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REPORT

on the EU flagship initiative on the garment sector
(2016/2140(INI))

Committee on Development

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the EU flagship initiative on the garment sector (2016/2140(INI))

The European Parliament,

- having regard to Articles 2, 3, 6 and 21 of the Treaty on European Union,
- having regard to Articles 153, 191, 207, 208 and 218 of the Treaty on the Functioning of the European Union,
- having regard to Articles 12, 21, 28, 29, 31 and 32 of the Charter of Fundamental Rights of the European Union,
- having regard to the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights,
- having regard to the UN Convention on the Rights of the Child¹ and the General Comment No 16 of the UN Committee on the Rights of the Child,
- having regard to the fundamental Conventions of the International Labour Organisation (ILO) on child labour, forced labour, discrimination, and freedom of association and collective bargaining,
- having regard to the UN Guiding Principles on Business and Human Rights²,
- having regard to the UN Human Rights Council resolution 26/9³, whereby it decided ‘to establish an open-ended intergovernmental working group on transnational corporations and other business enterprises with respect to human rights, whose mandate shall be to elaborate an international legally binding instrument to regulate, in international human rights law, the activities of transnational corporations and other business enterprises’,
- having regard to the UN General Assembly resolution 70/1 of 25 September 2015 ‘Transforming our World: the 2030 Agenda for Sustainable Development’⁴,
- having regard to the programmes funded by the UN Trust Fund to End Violence against Women focused on addressing harassment and violence against women in the garment industry⁵,
- having regard to the UNCTAD Investment Policy Framework for Sustainable Development (2015)⁶,

¹ <https://www.unicef.org/crc/>

² http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

³ A/HRC/RES/26/9 (<http://www.ihrb.org/pdf/G1408252.pdf>).

⁴ A/RES/70/1 (http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1)

⁵ <http://www.unwomen.org/en/trust-funds/un-trust-fund-to-end-violence-against-women>

⁶ http://unctad.org/en/PublicationsLibrary/diaepcb2015d5_en.pdf

- having regard to the OECD Guidelines for Multinational Enterprises¹,
- 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-financial and diversity information by certain large undertakings and groups²,
- having regard to the Commission Communication of 14 October 2015 entitled ‘Trade for all: Towards a more responsible trade and investment policy’ (COM(2015)0497)³,
- having regard to the 2015 Commission Guidelines on the analysis of human rights impacts in impact assessments for trade-related policy initiatives⁴,
- having regard to its resolution of 25 November 2010 on corporate social responsibility in international trade agreements⁵,
- having regard to its resolution of 29 April 2015 on the second anniversary of the Rana Plaza building collapse and progress of the Bangladesh Sustainability Compact⁶,
- having regard to its resolution of 14 April 2016 on ‘The Private Sector and Development’⁷,
- 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 responsibility⁸,
- having regard to its resolution of 13 September 2016 on implementation of the thematic objective ‘enhancing the competitiveness of SMEs’ – Article 9(3) of the Common Provisions Regulation⁹,
- having regard to its resolution of 25 October 2016 on corporate liability for serious human rights abuses in third countries¹⁰,
- having regard to its resolution of 14 December 2016 on the Annual Report on human rights and democracy in the world and the European Union’s policy on the matter 2015¹¹,
- having regard to the study entitled ‘Human Rights and Democracy Clauses in the EU’s International Agreements’ published in 2015 by the Policy Department of the

¹ <http://www.oecd.org/daf/inv/mne/48004323.pdf>

² OJ L 330, 15.11.2014, p. 1.

³ http://trade.ec.europa.eu/doclib/docs/2015/october/tradoc_153846.pdf

⁴ http://trade.ec.europa.eu/doclib/docs/2015/july/tradoc_153591.pdf

⁵ OJ C 99 E, 3.4.2012, p. 101

⁶ OJ C 346, 21.9.2016, p. 39.

⁷ Texts adopted, P8_TA(2016)0137.

⁸ Texts adopted, P8_TA(2016)0298.

⁹ Texts adopted, P8_TA(2016)0335.

¹⁰ Texts adopted, P8_TA(2016)0405.

¹¹ Texts adopted, P8_TA(2016)0502.

Directorate-General for External Policies of the European Parliament¹,

- having regard to the study entitled ‘The EU’s Trade Policy: from gender-blind to gender-sensitive?’ by the Policy Department of the Directorate-General for External Policies of the European Parliament²,
- having regard to its non-legislative resolution of 14 December 2016 on the draft Council decision on the conclusion of a Protocol to the Partnership and Cooperation Agreement establishing a partnership between the European Communities and their Member States, of the one part, and the Republic of Uzbekistan, of the other part, amending the Agreement in order to extend the provisions of the Agreement to bilateral trade in textiles, taking account of the expiry of the bilateral textiles Agreement³,
- having regard to the Sustainability Compact for Continuous Improvements in Labour Rights and Factory Safety in the Ready-Made Garment and Knitwear Industry in Bangladesh,
- having regard to the ILO Programme on Improving Working Conditions in the Ready-Made Garment Sector in Bangladesh⁴,
- having regard to the 2013 Accord on Fire and Building Safety in Bangladesh,
- having regard to the cooperation agreement signed on 25 April 2016 by the President of Inditex, Pablo Isla, and the Secretary-General of IndustriALL Global Union, Jyrki Raina, on responsible management of the supply chain in the garment sector,
- having regard to the High-Level Conference on Responsible Management of the Supply Chain in the Garment Sector, held in Brussels on 25 April 2016,
- having regard to the EU’s GSP+ scheme⁵,
- having regard to Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC⁶,
- having regard to the ‘Vision Zero Fund’, initiated in 2015 by the G7 in cooperation with the ILO to foster occupational safety and health in production countries,
- having regard to the German Partnership for Sustainable Textiles⁷, and to the Dutch Agreement on Sustainable Garment and Textile⁸,
- having regard to Rule 52 of its Rules of Procedure,
- having regard to the report of the Committee on Development and the opinions of the

¹ http://www.europarl.europa.eu/meetdocs/2004_2009/documents/nt/584/584520/584520en.pdf

² [http://www.europarl.europa.eu/RegData/etudes/IDAN/2015/549058/EXPO_IDA\(2015\)549058_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/IDAN/2015/549058/EXPO_IDA(2015)549058_EN.pdf)

³ Texts adopted, P8_TA(2016)0490.

⁴ <http://www.ilo.org/dhaka/Whatwedo/Projects/safer-garment-industry-in-bangladesh/lang--en/index.htm>

⁵ http://trade.ec.europa.eu/doclib/docs/2015/august/tradoc_153732.pdf

⁶ OJ L 94, 28.3.2014, p. 65.

⁷ <https://www.textilbuendnis.com/en/>

⁸ <https://www.ser.nl/en/publications/publications/2016/agreement-sustainable-garment-textile.aspx>

- A. whereas economic development should go hand-in-hand with social justice and good governance policy; whereas the complexity and fragmentation of global value chains (GVCs) require complementary policies to bring about a process of continuous improvement to make GVCs and production chains sustainable and to create value in supply chains, as well as studies into the impact of organisational structures in the sector, the coordination system and the bargaining power of network members on the development of these processes; whereas complementary flanking measures are required to guard against the potential adverse impact of those chains; whereas the victims of human rights violations should be guaranteed effective access to remedy;
- B. whereas 60 million people worldwide work in the textile and clothing sector, which creates many jobs, particularly in developing countries;
- C. whereas textile manufacturers in developing countries are constantly exposed to aggressive purchasing practices by the international wholesale and retail trade, which is also due to fierce global competition;
- D. whereas the victims of the three most deadly incidents in the garment sectors (Rana Plaza, Tazreen and Ali Enterprises) have received or are in the process of receiving compensation for the loss of income; whereas the granting of compensation in this case is in line with ILO Convention 121 and is the result of unprecedented cooperation between brands, trade unions, civil society, governments and the ILO; whereas given the widespread violation of key human rights, actual remedy remains rare;
- E. whereas the victims of human rights abuses involving European companies face multiple obstacles to access judicial remedies, including procedural obstacles on admissibility and the disclosure of evidence, litigation costs that are often prohibitive, an absence of clear liability standards for corporate involvement in human rights abuses and a lack of clarity on the application of EU rules on private international law in transnational civil litigation;
- F. whereas Article 207 of the Treaty on the Functioning of the European Union (TFEU) strongly requires that the EU's trade policy be built on the EU's external policies and objectives, concretely those of development cooperation stated in Article 208 TFEU; whereas Article 21 of the Treaty on European Union (TEU) reaffirms that the EU's external actions will be guided by the principles of democracy, the rule of law, the universality and indivisibility of human rights and fundamental freedoms, respect for human dignity, the principles of equality and solidarity, and compliance with the UN Charter and international law;
- G. whereas the EU is the world's second largest exporter of textile and apparel products after China, thanks to approximately 174 000 textile and apparel companies, 99 % of which are SMEs and which provide jobs to around 1.7 million people; whereas, furthermore, more than one third (34.3 %, representing a total value of EUR 42.29 billion) of the clothing destined for use in Europe is produced by EU companies;
- H. whereas the ILO Declaration on Fundamental Principles and Rights at Work commits

