elements (information, offers);
- AE. whereas Rules of Origin (RoO) have become increasingly important in the context of GVCs, for which production tends to span several countries; whereas lax rules of origin can create additional hurdles to establishing full transparency and accountability throughout supply chains;
- AF. whereas better, harmonised and more efficient customs procedures in Europe and abroad help facilitate trade and meet respective trade facilitation requirements, as well as help to prevent forgeries and illegal, dumped and counterfeit goods from entering the single market, which undermines EU economic growth and seriously exposes EU consumers; whereas greater access to customs data on imports entering the EU would increase GVC transparency and accountability;
- AG. whereas in a world of fragmented production networks, the distinction between imports and exports is blurred, as imported inputs account for a significant proportion of exports, and tariffs are accumulated each time intermediate inputs are traded across borders; whereas efficient customs and border procedures are especially important in this context;
- AH. whereas GSP and GSP+ trade incentives provide better market access to developing countries in exchange for respect for labour, environmental and social standards;
- AI. whereas the GSP+ is a key EU trade policy instrument which provides better market access and is accompanied by a stringent monitoring mechanism to promote human and

labour rights, environmental protection and good governance in vulnerable developing countries;

- AJ. whereas the protection and enforcement of intellectual property rights (IPRs) could provide for effective further integration into GVCs;

EU position within GVCs

1. Emphasises that trade and investment policy should aim to provide leverage, to create a level playing field for European businesses, promote European competitiveness and facilitate upward convergence on standards; calls on the Commission to ensure coherence between the EU's environmental, public health, trade, investment and industrial policies, and to promote the European reindustrialisation strategy and the transition towards a low-carbon economy;
2. Believes that further integration of the EU into global value chains must not be to the detriment of the European social and regulatory model and the promotion of sustainable growth;
3. Calls on the Commission to support the awareness and uptake of existing fair trade schemes, as mentioned in the Trade for All strategy, both within the framework of the EU's plan for sustainability and the European Consensus for Development;
4. Reiterates its call for the Commission and the Member States to adopt reinforced trade defence instruments to combat unfair commercial practices, taking into account social and environmental dumping;
5. Asks the Commission to evaluate the impact of the use of trade defence instruments, by the EU and by third countries, on the effective integration of EU businesses into GVCs;
6. Stresses the need for harmonised rules and reinforced EU coordination and supervision of the application of import duties by the Member States (including conventional, anti-dumping and countervailing duties) on all types of commodities and goods, especially involving false declarations of origin (in both preferential and non-preferential regimes) and the undervaluation and incorrect description of goods;

GVCs and multilateralism

7. Calls on the Commission to actively work within the WTO in order to increase transparency, and to define and promote multilateral rules for trade, including the sustainable management of GVCs, which should, in particular, include the following:
 - mandatory supply chain due diligence and transparency requirements, building on the UN Guiding Principles on Business and Human Rights;
 - minimum health and safety standards, recognising in particular workers' right to establish safety committees;
 - a social protection floor and respect for ILO labour standards;
 - the right to collective bargaining;

