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DRAFT REPORT

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

Committee on Development

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on 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 UN Guiding Principles on Business and Human Rights¹,
- having regard to the UN Human Rights Council resolution 26/9², 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’³,
- having regard to the UNCTAD Investment Policy Framework for Sustainable Development (2015)⁴,
- having regard to the OECD Guidelines for Multinational Enterprises⁵,
- having regard to the Commission Communication: Trade for all: Towards a more responsible trade and investment policy (COM(2015)0497)⁶,
- having regard to the 2015 Commission Guidelines on the analysis of human rights impacts in impact assessments for trade-related policy initiatives⁷,
- having regard to the study on ‘Human rights and democracy clauses in the EU’s international agreements’ published in 2015 by the Policy Department of the Directorate-General for External Policies of the European Parliament⁸,
- having regard to the study ‘The EU’s Trade Policy: from gender-blind to gender-

¹ http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

² A/HRC/RES/26/9 (<http://www.ihrb.org/pdf/G1408252.pdf>).

³ A/RES/70/1 (http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1)

⁴ http://unctad.org/en/PublicationsLibrary/diaepcb2015d5_en.pdf

⁵ <http://www.oecd.org/daf/inv/mne/48004323.pdf>

⁶ http://trade.ec.europa.eu/doclib/docs/2015/october/tradoc_153846.pdf

⁷ http://trade.ec.europa.eu/doclib/docs/2015/july/tradoc_153591.pdf

⁸ http://www.europarl.europa.eu/meetdocs/2004_2009/documents/nt/584/584520/584520en.pdf

sensitive?’ by the Policy Department of the Directorate-General for External Policies of the European Parliament¹,

- having regard to its resolution of 25 November 2010 on corporate social responsibility in international trade agreements²,
 - 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 Compact³,
 - 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 responsibility⁴,
 - 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 Regulation⁵,
 - having regard to its resolution of 25 October 2016 on corporate liability for serious human rights abuses in third countries⁶,
 - 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 2015⁷,
 - 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 Committee on International Trade and the Committee on Employment and Social Affairs (A8-0000/2017),
- A. whereas economic development should go hand-in-hand with social justice; whereas the complexity and fragmentation of global value chains (GVCs) underline the need for complementary policies and flanking measures to avoid, address and mitigate their potential adverse impacts and to ensure victims of human rights violations have an effective access to remedy;
- B. whereas Article 207 of the Treaty on the Functioning of the European Union (TFEU) requires the EU’s policies, including trade, to be based on the principles and objectives of the EU’s external action, 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

¹ [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)

² OJ C 56 E, 26.2.2013, p. 87.

³ OJ C 346, 21.9.2016, p. 39.

⁴ Texts adopted, [P8_TA\(2016\)0298](#).

⁵ Texts adopted, [P8_TA\(2016\)0335](#).

⁶ Texts adopted, [P8_TA\(2016\)0405](#).

⁷ Texts adopted, [P8_TA\(2016\)0502](#).

compliance with the UN Charter and international law;

- C. whereas responsible management of GVCs is particularly relevant from a development perspective, as the most flagrant violations of human and labour rights and environmental pollution tend to occur in the producer countries that often face significant challenges in terms of sustainable development and growth for the most vulnerable;
- D. whereas most human rights violations in the garment sector are labour-rights related and include the denial of workers fundamental right to join or form a union of their choosing and bargain collectively in good faith; whereas this has led to widespread labour rights violations ranging from poverty wages, wage theft, unsafe workplaces, and sexual harassment, to precarious work;
- E. whereas initiatives led by the private sector, such as codes of conduct, labels, self-assessments and social audits, have not proven to be at all effective over the last 20 years in terms of increasing workers' rights in the garment supply chain;
- F. 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;
- G. whereas the specific characteristics of the garment sector value chains, such as geographically dispersed stages of the production process, low prices, short lead times, subcontracting and short-term buyer-supplier relationships are conducive to reducing visibility and transparency over an enterprise's supply chain and to increasing the risks of human rights and labour abuses and of environmental damage; whereas transparency is a prerequisite for a company's accountability and responsible consumption; whereas the consumer has the right to know where a piece of clothing was produced, and in which social and environmental conditions;
- H. whereas women's rights are a constitutive part of human rights; whereas gender equality falls within the scope of the chapters of trade agreements on sustainable development; whereas the specific impact of trade and investment agreements affects women and men differently owing to structural gender inequalities, and whereas sustainable and inclusive development, growth and trade agreements must include human rights, including from a gender perspective;
- I. whereas an estimated 60-70 % of employees in the ready-made garment sector are young, mostly low-skilled female workers; whereas low wages, coupled with low if any social protection make these women particularly vulnerable to exploitation; whereas a gender perspective is largely missing in the ongoing sustainability initiatives;
- J. whereas the garment sector is the sector which has the most sustainability initiatives in progress; whereas few existing initiatives reach the scale needed to make a significant impact;
- K. whereas in October 2015 the Commission released its new trade strategy 'Trade for