Member States to respect and promote principles and rights in four categories, regardless of whether they have ratified the relevant Conventions, namely: freedom of association and the effective recognition of the right to collective bargaining; the elimination of discrimination in respect of employment and occupation; the elimination of forced or compulsory labour; the abolition of child labour;

- I. whereas collective bargaining is one means of ensuring that wage and productivity growth go hand-in-hand; whereas, however, the use in the global supply chain of non-standard forms of employment, including subcontracting and informal work, has weakened collective agreements; whereas many workers in the garment sector do not earn a living wage;
- J. whereas many Member States, such as Germany, the Netherlands, Denmark and France, have promoted national programmes;
- K. whereas the ‘Realising Long-term Value for Companies and Investors’ project being undertaken as part of the UN Principles for Responsible Investment and the UN Global Compact demonstrate that the economy is compatible with, and mutually reinforcing to, the principles of social justice, environmental sustainability and respect for human rights;
- L. whereas the UN Guiding Principles on Business and Human Rights apply to all states and to all business enterprises, both transnational and others, regardless of their size, location, ownership and structure;
- M. whereas the EU is a key player as investor, buyer, retailer and consumer in the garment industry and trade, and is therefore most suited to bundle multiple initiatives worldwide to improve substantially the inhuman situation endured by tens of millions of workers in this sector and create a level playing field for all those involved;
- N. whereas responsible management of GVCs is particularly relevant from a development perspective, as very serious violations of human and labour rights and environmental pollution frequently occur in the producer countries that often face significant challenges in terms of sustainable development and growth, affecting the most vulnerable;
- O. whereas the strong performance of garment exports, especially in China, Vietnam, Bangladesh and Cambodia is set to continue;
- P. whereas most human rights violations in the garment sector concern various aspects of labour rights, such as the denial of workers’ fundamental right to join or form a union of their choosing and bargain collectively in good faith, making it difficult to guarantee that workers can enjoy their fundamental rights in the workplace; whereas this state of affairs has led to widespread labour rights violations, including: poverty wages, wage theft, forced labour and child labour, arbitrary dismissals, unsafe workplaces and unhealthy working conditions, violence against women, physical and sexual harassment, and precarious work and work conditions; whereas despite the widespread violation of human rights, actual remedial actions generally remain rare; whereas these decent work deficits are particularly acute in export processing zones (EPZs) linked to global supply chains, which are often characterised by exemptions from labour laws and

taxes, and restrictions on trade union activities and collective bargaining;

- Q. whereas voluntary initiatives led by the private sector over the last 20 years, such as codes of conduct, labels, self-assessments and social audits, while having provided relevant frameworks for cooperation on issues such as health and safety at work, have not proven to be effective enough in bringing about a real improvement in workers' rights, especially in terms of respect for human rights and gender equality, increasing the number of workers' rights, consumer awareness, as well as environmental standards and safety and sustainability in the garment supply chain;
- R. whereas multistakeholder initiatives like the German Partnership for Sustainable Textiles or the Dutch Agreement on Sustainable Garment and Textile are bringing stakeholders like the industry, the trade unions, the government and the NGOs to one table; whereas the standards established by these initiatives also encompass environmental issues; whereas these initiatives have not yet entered the implementation phase, so concrete results are still not forthcoming; whereas such national initiatives are necessary due to a lack of an EU legislative initiative; whereas, however, the majority of Member States have not established such initiatives;
- S. whereas the efforts of corporations to promote workplace compliance can support, but not replace, the effectiveness and efficiency of public governance systems, namely each state's duty to promote compliance and enforce national labour laws and regulations, including labour administration and inspection functions, dispute resolution and the prosecution of violators, and to ratify and implement international labour standards;
- T. whereas the trends of the garment industry are still moving towards fast fashion, which poses an enormous threat to and puts enormous pressure on garment workers in the producing countries;
- U. whereas the German Ministry for Development Cooperation has set a target that by 2020 50 % of all German textile imports will have to meet ecological and social criteria;
- V. whereas in order to improve the governance of GVCs, the various instruments and initiatives of policy areas such as trade and investment, private sector support and development cooperation must be harnessed to contribute to the sustainability and responsible management of GVCs as part of delivering the 2030 Agenda for Sustainable Development, which recognises the crucial impact of trade policies in implementing its goals by covering a number of policy areas such as rules of origin, commodity markets, labour rights and gender equality;
- W. whereas the specific characteristics of the garment sector value chains, such as geographically dispersed stages of the production process, different types of garment workers, purchasing policy, low prices, high volumes, short lead times, subcontracting and short-term buyer-supplier relationships, are conducive to reducing the visibility, traceability and transparency of an enterprise's supply chain and to increasing the risks of human rights and labour abuses, environmental damage and inadequate animal welfare as early as the raw-material production stage; whereas transparency and traceability are prerequisites for a company's accountability and responsible consumption; whereas the consumer has the right to know where a piece of clothing was produced and under what social and environmental conditions; whereas

guaranteeing consumers the right to reliable, transparent and relevant information on the sustainability of production will help to bring about lasting change in supply chain traceability and transparency in the garment sector;

- X. whereas women's rights are a constitutive part of human rights; whereas gender equality falls within the scope of the Trade and Sustainable Development (TSD) chapters in trade agreements; whereas the specific impact of trade and investment agreements affects women and men differently on account of structural gender inequalities; whereas in order to enhance gender equality and women's rights, the gender dimension should therefore be covered in all trade agreements;
- Y. whereas the employment of women in the garment sector in developing countries contributes significantly to household incomes and poverty reduction;
- Z. whereas children's rights are an integral part of human rights and ending child labour should remain an imperative; whereas the work of children requires specific regulations governing age, working time and types of work;
- AA. whereas in December 2016 many trade union activists were arrested in Bangladesh, an event that gave rise to a protest for a living wage and better working conditions; whereas several hundreds of garment workers were dismissed from their jobs following the protests; whereas the right of association is still not respected in the producing countries;
- AB. whereas an estimated 70-80 % of employees in the ready-made garment sector in production countries are low-skilled female workers and frequently minors; whereas low wages, coupled with low or non-existent social protection make these women and children particularly vulnerable to exploitation; whereas a gender perspective and specific measures on women's empowerment are largely missing in the ongoing sustainability initiatives;
- AC. whereas the private sector plays an essential role in fostering sustainable and inclusive economic growth in developing countries; whereas the economies of some developing countries depend on the garment industry; whereas the expansion of this industry has allowed many workers to move from the informal economy to the formal sector;
- AD. whereas the garment sector is the sector with the most sustainability initiatives in progress; whereas some existing initiatives have helped to improve the situation in the garment sector and efforts should therefore also be continued at European level;
- AE. whereas trade agreements are an important tool to promote decent work in global supply chains in combination with social dialogue and firm-level monitoring;
- AF. whereas in October 2015 the Commission released its new trade strategy 'Trade for All', in which it sets out its aim to use trade agreements and preference programmes as levers to promote sustainable development, human rights and fair and ethical trade around the world and to improve the responsibility of the supply chains as a means of

¹ <https://europa.eu/eyd2015/en/fashion-revolution/posts/exploitation-or-emancipation-women-workers-garment-industry>

strengthening sustainable development, human rights, the fight against corruption, and good governance in third countries;