8. Asks the Commission and the Member States to continue to engage actively in all multilateral forums about business, GVCs, human and labour rights, economic growth and sustainable development, while promoting the European values enshrined in the Treaties and bearing in mind the fundamental need for the specific characteristics of SMEs to be protected;
9. Welcomes the ongoing negotiations on a binding UN Treaty for Transnational Corporations and Human Rights; calls on the Commission and the Member States to engage constructively in these negotiations and to play an active role and contribute to the development of concrete proposals, including access to remedies, investing all their efforts in achieving a positive outcome and encouraging trade partners to equally engage; asks the Commission, in this context, to consider the possibility of extensive mandatory due diligence, including at global level;
10. Calls on the Member States to expedite the application and increase the effectiveness of the National Action Plans (NAPs) implementing the UN Guiding Principles on Business and Human Rights; underlines that eight out of the 13 NAPs that have already been approved are from EU Member States and welcomes the fact that a further 11 EU NAPs are being drafted; asks the Commission to assist and promote the implementation of these UN Guiding Principles;
11. Welcomes the convergence of the international standards on business and human rights, particularly between the UN Guiding Principles and the OECD Guidelines for Multinational Enterprises;
12. Welcomes the integral inclusion of Decent Work and the four pillars of the ILO Decent Work Agenda into the UN SDGs; calls on the Commission and the Member States to effectively apply these standards and to work within the ILO towards the adoption of a new international labour standard for decent work on GVCs, which will require, in particular, all companies to undertake ongoing risk management of the impact of their activities on the human rights of workers and communities and to take appropriate measures to prevent and mitigate these activities and provide remedy to those affected;
13. Supports all global anti-corruption initiatives, including the Extractive Industries Transparency Initiative (EITI), the Kimberley Process, the International Conference on the Great Lakes Regions (ICGLR), the principles set out in the United Nations Global Compact for businesses, the OECD guidelines for multinational enterprises and the OECD due diligence guidance for responsible supply chains of minerals from conflict-affected and high-risk areas; recalls the obligation for producer countries in particular to implement and enforce appropriate legislation, also in the area of establishing the rule of law and combating corruption;
14. Points out that in this area, in addition to the import and export of minerals and metals, transparent arrangements governing operating rights and customs duties are vital to the development of conflict or high-risk zones; stresses, therefore, the need to draw up an overview of existing corporate social responsibility measures being implemented by European businesses, and to enhance the coordination and exchange of information and best practices, in order to be able to identify good practices more effectively and contribute to the creation of a common action framework at European level; calls on the Commission to step up initiatives relating to corporate social responsibility and due diligence across the whole supply chain;

15. Points out that reliable access to raw materials is important for global competitiveness;
16. Stresses the importance of implementing, enforcing and transposing existing laws on GVCs at regional, national and international levels;

Corporate responsibility

17. Highlights that trade and human rights reinforce each other, and that the business community has an important role to play in offering positive incentives in terms of promoting human rights, democracy and corporate responsibility;
18. Welcomes the many promising initiatives taken by the private sector, such as codes of conduct, labelling, self-assessment and social audits, which have significantly contributed to recent improvements in human rights and workers' rights standards in global supply chains;
19. Is deeply concerned by cases of human rights violations and threats to environmental sustainability, committed as a result of some corporations' management decisions;
20. Acknowledges the importance of the existence of clear international rules on corporate social responsibility (CSR), GVC and due diligence; welcomes the smart mix of regulatory and voluntary action, which has led to some positive results in the last few years and has enabled businesses to find their own dynamic and innovative measures; stresses that coordination, information sharing and the exchange of best practices may contribute to increasing the efficiency of private and public value chain initiatives and achieve positive results; recalls, however, that voluntary CSR may also lead to unfair competition for suppliers that have chosen to comply with international labour and environmental standards and is not sufficient per se to ensure that companies fully comply with international standards and obligations by implementing due diligence policy; stresses, therefore, the need to draw up an overview of existing CSR measures being implemented by European businesses, in order to be able to identify good practices more effectively and contribute to the creation of a common action framework at European level; strongly believes that the EU should swiftly seek ways to develop GVC transparency strategies and rules, including the possible consideration of immediate action towards developing binding and enforceable rules, associated remedies and independent monitoring mechanisms involving the EU Institutions, the Member States and civil society; stresses that such obligations should follow the required steps outlined in the UN Guiding Principles and the OECD Guidelines relating to the proactive identification of risks to human rights, the drawing up of rigorous and demonstrable action plans to prevent or mitigate these risks, adequate response to known abuses, and transparency;
21. Calls on the Commission to give greater prominence to such provisions and to promote the uptake of sectoral OECD guidelines and the UN Guiding Principles on Business and Human Rights; emphasises the need to engage civil society in a formal way in the implementation process through structures set up under TSD chapters; calls on the Commission to support the work of international standardisation bodies such as the International Standardisation Organisation (including ISO 26000) and the Global Reporting Initiative, in order to encourage businesses to report on sustainability and value-creation throughout the supply chain;