All', in which it sets out its aim to use trade as a means of strengthening sustainable development, human rights and good governance in third countries;

1. Stresses that EU trade and investment policies are interlinked with social protection, development, human rights and environmental policies; reiterates its call on the Commission and the Member States to guarantee policy coherence for development on business and human rights at all levels, in particular in relation to the Union's trade and investment policy;
2. Calls for the Commission to be committed to promoting binding and non-negotiable human rights and social and environmental clauses in the negotiation of international agreements; regrets that current human rights clauses in free trade agreements and other economic partnership agreements are usually not respected;
3. Acknowledges the increasing attention given to promoting good 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, and the statement made by President Juncker at the G7 Summit in favour of 'urgent action' to improve responsibility in global supply 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 companies' activities;
4. Calls on the Commission to present a legislative proposal on binding due diligence obligations for supply chains in the garment sector aligned with OECD guidelines and internationally agreed standards on human rights and social and environmental standards; this proposal should focus on the core problems garment workers face (occupational health and safety, a living wage, freedom of association, sexual harassment and violence) and should address the following matters: key criteria for sustainable production, transparency and traceability, 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; notes, however, with concern that a lot more needs to be done and urges the Commission to take further actions which have a direct impact on workers' lives;
5. Reiterates its call on 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 live up to the obligation to respect both human rights and the highest social and environmental standards;
6. 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 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;
7. Urges the Commission to deliver on its objective to foster improvements in the ready-made garment sector, including through a strong gender focus; calls on the Commission

to make gender equality a central focus of its flagship legislative initiative;

8. Calls on the Commission to promote actively the use of ecological and sustainably managed raw materials and to promote enthusiastically the re-use and recycling of garments and textiles through specific provisions in its flagship legislative initiative;
9. Emphasises the need to enhance codes of conduct, labels and fair trade schemes, and of ensuring alignment with international standards such as the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the upcoming OECD due diligence guidance for the garment and footwear sector;
10. Calls on the Commission to put in place specific measures for small and medium-sized European enterprises to have access to tools to invest in the sustainability and fairness of their supply chains by, inter-alia, supporting match-making business platforms to connect them with fair trade and ethical fashion importers and suppliers in the EU and in its partner countries;
11. Believes that it is crucial to ensure increased access to information on the conduct of enterprises; considers it fundamental to introduce a mandatory reporting system and due diligence for EU companies that outsource their production to third countries; believes that responsibility should extend throughout the entire supply chain, including sub-contractors in the formal and informal economy, and commends existing efforts to this effect; believes, however, that the EU is best placed to develop a common framework through legislation on mandatory transnational due diligence and supply chain transparency and traceability;
12. Stresses the need for comprehensive data on corporate sustainability performance; in this context, the elaboration of common definitions and standards for the collection, comparison and assessment of statistical data notably on imports, and welcomes the holistic approach of the Higg Index in measuring enterprises' environmental, social and labour impacts;
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, by promoting best practices and giving 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. 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 on the EU and its Member States to engage constructively in these negotiations;
15. Instructs its President to forward this resolution to the Council, the Commission and the European External Action Service.

EXPLANATORY STATEMENT

Global garment-related trade is worth more than EUR 2.86 billion 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.

Five 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.