1. Welcomes the increasing attention given to the promotion of decent working conditions through global supply chains following the Rana Plaza factory collapse, the introduction of the draft French law on mandatory due diligence, the UK anti-slavery bill, the Dutch Agreement on Sustainable Garment and Textile, the German Partnership for Sustainable Textiles, and the statement made by President Juncker at the G7 Summit in favour of 'urgent action' to improve responsibility in global supply chains, in which increased attention is being paid to the promotion of sustainability, transparency and traceability for the value and production chains; acknowledges the Commission's commitment towards responsible management of supply chains, including in the garment sector, as outlined in the Communication entitled 'Trade for All'; welcomes the green card initiative in which eight Member States have called for a duty of care by EU-based companies towards individuals and communities whose human rights and local environment are affected by the activities of those companies; welcomes the holistic approach of the Higg Index in measuring enterprises' environmental, social and labour impacts; stresses the need to continue improvements to the Higg Index and to improve its transparency;
2. Welcomes the cooperation agreement concluded between Inditex and IndustriALL Global Union, which together represent 50 million workers in 140 countries, on improving supply chain management in the garment sector; emphasises that the future of the garment sector will depend on improving sustainable productivity and traceability so as to ensure the effective identification of the processes taking place throughout the value chain, which will make it possible to identify and introduce improvements;
3. Welcomes the approach of the legally binding Bangladesh Accord on Fire and Building Safety as well as the Bangladesh Sustainability Compact launched by the Commission together with Bangladesh and the ILO following the Rana Plaza disaster in 2013, as it includes provisions for trade unions and the remediation of inspected factories, and calls for its deadline to be extended; stresses the importance of continuing to monitor the compact's objectives in order to improve workers' rights, as well as the need for more responsible management of supply chains globally; asks the Commission to conduct a thorough evaluation into the compact, outlining any progress or lack thereof, including eventual modifications to the trade regime if needed, especially in light of the reports of the ILO supervisory mechanisms; calls on the Commission to pursue similar programmes and measures with other garment-producing EU trade partners such as Sri Lanka, India or Pakistan;
4. Supports the Commission's examination of a possible EU-wide initiative on the garment sector; notes, in addition, that the current accumulation of existing initiatives could result in an unpredictable environment for companies; believes that a new proposal should address human rights-related issues, promote the sustainability, traceability and transparency of value chains, enhance conscious consumption and target labour rights and gender equality in particular; believes that EU consumers have the right to be informed on the sustainability and compliance with human rights and the environment of garment industry products; believes, in this regard, that EU legislative efforts and initiatives on garments should be made visible on the final product;

5. Calls on the Commission to go beyond the presentation of a Staff Working Document and present a legislative proposal on binding due diligence obligations for supply chains in the garment sector; stresses that this legislative proposal must be aligned with the new OECD guidelines on due diligence in the garment and footwear sector, the OECD Guidelines for Multinational Enterprises which are importing into the European Union, the ILO resolution on decent work in supply chains and internationally agreed human rights, social and environmental standards ;
6. Emphasises that the new OECD guidelines should be the leading principle in the Commission legislative proposal; stresses that this legislative proposal should include core standards, such as occupational health and safety, health standards, a living wage, freedom of association and collective bargaining, the prevention of sexual harassment and violence in the workplace and the elimination of forced and child labour; calls on the Commission to further address the following matters: key criteria for sustainable production, transparency and traceability, including the transparent collection of data and tools for consumer information, due diligence checks and auditing, access to remedy, gender equality, children's rights, supply-chain due diligence reporting, the responsibility of companies in the event of man-made disasters and awareness raising in the European Union; encourages the Commission to acknowledge other national legislative proposals and initiatives that have the same goal as the legislation, once those proposals and initiatives have been audited and shown to meet the requirements of the European legislation;
7. Reiterates its call for the Commission to extend corporate social responsibility and binding due diligence initiatives beyond existing frameworks for the garment sector so as to ensure that the EU and its trading partners and operators fulfil their obligation to respect both human rights and the highest social and environmental standards; emphasises that the garment industry in the European Union shall also comply with ILO standards, such as a living wage or decent working conditions; urges the Commission to pay attention to remuneration and the working conditions in the garment sector in the Member States; urges the Member States to implement the ILO standards in the garment sector;
8. Calls on the Commission to promote actively the use of ecological and sustainably managed raw materials such as cotton and to promote the re-use and recycling of garments and textiles within the European Union through the specific provisions in the legislative proposal on the garment sector; calls for the EU, its Member States and businesses to increase funding for research and development, including in the field of clothes recycling, with a view to ensuring a sustainable, alternative sourcing of raw materials for the EU garment sector; welcomes initiatives designed to implement the highest and strictest animal welfare standards available (such as the Responsible Down Standard and the Responsible Wool Standard) and urges the Commission to use them as guidelines to introduce specific provisions in its legislative proposal; calls on the Commission to put in place additional resources in institutions in order to follow up on the flagship initiative;
9. Emphasises the need to enhance codes of conduct, excellence labels and fair trade schemes, by ensuring alignment with international standards such as the UN Guiding Principles on Business and Human Rights, the UN Global Compact, the ILO Tripartite

Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration), the OECD Guidelines for Multinational Enterprises, the OECD due diligence guidance for the garment and footwear sector and the Children's Rights and Business Principles developed by UNICEF, the UN Global Compact and Save the Children; stresses equally the need to scale up cross-border social dialogue through the conclusion of international framework agreements (IFAs) to promote workers' rights in the supply chains of MNEs;

10. Stresses the importance of implementation, enforcement or transposition of existing legislation at regional, national and international levels;
11. Urges the Commission to deliver on its objective to foster improvements in the ready-made garment sector, including through strong gender and child mainstreaming; calls on the Commission to make gender equality, women's empowerment and children's rights a central focus of its legislative proposal; believes that this initiative should promote non-discrimination and address the issue of harassment in the workplace, as already envisaged by European and international commitments;
12. Reiterates its commitment to gender equality and women's empowerment; underlines the need to promote women's access to leadership positions by supporting the training of female workers about their rights, labour legislation and safety and health issues, as well as the training of male managers on gender equality and discrimination;
13. Calls on the Commission to present a comprehensive strategy on how development, aid for trade and public procurement policies can support a fairer and more sustainable garment supply chain and local micro-enterprises, by promoting best practices and providing incentives to private sector actors that invest in the sustainability and fairness of their supply chains, from the fibre farmer to the final consumer;
14. Believes that informing consumers plays a key role in assuring decent working conditions, a need highlighted by the Rana Plaza collapse; calls for consumers to be provided with clear, trustworthy information about sustainability in the garment sector, where products originate from and the extent to which workers' rights have been respected; recommends that information gathered as a result of EU action should be publicly available, and asks the Commission and the Member States to look into setting up a public online database of all relevant information regarding all actors along the supply chain;
15. Calls for more awareness-raising among European consumers regarding the production of textile products; proposes, to this end, the development of EU-wide labelling standards for 'fair clothing', accessible to both multinational companies and SMEs, to indicate that fair working conditions have been respected and to assist customers in their purchasing decisions with better information;
16. Stresses the need for collecting and publishing comprehensive data on corporate sustainability performance; calls, in this context, for the elaboration of common definitions and standards in a harmonised manner for the collection and collation of statistical data, notably on general imports but also individual production locations; requests that the Commission launch an initiative for the mandatory disclosure of production locations;

17. Calls on the Commission to develop a wide variety of monitoring systems in the EU garment sector using key performance indicators – encompassing data collection using surveys, audits and data analysis techniques that can effectively measure performance and address the impact of the garment sector on development, labour rights and human rights in the entire garment supply chain;
18. Believes that it is crucial to ensure increased access to information on the conduct of enterprises; considers it fundamental to introduce an effective and compulsory reporting system and due diligence for garment products entering the EU market; believes that responsibility should be incumbent upon all actors in the entire supply chain, including sub-contractors in the formal and informal economy (including in Export processing zones), and commends existing efforts to this effect; believes that the EU is best placed to develop a common framework through legislation on mandatory transnational due diligence, remediation for victims and supply chain transparency and traceability, while also paying attention to the protection of whistle-blowers; recommends that trustworthy, clear and meaningful information on sustainability be made available to consumers;
19. Points out that coordination, information sharing and the exchange of best practices may contribute to making private and public value chain initiatives more efficient and to achieving positive results in the field of sustainable development;
20. Calls for national and European initiatives to encourage consumers to buy products made locally;
21. Notes that price is still a determining factor in the buying practices of brands and retailers, often at the expense of workers' welfare and wages; calls for the EU to work with all relevant stakeholders to promote a successful social partnership and to support stakeholders in the development and implementation of wage-setting mechanisms in accordance with relevant ILO conventions, especially in countries where there is a lack of adequate legislation; stresses the need for workers to be guaranteed the regular payment of an adequate wage that permits them and their families to meet their basic needs without having to put in regular overtime; stresses the need for collective bargaining agreements to prevent negative wage-cost competition and the need to raise consumer awareness of the potential consequences of a demand for ever-lower prices;
22. Emphasises that the governments of producer countries must be able to implement international standards and norms, including drawing up, implementing and enforcing appropriate legislation, particularly in relation to establishing the rule of law and combating corruption; calls on the Commission to support producer countries in this area under the EU's development policy;
23. Acknowledges that, while each state is responsible for enforcing its own labour laws, developing countries may have limited capacity and resources to effectively monitor and enforce compliance with laws and regulations; calls on the EU, within the remit of its development cooperation programmes and with a view to closing the governance gap, to strengthen capacity-building and to provide the governments of developing countries with technical assistance on labour administration and inspection systems, including in the subcontracting of factories and facilitating access to appropriate and effective remedy and complaint mechanisms, including in EPZs, where long working

hours, forced overtime and pay discrimination are common practice;