22. Invites the Commission to ensure compliance by European and international companies with the OECD Guidelines for Multinational Enterprises and the sector-specific OECD guidelines, such as the due diligence guidance for responsible supply chains of minerals from conflict-affected areas; recommends strengthening the role of OECD National Contact Points and their cooperation with independent national and regional human rights institutions with a view to improving the governance of GVCs;
23. Calls on the Commission to update its approach to CSR with a view to strengthening labour and environmental standards and, in particular, insisting on the inclusion of CSR provisions in the trade and investment agreements negotiated by the EU;
24. Stresses that the coordination and exchange of information and best practices can help to make private and public value chain initiatives more effective;
25. Recalls that Parliament requested in 2010 that companies should publish their CSR balance sheets, the introduction of due diligence requirements for all undertakings, and the consolidation of the CSR concept on the basis of a harmonised definition of the relations between parent companies in order to establish the legal liability of each them; therefore notes with satisfaction that the disclosure of non-financial and diversity information will be required from large companies as from 2017, in accordance with the Non-Financial Reporting Directive; notes, however, that the disclosure of non-financial information by large companies has not yet been extended to cover all actors operating in GVCs;
26. Notes the ‘green card’ initiative launched by some national parliaments following the adoption of the French law on MNCs’ duty of care; calls on the Commission to consider proposals for corporate due diligence for companies operating both within and outside the EU, taking account of the ruling of the French Constitutional Court on the French law, namely on proportionality of sanctions;
27. Recalls that CSR policies must take into account the special characteristics of SMEs, and be flexible enough to ensure that they are not subjected to disproportionate burdens; invites the Commission, therefore, to establish a specific helpdesk for SMEs, paying special attention to small and micro enterprises, and to support them with tailored capacity-building programmes;
28. Underlines that GVCs do not end when the product reaches the consumer, but include waste and how it is treated; urges taking into account the full lifecycle of products and enlarging the perspective on GVCs to include provisions on waste disposal without harming persons or the environment; calls on the EU to encourage international cooperation and legislative coherence regarding end-of-life products and materials and help partner countries develop stronger national regulations and enforcement capacities; calls on the EU to ensure that traceability applies to this spectrum of product life;
29. Urges the Commission to act swiftly, following the detailed proposals contained in Parliament’s resolution of 25 October 2016 on corporate liability for serious human rights abuses in third countries;

Creating a more prominent role for private-sector initiatives

30. Emphasises the achievements of private-sector engagement; stresses that private-sector companies need to pursue sustainability strategies, not only so as to prevent damage to their reputation, but also because this offers them new opportunities and reduces their dependence on scarce resources;
31. Stresses the crucial role of consumers (and the effects of bad publicity); recalls that no consumer wants to continue buying products made by children or exploited men and women, or products that have caused major environmental damage;
32. Calls on the Commission to find new ways to support private-sector efforts to make global value chains more sustainable and to develop inclusive business models and related private-sector multi-stakeholder partnerships;
33. Emphasises that a smart mix between private and public funding is needed to promote sustainable global value chains; believes this should build on existing structures and programmes that have proven successful in promoting responsible business conduct;
34. Welcomes the many promising initiatives taken by the private sector, such as codes of conduct, labelling, self-assessment and social audits, and acknowledges the UN Global Compact, the ISO 26000 standard on social responsibility, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, and the OECD Guidelines for Multinational Enterprises as tools which can mobilise responsibility in the business activities of enterprises; calls on companies, whether European or not, to apply human rights due diligence and to integrate their findings into internal policies and procedures, with resources and authority assigned accordingly and duly implemented; stresses that this requires that sufficient resources be allocated; stresses that transparency and communication regarding the measures taken to avoid human rights abuses in third countries are crucial to enable proper democratic oversight and to allow consumers to make fact-based choices;