24. Emphasises the importance of labour inspections and social audits in the clothing and footwear supply chain; takes the view that too often these only reflect the situation at the time the inspections are conducted; recommends that further action be taken to improve inspections and audits, including training for inspectors and the convergence of inspection standards and methods via cooperation with the garment industry and producer countries;
25. Emphasises the importance of independent labour inspections in early warning and prevention, as well as in enforcement of national rules and regulations on health and safety at the workplace, yet notes that factors such as audit fatigue can undermine their effectiveness and that audits reflect only the state of affairs at the time they are conducted; believes that the ratification and implementation of ILO convention 81 is important to detecting abuse; recommends further research on ways of improving audits and inspections, such as converging audit standards and methods and sending different labour inspectors each time, which can lead to more stringent standards, especially in countries with corruption issues; notes the importance of adequate recruitment of labour inspectors and ongoing training for new and existing inspectors alike on international conventions and standards, local labour laws and appropriate inspection techniques; calls for the EU to continue to support, both financially and technically, the development of labour inspectorates in developing countries in line with relevant ILO standards, in particular in the context of its development funds;
26. Notes that the garment industry creates jobs for a wide range of skillsets, from low-skilled workers to highly specialised roles;
27. Believes that health and safety protection for all workers should be ensured through international standards, national law implementation and collective bargaining, at all levels (factory, local, national and international), and through factory-level occupational health and safety policies such as action plans drawn up in writing, implemented and monitored with the involvement of workers and their representatives;
28. Stresses that EU trade and investment policies are interlinked with social protection, gender equality, tax justice, development, human rights, environmental policies and the promotion of SMEs; reiterates its call for the Commission and the Member States to guarantee policy coherence for the development of business and human rights at all levels, in particular in relation to the Union's trade and investment and foreign policies, which implies that the social conditionality in bilateral and regional agreements should be made more effective through a greater involvement of and consultation with social partners and civil society during negotiations, the implementation of labour provisions, and a systematic use of comprehensive ex ante and ex post trade sustainability impact assessments;
29. Calls on the Commission to be committed to human rights, including children's rights, and to promoting good governance and binding human rights and social and environmental clauses in the negotiation of international and bilateral agreements; regrets that current human rights clauses in free trade agreements and other economic partnership agreements are not always fully respected by the signatory states; reiterates, in this regard, the need to reinforce all instruments to guarantee legal certainty;

30. Encourages the EU and the Member States to promote, through the garment initiative and other trade policy instruments, the effective implementation of the ILO standards on wages and working hours, also with partner countries in the garment sector; calls for the EU, in addition, to provide guidance and support on how to enhance respect for these standards while helping to build sustainable enterprises and improve sustainable employment prospects;
31. Encourages the EU and its Member States to promote, through policy dialogue and capacity-building, the take-up and effective enforcement of international labour standards and human rights by partner countries based on ILO Conventions, including child labour rights and standards such as Conventions 138 and 182, and recommendations; stresses in this context that respecting the right to join and form a union and engage in collective bargaining is a key criterion for business accountability; deplores that freedom of association is often violated in many production workplaces and encourages states to strengthen labour laws; calls, in this regard, for the EU to encourage the governments of developing countries to strengthen the role of labour unions and to actively promote social dialogue and fundamental principles and rights at work, including freedom of association and the right to collective bargaining for all workers, regardless of their employment status;
32. Highlights the important role of the garment sector as a driver of labour-intensive development for emerging economies, especially Asia's emerging markets;
33. Calls on development finance institutions to strengthen labour conditionalities in their performance standards as a contractual condition of financing;
34. Notes that the 'hot spot' countries covered by the flagship initiative have preferential access to the EU market; calls on the Commission to continue to include the ratification of core ILO standards, health and safety inspection, and freedom of association in discussions on continued preferential trade with countries linked to the global supply chain for the garment sector, and to strengthen human rights, labour and environmental conventions under the Generalised System of Preferences;
35. Reiterates its strong call for the systematic introduction of binding human rights clauses in all international agreements, including trade and investment agreements that have already been or will be concluded between the EU and third countries; highlights the need, moreover, for ex ante monitoring mechanisms before any framework agreement is concluded, and on which such conclusion is made conditional as a fundamental part of the agreement; highlights the need for ex post monitoring mechanisms that enable tangible action to be taken in response to infringements of these clauses, such as appropriate sanctions as stipulated in the human rights clauses of the agreement, including the suspension of the agreement;
36. Considers that sustainable development chapters of EU trade agreements should be mandatory and enforceable, so as to effectively improve the lives of people, and stresses that a clause promoting the ratification and implementation of ILO conventions and the Decent Work Agenda must be included in both bilateral and multilateral trade agreements; recalls that the establishment of schemes such as the EU Special Incentive Arrangement for Sustainable Development and Good Governance (GSP+), by means of the requirement to ratify and implement the 27 conventions, could help to improve the

situation with regard to workers' rights, the promotion of gender equality and the abolition of child labour and forced labour; stresses, with this in mind, the need to monitor carefully the implementation of GSP+ and respect for the conventions by the countries concerned; calls for the EU to ensure that human rights conditions linked to unilateral trade preferences such as GSP or GSP+ are effectively implemented and monitored; calls on the Commission to introduce tariff preferences for demonstrably proven sustainably produced textiles in the forthcoming reform of the GSP / GSP + rules; urges the Commission to recognise established sustainability criteria and minimum requirements for detection and certification systems on the basis of international conventions, such as the core ILO labour standards or biodiversity protection standards; calls on the Commission to promote the production of Fair Trade products through this instrument of tariff preferences, and to give more weight to ILO reports and the findings of its supervisory bodies in its monitoring and evaluation activities and to better liaise with local agencies of the ILO and the United Nations in the beneficiary country, so as to fully take into account their views and their experience;

37. Reiterates its request for sustainable impact assessments to be carried out for every newly negotiated agreement and calls for the gender-disaggregated collection of data;
38. Recalls that taxation is an important tool for the promotion of decent work; deems, with a view to ensuring that all companies, including multinationals, pay taxes to the governments of countries where economic activity occurs and value is created, that tax incentives such as tax exemptions in EPZs should be reconsidered alongside exemptions from national labour law and regulations;
39. Warmly welcomes the work initiated in the preparation of a binding UN Treaty on Business and Human Rights which it is believed will enhance social corporate responsibility, including in the garment sector; regrets any obstructive behaviour in relation to this process, and calls for the EU and its Member States to engage constructively in these negotiations;
40. Recalls the negative effects of social dumping, including human rights violations and non-compliance with labour standards, on European garment industries; trusts in the EU's capacity, in view of its critical mass, to be a global champion and a driver for change; encourages the Commission, therefore, to engage with international partners at the next World Trade Organisation ministerial meeting to launch a global initiative; calls on the Commission to put in place mandatory measures to ensure that companies importing to the European Union comply with the level playing field established by the requested legislative proposal; recognises, in this regard, the special needs of European SMEs and the fact that the nature and extent of due diligence, such as the specific steps to be taken by a company, are affected by its size, the context of its operations and the severity of its potentially adverse impact; calls, therefore, for appropriate consideration of the SMEs which dominate the European manufacturing garment industry; considers that the European SMEs and micro-enterprises which are involved in establishing the initiative should also receive European financial support via the COSME programme;
41. Calls on the Commission to put in place specific measures so that European SMEs may gain access to financial and policy tools, with a special focus on the capacity of those SMEs to deliver on traceability and transparency so that new requirements do not

impose a disproportionate burden, and to help them to connect with responsible manufacturers;

42. Stresses that working conditions in the garment industry within some EU Member States have also repeatedly been found to be precarious on issues such as health and safety, wages, social security and working time; calls therefore for the development of efficient and well-targeted intra-EU initiatives which will improve the situation in the garment sector and boost employment in the Member States;
43. Recalls that the inclusion of social provisions in public procurement processes can have a strong effect on workers' rights and working conditions along global supply chains; regrets, however, that according to ILO studies¹, most social provisions limit the responsibilities to the first-tier contractor, while subcontracting and outsourcing provisions are included in public procurement contracts on an ad hoc basis; calls for the EU to provide assistance to developing countries to enable public procurement policy to be a tool to promote fundamental principles and rights at work;
44. Is convinced that public procurement is a useful tool for the promotion of a responsible garment industry; urges the Commission and the European Institutions to act as role models when it comes to public procurement of textiles used in the institutions; calls, in this regard, on the European institutions, including Parliament, to ensure that all their public procurement, including merchandising of the institutions and of political groups in the case of Parliament, promote recycling and a fair and sustainable garment supply chain; calls on the Commission, moreover, to create guidance for local authorities on social criteria in purchasing textiles following the 2014 Directive on Public Procurement and to motivate them accordingly; encourages the Commission to use the legislation to further implement and promote the SDGs, and to propose a plan so that the majority of public procurement of garments in the EU by 2030 comes from sustainable sources;
45. Instructs its President to forward this resolution to the Council, the Commission and the European External Action Service.