EU free trade agreements (FTAs) and GVCs

35. Welcomes the new trade and investment strategy for the European Union, Trade for All; asks the Commission to address, in its trade and investment policy and FTAs, the challenges associated with the rise of GVCs by taking into consideration the following measures:
 - (a) strengthening ex ante Trade Sustainability Impact Assessments (TSIAs), adding assessment requirements on human rights and on gender, and making ex post TSIAs, with civil society input, mandatory and publicly available;
 - (b) implementing fully Parliament's recommendations of 2010 and 2016 with respect to TSD chapters in FTAs, which should include comprehensive, enforceable and ambitious TSD chapters and consideration of the following aspects:
 - (i) a commitment by each of the parties to ratify and implement the eight core and four priority ILO Conventions, as well as the international multilateral environmental agreements;
 - (ii) coverage of human rights clauses and TSD chapters by the general dispute settlement mechanisms, on an equal footing with the other parts of the agreement;

- (iii) the possibility to appeal and seek redress through a complaints procedure for social partners and civil society;
 - (iv) effective deterrent measures: including in the form of monetary remedies, in the event of serious, proven breaches of the TSD provisions;
- (c) including enforceable anti-corruption and whistleblower protection provisions, within the competence of the EU, in all future FTAs and investment agreements; in this regard, stresses that the signatory parties to trade and investment agreements should take measures to promote active participation of the private sector, civil society organisations and domestic advisory groups in the implementation of the anti-corruption programmes and clauses in international trade and investment deals;
 - (d) including standstill clauses setting a minimum level for social, environmental and safety standards, including animal health and welfare, in all EU FTAs, thus preventing the parties from lowering their social, environmental and safety norms in order to promote exports and attract investments;
 - (e) including provisions on tax transparency (including OECD key transparency standards) and enhancing cooperation in the fight against money laundering, tax fraud and evasion and tax avoidance in FTAs, to be duly reflected in market opening requirements for financial services;
 - (f) supplementing all the above provisions with supporting measures for developing countries and rigorously monitoring their implementation, including through inputs from national parliaments and stakeholders including civil society;
 - (g) increasing linkage of priorities agreed bilaterally for the implementation of TSD chapters of FTAs and funding support from the EU development cooperation programmes;
36. Recalls the key role SMEs can play in GVCs on the one hand, and the benefits of increased integration of SMEs into GVCs on the other; calls on the Commission to include SME chapters in all future trade agreements; further calls on the Commission, in this context, to evaluate existing support structures available to SMEs wanting to access GVCs, and to review and, if necessary, update the strategy ‘Small Business, Big World’ from 2011 in order to further facilitate SMEs’ engagement in GVCs;
37. Underlines that GVCs often include production and services in Export Processing Zones (EPZs), where labour and environmental standards are different from the rest of the country concerned and are often restricted; calls on the Commission to ensure that social and environmental standards subscribed to in FTAs apply throughout the territory of trade partners, including in EPZs;

Labelling, traceability and customs data

38. Calls on the EU to work towards adequate and efficient solutions for the introduction of a transparent and functioning mandatory ‘social and environmental traceability’ labelling system along the entire production chain, in compliance with the WTO TBT Agreement, while in parallel promoting similar action at international level;

39. Calls on the Commission to consider introducing legislation for labelling rules regarding the origin of products entering the EU market, or to propose rules that guarantee effective traceability;
40. Calls on the Commission and encourages Member States to seek ways to enable parties having a public interest stake to access, subject to appropriate justification and upon a request made on the grounds of public interest, the customs data collected from parties trading in products or goods imported into the EU;

Jurisdiction and access to remedies

41. Reaffirms the urgent need to effectively address human rights abuses by transnational corporations when they appear, and to address the legal problems resulting from the extra-territorial dimension of companies in particular through the establishment of joint legal liabilities throughout supply chains; calls on Member States to take appropriate steps to tackle the financial and procedural hurdles faced in civil litigation by victims;
42. Reiterates its call on the Commission to reflect on the extension of jurisdictional rules under the Brussels I Regulation to third-country defendants in cases brought against companies with a clear link with one Member State or companies for which the EU is an essential outlet and asks the Commission to swiftly present, if appropriate, a proposal to the Parliament and the Council;
43. Recalls that business enterprises should establish operational-level grievance mechanisms for workers affected by their operations, including in EPZs; reiterates its call for the EU and Member States to take the appropriate steps to tackle the legal, procedural and institutional obstacles to accessing effective remedies;