¹ Report IV of ILO, 105th Session, 2016 (p. 45)

EXPLANATORY STATEMENT

Global garment-related trade is worth more than EUR 2.86 trillion and employs over 75 million people, three quarters of whom are female. The garment sector supply chain is among those with the highest risk of violation of human rights and people's dignity.

Four years after the dramatic occurrences in Rana Plaza in Bangladesh - an eight-storey building in Savar outside Dhaka that housed several garment factories, collapsed causing the death of over 1 100 people and left some 2 500 people injured - increasing awareness has put the spotlight on the conditions under which our clothes are produced. In addition, several initiatives have been launched from both public and private actors, notably civil society, the ILO and the OECD. However, these initiatives are not harmonised, they sometimes overlap and they do not cover the whole sector comprehensively.

While acknowledging that the European Union and its institutions are determined to remedy this situation and while recognising the added value of steps taken within initiatives such as the Bangladesh Compact and the G7's Vision Zero Fund, further action is needed. The European Union and its Member States should engage actively and effectively to put an end to the ongoing human rights abuses throughout this supply chain.

The issues underlying the garment sector supply chain rely on three main dimensions that must be addressed jointly in order to ensure that human rights and people's dignity are guaranteed. In addition, the gender issue should be mainstreamed in all actions, guaranteeing gender equality and effectively ensuring women's rights.

One of these three dimensions is related to decent work and social standards. Our clothes are often produced in a way which is far from respecting the conditions of basic dignity, given that low prices continue to be the determining factor in the public's purchasing practices, often also at the expense of the welfare of workers. Labour rights are often violated. Trade Unions and workers' organisations must be able to operate independently and freely to promote and protect workers' rights, particularly health and safety, while enabling them to develop effectively their fundamental role as necessary partners in social dialogue and collective bargaining processes.

Another important pillar is that related to transparency and traceability. We, as citizens, are completely in the dark when it comes to the conditions under which our clothes are produced. Important developments are needed in labelling and awareness raising which require swift and solid political commitments. In order for this, transparency and traceability throughout the whole supply chain should be set as an irrevocable imperative upon which further progress shall follow.

Moreover, existing voluntary initiatives not only recurrently overlap and fail to cover the whole supply chain's loopholes, but also fall short of effectively addressing human rights issues or safeguarding minimum standards of environmental protection and social standards such as health and safety, wages, social security or working time, shamefully deceiving the most basic standards of both labour and human rights. Consequently, a legally binding institutional framework is urgently needed.

The European Commission, aligned with the principle of Policy Coherence for Development - reflected in Art. 208 TFEU - must develop a legislative proposal for binding supply chain due diligence obligations in the garment sector, aligned with OECD Guidelines and the highest internationally agreed standards on human rights and social and environmental standards. It is imperative to highlight the importance of guaranteeing compulsory and binding obligations, both in the upstream and downstream segments of supply chains: it is important to underline that responsibility for unethical practices in the garment sector industry lies equally with producers, their affiliates and subsidiaries in the downstream, and distributors and retailers in the upstream.

This proposal must be human rights centred and must focus the spotlight on the core problems garment workers face (occupational health and safety, a living wage, freedom of association, sexual harassment and violence). It should address the following aspects: key criteria for sustainable production, transparency, traceability and mechanisms to ensure both public and independent scrutiny of the industry's practices, including collection of data and tools for consumer information, due diligence checks and auditing, access to remedy, gender equality, supply-chain due diligence reporting, awareness raising.

In this regard, the work initiated in preparation for a binding UN Treaty on Business and Human Rights is extremely welcome and necessary. We expect it to be finalised with the utmost urgency and with the full collaboration of the EU and its Member States, as it will contribute to internationally curb the impunity of transnational corporations' in human rights violations.

28.02.2017

OPINION OF THE COMMITTEE ON INTERNATIONAL TRADE

for the Committee on Development

on the EU flagship initiative on the garment sector
(2016/2140(INI))

Rapporteur: Sajjad Karim

SUGGESTIONS

The Committee on International Trade calls on the Committee on Development, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

- A. whereas the global trade in ready-made garments (RMG) is worth an estimated EUR 2.8 trillion and employs up to 75 million people; whereas about three quarters of these workers are female; whereas gender equality is a driver of development; whereas women's rights fall within the human rights spectrum; whereas the complex nature of garment supply chains leads to low levels of transparency and increases the risk of human rights violations and exploitation; whereas the wages paid are not enough to allow workers to provide their families with basic human necessities;
- B. whereas the EU is a key player as investor, buyer, retailer and consumer in the garment industry and trade, and is therefore most suited to bundle multiple initiatives worldwide to improve substantially the inhuman situation endured by tens of millions of workers in this sector and create a level playing field for all those involved;
- C. whereas, at European level, the textile and garment industry encompasses 185 000 businesses, which employ 1.7 million people, generating a turnover of EUR 166 billion; whereas the EU imports about half of the world's total clothing production; whereas the manufacturing countries are mostly emerging economies;
- D. whereas Article 207 of the Treaty on the Functioning of the European Union (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 ‘Trade for All’ communication bases EU trade policy on three key principles – effectiveness, transparency and values – and has a dedicated section on responsible management of supply chains;

- E. whereas it is firmly established in Article 8 of the TFEU that ‘in all its activities, the Union shall aim to eliminate inequalities, and to promote equality, between men and women’ and whereas the EU therefore has a duty to mainstream gender equality in all its policies, guaranteeing that men and women benefit equally from social changes, economic growth and the creation of decent jobs, doing away with discrimination and promoting respect for women’s rights in the world;
- F. whereas 289 people perished in a blaze in Karachi, Pakistan, in September 2012; whereas, in the same year, a fire at the Tazreen Fashions factory in Bangladesh, caused the death of 117 people and injured more than 200 workers; whereas the Rana Plaza’s structural failure in 2013 resulted in 1 129 casualties and caused injuries to approximately 2 500 people;
- G. whereas, following these dramatic events, European consumers’ demand for improved transparency and traceability over the entire supply chain has strongly increased;
- H. whereas, despite the various commitments made by the EU, international organisations, local governments and private operators, labour rights protection in supplier countries continues to fall well short of international standards;
- I. whereas the International Labour Organisation (ILO) Decent Work Agenda has, from 2015, become an integral part of the new 2030 Agenda for Sustainable Development;
- J. whereas many Member States, such as Germany, the Netherlands, Denmark and France, have promoted national programmes;
- K. whereas all free trade agreements concluded by the EU must include ambitious sustainable development chapters;
- L. whereas the EU must include among its priorities the promotion of social and environmental standards under the aegis of multilateral bodies such as the World Trade Organisation or the G20, as well as in all its bilateral relations with third countries;
- M. whereas the UN Guiding Principles on Business and Human Rights have clearly defined the responsibilities of governments and businesses, which are under an obligation to protect and respect human rights irrespective of the point in the supply chain, the country in which production takes place, and of whether it is the country of the company placing the order or of the supplier; whereas the EU has undertaken to encourage the adoption of the Guiding Principles and contribute to their implementation;
- 1. Deplores the fact that the Commission has still not submitted an ambitious EU-wide flagship initiative on the garment sector, which should be guided by, and aligned with the Organisation for Economic Cooperation and Development (OECD) guidelines, so that businesses can follow a uniform set of standards regarding due diligence and social responsibility and calls on the Commission to launch such an initiative as soon as possible; notes, in addition, that the current multiplication of existing initiatives at local regional and global levels could result in an unpredictable environment for companies;

stresses, furthermore, that coordination, sharing information and exchange of best practices contribute to increasing the efficiency of private and public value chain initiatives and achieve positive results on sustainable development;

2. Believes that the proposal should enable harmonious cooperation with international organisations, such as the UN, the World Trade Organisation (WTO), the ILO and the OECD, establishing common definitions to allow for clearer and better coordinated actions and evaluations; calls for the recognition and valorisation of existing successful initiatives, for example, through sustainable public procurement, linking access to public procurement to compliance with Corporate Social Responsibility schemes; appreciates, in this regard, the ‘Compact for Continuous Improvements in Labour Rights and Factory Safety in the Ready-Made Garment and Knitwear Industry in Bangladesh’ (the Sustainability Compact) as a step forward in relation to monitoring, but calls on the actors involved to achieve full compliance; insists that the Commission take action to remedy the shortfalls indicated by the evaluation reports;
3. Stresses, therefore, the need to draw up an overview of existing corporate social responsibility 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; recalls, with this in mind, that the private sector has also launched many initiatives to increase the level of responsibility displayed within the supply chain;
4. Calls on the Commission to take into account the special needs of SMEs that make up 90 % of the European garment industry, basing its approach on the scalability principle and paying particular regard to their capacity to deliver on traceability and transparency in line with the OECD guidance, so that SMEs are not made subject to disproportionate burdens; invites the Commission, therefore, to establish a specific helpdesk for SMEs and to support them with tailored capacity-building programmes; considers that the European SMEs and micro-enterprises which are involved in establishing the initiative should also receive European financial support via the COSME programme;
5. Stresses the need for an integrated approach on transparency and traceability concerning the collection of data on human rights, social, environmental and labour performance, to be applied along the whole supply chain with a standardised methodology for measuring the impact of garment value chains on sustainable development in order to increase the coherence of the assessment of corporate social responsibility, which must take account of the diversity of players given the chain’s complexity; urges the Commission to go beyond the presentation of a staff working document; points out that, in addition to the OECD Guidance, the main impact areas are covered by other initiatives, such as the UN Guiding Principles on Business and Human Rights, the French law on mandatory due diligence, the UK anti-slavery bill, as well as some industry-driven initiatives that could serve as a basis for such an initiative;
6. Asks the Commission to pay special attention to the aspects of access to justice, remedy for victims and their families and the protection of whistleblowers in this communication;
7. Recalls that the traceability and transparency of the supply chain can make an important contribution to sustained change and recognises that the lack of access to information is crucial in preventing the public becoming aware of human rights violations; reiterates,

therefore, the need for due diligence schemes to cover the whole supply chain, linking each product to its respective producers; calls on the Commission, therefore, to increase the traceability and transparency of the supply chain in the garment industry in a realistic and balanced way, which can be pursued while taking into account the diversity of the players in the chain; recommends that trustworthy, clear and meaningful information on sustainability be made available to consumers;

8. Calls on the Commission, in the forthcoming revision of the Generalised Scheme of Preferences (GSP) Regulation, to introduce tariff preferences for textiles which have demonstrably been produced sustainably; considers that the goods should be submitted on a voluntary basis for certification of their sustainable mode of production and that proof thereof should be produced upon import into the EU; believes that in this way, the EU could support the efforts of private industry to make the textile value chain sustainable; considers that this recognition should be granted in accordance with established sustainability criteria and minimum requirements regarding evidence or certification systems; considers that the sustainability requirements should be based, *inter alia*, on international conventions, for example, the ILO's core labour standards or the Convention on Biodiversity; believes moreover, that in this way the production of fair trade products (such as those certified by Social Accountability International (SAI) or under the Fairtrade Textile Standard) would be strengthened and promoted;
9. Stresses that the negotiation by the EU of free trade agreements containing an ambitious sustainable development chapter represents an opportunity for the EU to help to improve respect for the rights of workers – particularly women – and contribute to the abolition of all forms of child labour and forced labour; stresses that the implementation of free trade agreements facilitates, in particular, the development of a dialogue between businesses and civil society regarding the supply chain in the garment industry, and can thus help to improve production conditions and the safety of workers;
10. Recalls that the establishment of schemes such as the EU Special Incentive Arrangement for Sustainable Development and Good Governance (GSP+), by means of the requirement to ratify and implement the 27 conventions, could help to improve the situation with regard to workers' rights, the promotion of gender equality and the abolition of child labour and forced labour; stresses, with this in mind, the need to monitor carefully the implementation of GSP+ and respect for the conventions by the countries concerned;
11. Encourages the EU and the Member States to promote, through the garment initiative and other trade policy instruments, the effective implementation of the ILO standards on wages and working hours, also with partner countries in the garment sector; calls for the EU, in addition, to provide guidance and support on how to enhance respect for these standards while helping to build sustainable enterprises and improve sustainable employment prospects;
12. Stresses that the Sustainability Compact launched after the Rana Plaza disaster is a worthwhile European initiative, which could serve as a basis for the planning of fresh measures in partnership with third countries in order to pursue the aims of improving working conditions and health and safety at work in the garment industry;
13. Calls on the Commission to continue and intensify its international cooperation with organisations such as the ILO, the OECD or the United Nations in order to promote

greater responsibility on the part of players in the supply chain of the textile and garment industries;

14. Calls on supplier countries' governments to engage with all stakeholders to develop industrial relations and collective bargaining and to commit producers to establishing easy-to-access and effective grievance mechanisms, which, according to internationally agreed standards, are among the main guarantees for the proper respect of labour standards and human rights and complement avenues for juridical redress in line with the framework developed by the UN Special Representative on business and human rights;
15. Calls on the Commission to further promote the ratification and implementation of the core ILO conventions and the ILO Decent Work Agenda; calls on the Commission, to this end, to support the ILO, local governments and labour organisations providing capacity-building assistance in industrial relations, as well as in the enforcement of labour rights and labour laws, with a special focus on the eradication of child labour and forced labour, as well as the promotion of the highest standards of health and safety protection;
16. Encourages the EU to develop and pursue a dialogue with certain third countries in order to help improve the rights of workers and respect for human rights in those countries; calls for the EU and the Member States to support the work of the UN, including the United Nations Environment Programme (UNEP), by exploring the possibility of an international treaty that would also improve the effectiveness of corporate social responsibility in the garment sector;
17. Hopes that the Commission proposal will draw inspiration from the 'Sustainability Compact' initiative launched in Bangladesh after the collapse of the Rana Plaza;
18. Asks for clarification on how garments produced in Export Processing Zones, with low or non-existent labour protection, can be identified in general and excluded from the GSP+ scheme in a given beneficiary country;
19. Is convinced that public procurement is a useful tool for the promotion of a responsible garment industry;
20. Points out that the global garment industry labour force is highly feminised – about 85 % of workers employed in this sector are women, who often face difficult working conditions and low salaries; calls, therefore, for the gender aspect to be mainstreamed in the EU garment initiative, particularly in order to enable significant progress to be made in relation to wage equality, gender equality, women's social and labour rights, including maternity protection, and women's participation in collective bargaining;
21. Reiterates its request for sustainable impact assessments to be carried out for every newly negotiated agreement and calls for the gender-disaggregated collection of data;
22. Calls on the Commission to engage with multinational companies, retailers and brands and encourage them to commit to enhanced corporate social responsibility; expects EU companies to guarantee full compliance with the ILO core labour standards across their supply chains in line with the OECD Guidelines for Multinational Enterprises and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy; insists that they engage in fruitful dialogues with local workers and organisations;

invites the Commission to favour the exchange of best practices;

23. Acknowledges the need for a global level playing field to protect workers from environmental and social dumping; trusts in the EU's capacity, taking into account its critical mass, to be a global champion and to drive the change; believes that only a multilateral framework can prevent human and labour rights violations; encourages the Commission, therefore, to engage with international partners at the next World Trade Organisation ministerial meeting to launch a global initiative.

RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

Date adopted	28.2.2017
Result of final vote	+: 32 -: 0 0: 3
Members present for the final vote	Laima Liucija Andrikienė, Maria Arena, Tiziana Beghin, David Campbell Bannerman, Daniel Caspary, Salvatore Cicu, Christofer Fjellner, Karoline Graswander-Hainz, Heidi Hautala, Bernd Lange, David Martin, Emmanuel Maurel, Emma McClarkin, Anne-Marie Mineur, Sorin Moisă, Artis Pabriks, Franck Proust, Tokia Saïfi, Marietje Schaake, Helmut Scholz, Joachim Schuster, Joachim Starbatty, Adam Szejnfeld, Hannu Takkula, Iuliu Winkler
Substitutes present for the final vote	Reimer Böge, Klaus Buchner, Sergio Gutiérrez Prieto, Sander Loones, Georg Mayer, Fernando Ruas, José Ignacio Salafranca Sánchez-Neyra, Pedro Silva Pereira
Substitutes under Rule 200(2) present for the final vote	Jean-François Jalkh, Joëlle Mélin

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

32	+
ALDE	Marietje Schaake, Hannu Takkula
ECR	David Campbell Bannerman, Sander Loones, Emma McClarkin, Joachim Starbatty
EFDD	Tiziana Beghin
GUE/NGL	Anne-Marie Mineur, Helmut Scholz
PPE	Laima Liucija Andrikienė, Reimer Böge, Daniel Caspary, Salvatore Cicu, Christoffer Fjellner, Artis Pabriks, Franck Proust, Fernando Ruas, José Ignacio Salafranca Sánchez-Neyra, Tokia Saïfi, Adam Szejnfeld, Iuliu Winkler
S&D	Maria Arena, Karoline Graswander-Hainz, Sergio Gutiérrez Prieto, Bernd Lange, David Martin, Emmanuel Maurel, Sorin Moisă, Joachim Schuster, Pedro Silva Pereira
Verts/ALE	Klaus Buchner, Heidi Hautala

0	-
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3	0
ENF	Jean-François Jalkh, Georg Mayer, Joëlle Mélin

Key to symbols:

+ : in favour

- : against

0 : abstention

10.2.2017

OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

for the Committee on Development

on the EU flagship initiative on the garment sector
(2016/2140(INI))

Rapporteur: Jean Lambert

SUGGESTIONS

The Committee on Employment and Social Affairs calls on the Committee on Development, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

- A. whereas 60 million people worldwide work in the textile and clothing sector, which creates many jobs, particularly in developing countries;
 - B. whereas this industry is particularly closely intertwined internationally, and whereas supply chains are therefore particularly complex and, as a result, isolated national initiatives quickly reach their limits;
 - C. whereas textile manufacturers in developing countries are constantly exposed to aggressive purchasing practices by the international wholesale and retail trade, which is also due to fierce global competition;
 - D. whereas the scope for entrepreneurial influence is limited, in particular in performing the tasks of sovereign states, but the governments of the producing countries should therefore create the economic and legal framework conditions in order to carry out their control functions;
 - E. whereas international treaties are an essential part of combating labour and social protection abuses in third countries, and whereas companies are required to base their entrepreneurial activities on these principles;
1. Notes that the garment industry is one of the most precarious, with often inadequate working conditions for workers both within and outside Europe, particularly as regards the protection of health and safety; calls on the flagship initiative to put at its core the ratification and implementation by participating countries of ILO conventions, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and the Decent Work Agenda; highlights the importance of focusing on those most vulnerable and exposed to exploitation, especially children and women;

2. Condemns all instances of child labour, and calls for the EU and its Member States to do everything within their power to completely eliminate the importation into the European single market of garments produced by child labour; stresses, in this respect, the importance of registers of responsible suppliers; condemns and draws attention to the abusive practices of some subcontractors who apply inferior and unlawful labour standards; considers it vital for the participating countries to guarantee the ratification and implementation of ILO conventions 182 on the worst forms of child labour and 138 on the minimum age for admission to employment and work; calls on the Commission to learn from the experience of the International Programme on the Elimination of Child Labour (IPEC) and the Global Alliance to Eradicate Forced Labour, Modern Slavery, Human Trafficking and Child Labour;
3. Notes that the garment industry creates jobs for a wide range of skillsets, from low-skilled workers to highly specialised roles;
4. Considers that voluntary initiatives to adopt an ecological, ethical and sustainable approach contribute positively to the textile sector; notes however that, on their own, they cannot adequately address fundamental labour rights, including workers' protection, freedom of association, collective bargaining and issues such as child labour, health and safety, living wages, social security and working time; emphasises the need to move towards regulatory measures to be put in place and enforced by the countries concerned, aimed at ensuring respect for labour rights throughout the supply chain and the need to strengthen labour administrations and labour inspection systems and for the establishment of grievance mechanisms; stresses the importance of ensuring that national laws and regulations are in conformity with ILO core conventions;
5. Notes that price is still a determining factor in the buying practices of brands and retailers, often at the expense of workers' welfare and wages; calls for the EU to work with all relevant stakeholders to promote a successful social partnership and to support stakeholders in the development and implementation of wage-setting mechanisms in accordance with relevant ILO conventions, especially in countries where there is a lack of adequate legislation; stresses the need for workers to be guaranteed the regular payment of an adequate wage that permits them and their families to meet their basic needs without having to put in regular overtime; stresses the need for collective bargaining agreements to prevent negative wage-cost competition and the need to raise consumer awareness of the potential consequences of a demand for ever-lower prices;
6. Stresses that the governments of the producing countries must be able to implement international standards and relevant legislation, as they are a necessary partner in social dialogue and in efforts for improvement to be pursued under the flagship initiative;
7. Encourages the EU initiative on the garment sector to promote skills training and lifelong learning, including entrepreneurial training, which contribute to economic and social development; encourages all initiatives to promote awareness of core labour rights and legal assistance mechanisms for when those rights are violated, and to include training workers and employers about social dialogue and collective bargaining; underlines that the initiative should contribute to women's empowerment, as women represent the majority of the garment workforce and yet are overwhelmingly underrepresented in higher skilled and management positions; considers therefore that the initiative should actively

promote non-discrimination and gender equality, including in terms of remuneration, as well as the enhancement of women's role in the societies of third countries, which would benefit the wider family and society;

8. Considers that the Commission has already taken some first steps in the right direction in terms of its proposed objectives for the flagship initiative, including raising awareness among consumers and supporting developing countries in endorsing and implementing international labour and environmental standards; regrets, however, that the Commission's current objectives and approach, as outlined in its report on the High-Level Conference on Responsible Management of the Supply Chain in the Garment Sector of 25 April 2016, are neither targeted nor ambitious enough to concretely improve the garment sector; notes that the preliminary findings of a Commission study on garment supply chains identified gender equality, workers' rights, the environment and supply chain transparency as the main gaps; calls on the Commission to release as a matter of urgency the report it commissioned identifying gaps in current policy and to put forward specific proposals to address these gaps;
9. Urges the Commission to present, as soon as possible, the EU flagship initiative on responsible management of the supply chain in the garment sector, promised as part of the European Year for Development 2015, which should take into account existing national initiatives such as those in Germany and the Netherlands; believes the EU has the ability and duty to be a global supporter of supply chain responsibility in response to tragic events such as the Rana Plaza collapse in Bangladesh, and in light of the unprecedented interest of EU citizens;
10. Believes that any action resulting from the flagship initiative should help foster multi-stakeholder initiatives such as the ILO/IFC Better Work Programme, which combines a tripartite approach with factory compliance and the creation of worker-management dialogue at national level, or ACCORD, created in Bangladesh, which is legally binding, includes trade unions and provides for not only factory inspections but also remediation;
11. Calls on the Commission to issue a report that maps current initiatives and their contribution to improving conditions for workers in the garment industry;
12. Points out that workers' organisations and employers' federations are necessary partners in social dialogue and collective bargaining and should be promoted; stresses that independent, representative workers' organisations must be able to operate independently and freely to promote and protect workers' rights, particularly in the area of the protection of health and safety at work; stresses in this regard the importance for these organisations to have access to factories to educate workers on their rights and their safety; points out that the actions resulting from any initiative on the garment sector should foster fundamental workers' rights and promote the ratification and implementation of ILO conventions, in particular 87 and 98, and that workers' representatives should be included in the due diligence process set up at company level;
13. Believes that compliance with applicable law and collective labour agreements is a sine qua non of corporate social responsibility; also believes that socially responsible behaviour absolutely must translate into proper relations with trade unions, in particular as regards respect for trade union rights and a continuous flow of information to workers and their representative organisations;