Gender equality and children's rights

44. Recalls that gender equality is firmly established in all EU policies as stated in Article 8 of the TFEU; deplors the fact that gender is not mentioned in the Trade for All strategy, and calls on the Commission to take gender and women's empowerment into account in its mid-term review of the strategy; calls on the Commission to ensure that the gender perspective is included and mainstreamed in trade and investment policy, the Aid for Trade strategy, and all future FTAs and impact assessments; calls on the Commission to continue to discuss and negotiate within the WTO in order to take gender into account in WTO trade and investment policy; calls on the Commission to collect gender-disaggregated data for GVCs, especially in the agricultural sector, taking into account women's empowerment going beyond pay issues, factors leading to violence against women, and social factors such as parental leave and health, with a view to devising legal forms for overcoming the negative side-effects of GVCs; welcomes the fact that the issue of gender equality is being addressed in the negotiations on updating the EU-Chile agreement and will be dealt with in the future updated agreement;
45. Calls for a comprehensive analysis of differences and inequalities in the framework of GVCs, with regard to: (i) gender differences in time use, mainly resulting from women's primary responsibility for reproductive work; (ii) gender differences in access to productive inputs and resources, particularly land, credit, training, and networks; and

- (iii) gender differences stemming from failures and discrimination at the level of markets and institutions;
46. Stresses that women tend to be the ones who suffer most, and that very often in the case of women, labour trafficking of persons runs in parallel with sexual trafficking and femicide;
 47. Proposes that at the level of international trade and EU trade policies on GVCs, a specific strategy should be developed to formally protect individuals who denounce practices such as femicide, labour trafficking of persons and sexual trafficking, and to defend the victims; stresses that these denouncers should be given similar recognition and protection as that requested in the case of whistleblowers in the field of international and EU trade;
 48. Recalls that women are increasingly present in employment but are still overrepresented in low-skilled jobs with low wages, lacking access to social protection measures, including maternity protection, and being far too often subject to discrimination and sexual harassment;
 49. Calls on the Commission, the Member States and regional and local authorities to promote sustainable public procurement by applying specific requirements on human rights and compliance with international law, particularly in relation to the promotion of gender equality and European competition rules, as well as transparency for suppliers and their international supply chains;
 50. Underlines the importance of the ratification of ILO Conventions No 182 on the worst forms of child labour and No 138 on the minimum age for admission to employment and work by those countries which have not done so; recalls that the EU is committed to eradicating the worst forms of child labour at a global level, in line with its values, which include the prohibition of child labour in EU external action as enshrined in Article 21 of the TEU; reiterates its call for the harmonisation and strengthening of import and supply chain controls so as to ensure that only forced labour-free, child labour-free and modern slavery-free products enter the EU market; stresses its support for existing initiatives supporting SMEs and small farmers' organisations with a view to them gaining a larger share of value in GVCs, such as in the case of fair trade; underlines the importance of including the fight against forced labour and child labour in all EU FTAs, through sustainable development chapters, so as to ensure that this objective is shared by trade partners; calls on the Commission and the Member States to vigorously defend this proposal in all international forums including the ILO, the OECD, the UN and the WTO, in order to make progress in the fight against forced labour and child labour; emphasises against this background that the goal of child labour-free products can only be achieved if it goes hand in hand with minimum living wages for the child's family members;

Developing countries

51. Underlines that GVCs constitute an important opportunity for firms in developing countries, particularly SMEs, to develop a link with the global economy; stresses that specific policies and accompanying measures are key to achieving this and to extending the potential advantages to all workers in our trading partner countries, particularly policies aimed at making administrative procedures more efficient, or helping the

companies concerned to increase added value and expand their participation in GVCs while also improving their social and environmental standards; points out that the review of GSP and GSP+ should include binding rules on human and labour rights and environmental protection; notes that many developing countries are limited in their capacity and resources to effectively enforce compliance with social and environmental standards and regulations; calls on the EU to strengthen capacity-building and to provide the governments of partner developing countries with technical assistance wherever possible and needed;