14. Stresses also the need to strengthen the capacity building of rule-of-law structures in the producing countries, which should be consistently promoted and required within the framework of European development and foreign policy;
15. Believes that health and safety protection for all workers should be ensured through international standards, national law implementation and collective bargaining, at all levels (factory, local, national and international), and through factory-level occupational health and safety policies such as action plans drawn up in writing, implemented and monitored with the involvement of workers and their representatives;
16. Believes that any EU initiative on the garment sector should recognise that the EU is an appropriate level for supporting and further developing the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinationals, under which enterprises are accountable in their supply chain; notes that enterprises should develop procedures that enable them to identify and mitigate the impact of their entrepreneurial activities on human rights and working conditions; proposes adapting standards to the specificities of small and medium-sized enterprises (SMEs);
17. Recognises existing efforts on management and worker training in health and safety, labour law and gender equality as fundamental to improving workers' rights, and calls on the flagship initiative to develop a dedicated platform for sharing best practice on worker and management training, focusing in particular on middle management positions;
18. Encourages the EU to support developing countries in the adoption and implementation of international standards and conventions; calls on the Commission to continue to include the ratification of core ILO standards, health and safety inspections and freedom of association in discussions on continued preferential trade with countries linked to the global supply chain for the garment sector and to strengthen human rights and labour and environmental conventions under the Generalised System of Preferences; considers that the EU should include provisions in its trade agreements for improving the lives of workers and stresses that a clause promoting the ratification and implementation of ILO conventions and the Decent Work Agenda must be included in both bilateral and multilateral trade agreements;
19. Emphasises the importance of independent labour inspections in early warning and prevention, as well as in enforcement of national rules and regulations on health and safety at the workplace, yet notes that factors such as audit fatigue can undermine their effectiveness and that audits reflect only the state of affairs at the time they are conducted; believes that the ratification and implementation of ILO convention 81 is important to detecting abuse; recommends further research on ways of improving audits and inspections, such as converging audit standards and methods and sending different labour inspectors each time, which can lead to more stringent standards, especially in countries with corruption issues; notes the importance of adequate recruitment of labour inspectors and ongoing training for new and existing inspectors alike on international conventions and standards, local labour laws and appropriate inspection techniques; calls for the EU to continue to support, both financially and technically, the development of labour inspectorates in developing countries in line with relevant ILO standards, in particular in the context of its development funds;
20. Notes that, since the rise of social auditing in the apparel and footwear supply chain more

than 20 years ago, the number of social audit standards and methods has increased dramatically, some with only minor differences, and that, with brands and retailers each applying their own slightly different standards, manufacturers are allocating valuable resources to manage a steady stream of audits; therefore recommends accelerating and supporting existing industry efforts to converge audit standards and methods in consultation with stakeholders;

21. Believes that responsibility should extend throughout the entire supply chain, including all sub-contractors, and commends existing efforts to this effect; believes, however, that the EU is best placed to develop a common framework creating a legal obligation of corporate human rights due diligence for EU garment companies outsourcing production to third countries, including binding measures to secure traceability and transparency, which would oblige companies wishing to operate on the European market to provide information about the entire supply chain of their products; recommends that regulation, developed with the involvement of local and global unions, should come in addition to and in support of voluntary initiatives at national, European and international level;
22. Recalls that traceability and transparency of the supply chain is key to achieving sustained change; believes that a lack of access to information about the garment sector in third-country producers is often the most important obstacle to tackling human, social and labour rights violations in the global supply chain and that a reporting system is needed which provides information linking all the actors within the global chain of a single product, from the production place to the retailers; calls for the EU to support the development of a common framework for the collection of data on social, environmental and labour performance;
23. Believes that informing consumers plays a key role in assuring decent working conditions, a need highlighted by the Rana Plaza collapse; calls for consumers to be provided with clear, trustworthy information about sustainability in the garment sector, where products originate from and the extent to which workers' rights have been respected; recommends that information gathered as a result of EU action should be publicly available, and asks the Commission and the Member States to look into setting up a public online database of all relevant information regarding all actors along the supply chain;
24. Points out the need to provide a notion of corporate social responsibility (CSR) for the garment sector including areas such as the quality of work, organisation of work, equal opportunities and equal pay, social inclusion, anti-discrimination measures, the development of lifelong learning and training; calls on the Commission to present a proposal for the convergence of CSR requirements, including a framework for social reporting and for companies and managers to take responsibility for the consequences of abuse or misdemeanours, and setting a framework for European agreements on CSR; emphasises that CSR should promote projects that support a shift towards a sustainable economy; calls on the Commission and the Member States to provide incentives for EU enterprises to enter into commitments on CSR and on corporate diligence; points out that such diligence includes taking proactive measures to identify and prevent any violation of human, labour or environmental rights throughout the supply chain;
25. Calls for more awareness-raising among European consumers regarding the production of textile products; proposes, to this end, the development of EU-wide labelling standards for

‘fair clothing’, accessible to both multinational companies and SMEs, to indicate that fair working conditions have been respected and to assist customers in their purchasing decisions with better information;

26. Stresses that working conditions in the garment industry within some EU Member States have also repeatedly been found to be precarious on issues such as health and safety, wages, social security and working time; calls therefore for the development of efficient and well-targeted intra-EU initiatives which will improve the situation in the garment sector and boost employment in the Member States;
27. Considers that the lack of respect for international social standards in the garment sector represents a kind of social and environmental dumping that harms both businesses and workers; points out that the lack of observance of strict environmental provisions by European businesses in third countries must be put on the same footing as the observance of workers’ rights, as such a lack jeopardises the health of workers and destroys rural and fishing areas, depriving local populations of any development opportunities;
28. Congratulates the Commission on contributing to the Zero Vision Fund, and encourages continuing investment in improving workers’ safety; notes, however, that the fund and the majority of existing initiatives do not adequately address the issues of fair wages, the right to organise or discrimination in the workplace;
29. Calls for national and European initiatives to encourage consumers to buy products made locally;
30. Believes that the responsible management of the global supply chain in the garment sector can contribute to economic growth, decent job creation, poverty reduction, the strengthening of human and labour rights and the transition from the informal to the formal economy; notes, however, the particular situation of Export Processing Zones (EPZs), which, in some countries, are exempt from local labour laws, forbid union activity and do not provide legal redress to workers, which is not in compliance with ILO standards; calls for greater transparency in EPZs through monitoring and reporting;
31. Stresses the importance of a garment industry founded on innovation and higher added-value products in the Member States; calls on the Commission to provide financial support and to simplify financing under EU programmes for SMEs in the garment industry, as well as to support material research;
32. Supports SMEs in the Member States that make a significant contribution to preserving and enhancing European cultural heritage in the garment industry.

RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

Date adopted	6.2.2017
Result of final vote	+: 42 -: 4 0: 0
Members present for the final vote	Brando Benifei, Enrique Calvet Chambon, Lampros Fountoulis, Marian Harkin, Rina Ronja Kari, Ádám Kósa, Jean Lambert, Jérôme Lavrilleux, Jeroen Lenaers, Verónica Lope Fontagné, Javi López, Thomas Mann, Anthea McIntyre, Elisabeth Morin-Chartier, Marek Plura, Sofia Ribeiro, Robert Rochefort, Maria João Rodrigues, Anne Sander, Sven Schulze, Jutta Steinruck, Romana Tomc, Yana Toom, Ulrike Trebesius, Marita Ulvskog, Renate Weber, Jana Žitňanská
Substitutes present for the final vote	Maria Arena, Georges Bach, Mircea Diaconu, Sergio Gutiérrez Prieto, Krzysztof Hetman, Dieter-Lebrecht Koch, Paloma López Bermejo, Edouard Martin, Alex Mayer, Csaba Sógor, Helga Stevens, Neoklis Sylikiotis, Flavio Zanonato
Substitutes under Rule 200(2) present for the final vote	Clara Eugenia Aguilera García, Jakop Dalunde, Ulrike Rodust, Marc Tarabella, Miguel Viegas, Daniele Viotti

INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

Date adopted	21.3.2017
Result of final vote	+: 14 -: 2 0: 8
Members present for the final vote	Raymond Finch, Doru-Claudian Frunzulică, Enrique Guerrero Salom, Maria Heubuch, György Hölvényi, Teresa Jiménez-Becerril Barrio, Arne Lietz, Linda McAvan, Norbert Neuser, Maurice Ponga, Lola Sánchez Caldentey, Eleni Theoharous, Paavo Väyrynen, Bogdan Brunon Wenta, Anna Záborská, Željana Zovko
Substitutes present for the final vote	Agustín Díaz de Mera García Consuegra, Frank Engel, Cécile Kashetu Kyenge, Florent Marcellesi, Louis Michel, Jan Zahradil
Substitutes under Rule 200(2) present for the final vote	Tania González Peñas, Martina Werner

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

14	+
ALDE	Louis Michel, Paavo Väyrynen
ECR	Eleni Theocharous
GUE/NGL	Tania González Peñas, Lola Sánchez Caldentey
S&D	Doru-Claudian Frunzuliță, Enrique Guerrero Salom, Cécile Kashetu Kyenge, Arne Lietz, Linda McAvan, Norbert Neuser, Martina Werner
Verts/ALE	Maria Heubuch, Florent Marcellesi

2	-
ECR	Jan Zahradil
EFDD	Raymond Finch

8	0
PPE	Agustín Díaz de Mera García Consuegra, Frank Engel, György Hölvényi, Teresa Jiménez-Becerril Barrio, Maurice Ponga, Bogdan Brunon Wenta, Željana Zovko, Anna Záborská

Key to symbols:

+ : in favour

- : against

0 : abstention