52. Recalls the 2030 SDG agenda and its sustainable production, sustainable consumption and decent work approaches, and calls on the Commission to communicate in a transparent manner the reference to each SDG concerned in its reporting; reiterates its call on the Commission and the Member States to use trade to promote sustainable development and good governance according to the principles of policy coherence for development; stresses that EU trade and investment agreements concluded with developing countries should be consistent with the SDGs; reiterates the right of developing countries to regulate investment so as to ensure obligations and duties for all investors, including foreign ones, with the aim of protecting human rights, labour and environmental standards;
53. Welcomes the entry into force of the Trade Facilitation Agreement, which if properly implemented will simplify and modernise customs procedures, making it easier for developing countries, which generally have greater border barriers, to integrate into the global trading system;
54. Calls on the Commission to support the effective participation of SMEs in GVCs, by supporting match-making and partnerships between SMEs and small farmer groups in developing countries that aim to secure a larger share of value for producers while ensuring a high level of social, environmental and human rights protection, as in the case of fair trade;
55. Calls on the Commission to ensure that human rights conditions linked to unilateral trade preferences granted under the GSP are effectively enforced and monitored, and that procedures foreseen for cases of possible non-compliance with those conditions are implemented, in full compliance with the GSP Regulation;
56. Expects the GSP mid-term review to clarify definitions and provide an in-depth assessment of the current scheme; takes the view that trade policy must be a way to encourage the EU's trade partners to adopt higher social, labour and environmental standards, which could be achieved through incentives such as additional tariff preferences for sustainably produced products; believes that this objective requires a revision of the GSP Regulation, and suggests in this regard including CSR conditions within its scope, in order to ensure compliance by transnational corporations with national and international legal obligations in the areas of human rights and labour and environmental standards; calls for special attention to be paid to the situation of labour rights and trade union rights in EPZs, and urges the Commission to address this issue, in close cooperation with the ILO, in the review of the GSP;
57. Calls on the Commission to ensure that all EU-funded development projects, including blending projects, are not only fully aligned with the internationally agreed

development effectiveness principles, but also fully respect the principle of free, prior and informed consent as established in ILO Convention No 169;

Rules of Origin (RoOs)

58. Notes that simplified, effective and preferential RoOs are key in the context of GVCs; recognises that inflexibility and complexity of RoOs can hamper the efficiency of trade patterns;
59. Calls on the Commission, to the extent possible, to use multilateral RoOs as preferential RoOs in FTAs; calls on the Commission, when designing specific preferential RoOs in FTAs, to lower the requirements of value added and to allow change of tariff subheading and ‘single transformation’ as a RoO;
60. Asks the Commission, specifically in the case of negotiations on FTAs with countries currently benefiting from GSP and EBA preferences, to ensure that the design of RoOs does not divert economic processes;
61. Considers that increased cumulation in FTAs should not be seen as a tool for back-door liberalisation, but, rather, as a tool to enable countries to specialise in economic activities according to the logic of comparative advantage;

Intellectual property rights and data flows

62. Welcomes the Commission’s commitment to protect the entire spectrum of IPRs including patents, trademarks, copyright, designs, geographical indications (GIs), marking of origin and pharmaceuticals, while ensuring access to affordable medicines, both at WTO level and through FTAs; calls on the Commission to take further action on the possible extension of geographical indication protection to non-agricultural products, as it happens already in several third countries via different legal systems; calls for an open and inclusive process for improved cooperation with third partners to combat fraud and counterfeit goods that take advantage of trust in trademarks and brand names;
63. Recognises that digital innovation and data flows are crucial drivers of the services economy and are an essential element of the GVC of traditional manufacturing companies, and that, therefore, forced localisation requirements should be curbed to the extent possible both within and outside Europe, allowing for the accommodation of necessary exemptions based on legitimate public purposes such as consumer protection and the protection of fundamental rights; recalls that data flow protection and the right to privacy are not trade barriers but fundamental rights, as enshrined in Article 39 of the TEU, Articles 7 and 8 of the Charter of Fundamental Rights of the European Union, and Article 12 of the Universal Declaration of Human Rights;

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64. Instructs its President to forward this resolution to the Council, the Commission, the European External Action Service, the World Trade Organisation and UNCTAD.