External dimension of social policy, promoting labour and social standards and the European Corporate Social Responsibility

2010/2205(INI) - 14/04/2011

The Committee on Employment and Social Affairs adopted the own-initiative report drafted by Richard FALBR (S&D, CZ) on the external dimension of social policy, promoting labour and social standards and European corporate social responsibility.

Faced with the weakening role of the ILO in setting new standards in recent years, Members confirmed the need to make renewed efforts to ratify and apply ILO conventions.

General principles: Members urge Member States to comply with the core ILO conventions, especially as regards the abolition of barriers to freedom of association and collective bargaining created by encouraging bogus self-employment or forcing individuals to renounce collective agreements. They call on parties to Free Trade Agreements (FTAs) to commit themselves, in accordance with the obligations deriving from membership of the ILO and other international texts, to respecting, promoting and realising, in their laws and practices, the principles concerning fundamental rights, namely:

- freedom of association and the effective recognition of the right to collective bargaining;
- the elimination of all forms of forced or compulsory labour;
- the effective abolition of child labour; and
- the elimination of discrimination in respect of employment and occupation.

International cooperation - social alliance:Members consider that failure to comply with basic international social standards constitutes a form of **social and environmental dumping detrimental to European enterprises and workers**. They ask the Commission and the Member States to cooperate with international organisations on improving the social dimension of globalisation, having as reference the European social model. They suggest developing a dialogue with all interested parties stressing the importance of social issues and focusing on the implementation and enforcement of pragmatic and sustainable solutions.

Members advocate that the Union refrains from trade agreements with countries which do not respect human rights and core labour standards.

At the same time, Members call on the Commission to:

- create tools for a sustainable dialogue with partner countries that is based on mutual respect, seeks the development of partner countries' – especially developing countries' – own resources and enables them to develop economic sectors with care;
- adapt the level of its requirements to the degree of development of each partner country;
- draw up a list of additional standards, which should be introduced gradually and flexibly, taking account of the economic, social and environmental situation of the partner concerned;
- establish the continuous monitoring of basic standards in partner countries;
- cooperate with the partner countries to fight gender discrimination and all forms of violence against women and make gender equality a reality inside and outside the Union;

- cooperate with each other and with the partner countries to protect vulnerable groups and to fight not only gender discrimination but also discrimination on grounds of racial or ethnic origin, religion or belief, disability, age and sexual orientation;
- make the elimination of child labour and respect for children's rights a **priority in trade agreements** (measures to combat child labour should include the creation of decent jobs for adults while enabling children to receive a suitable education);
- ask for an **EU child labour hotline** to be set up where citizens can report all companies that make use of child labour anywhere in the world;
- improve the quality of the skills of citizens especially in the EU neighbourhood.

In general, Members recognise that, although the international trend on bilateral trade agreements is gradually moving towards a greater acceptance of labour and social standards linked to trade agendas, FTAs still generally contain few references to social standards. They regret that the EU does not have a homogenous formula for a 'social clause' to be inserted in all bilateral trade agreements and urge the **EU to incorporate a social clause in line with other internationally agreed and recognised standards** (i.e. ILO core labour standards) **into all EU external trade agreements**.

Corporate Social Responsibility (CSR): recalling that the EU has set itself the objective of not only becoming a pole of excellence on corporate social responsibility but also of promoting CSR in its external policies, Members call on the Commission and the Member States to seek to ensure that the OECD Guidelines on Multinational Enterprise are strengthened. They point out that CSR should address new areas such as the organisation of work, equal opportunities and social inclusion, anti-discrimination measures, the development of lifelong education and training. They emphasise that CSR should cover, for example, quality of work, equal pay and career prospects and the promotion of innovative projects so as to assist the shift towards a sustainable economy.

In parallel, Members request the **EU to encourage business enterprises domiciled in the EU to respect human rights**, including economic and social rights, and the environment throughout their global operations, in particular those conducted by their subsidiaries and other related legal entities.

The report stresses that compliance with strict environmental standards by businesses from the EU in third countries should be regarded as just as important as respect for the rights of employees, as damage to the environment almost always also jeopardises the health of employees, destroys farmland, fishing grounds and other economic resources, and thus deprives many people of the basis for their subsistence. It considers that it would be right and proper for European enterprises which relocate their production to countries with less stringent social obligations to be held liable, including before European courts, for any damage and negative externalities affecting local populations.

Moreover, the Commission is called upon to introduce amendments to its Proposal for a Regulation on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters to enable claimants to sue a subsidiary domiciled in a third country, together with the European parent corporation, through the creation of additional grounds of jurisdiction.

The report stresses that no directive regulating CSR and enforcing respect for it should be adopted at EU level. However, it calls on the Commission to systematically include a chapter on sustainable development, containing a legally binding CSR clause, in the free trade and investment agreements it negotiates with third countries.

Workers' rights and working conditions: Members call upon all Member States to respect and promote the core labour standards of the ILO, to comply with the agreements signed to date in the social field and to apply in practice the principles therein relating to workers' rights.

Members advocate the implementation of freedom of association for trade unions and the right to bargain collectively without exemption in order to enforce, improve and defend decent work conditions. They recall the EU guidelines on various human rights issues, which represent a strong political signal that these are priorities for the Union and ask the Council therefore to adopt similar guidelines based on the eight core ILO conventions, to be used as a pragmatic instrument of the EU that helps to better advance the Union's external social policy. They reiterate that respect for international human rights law remains a binding obligation on all companies according to the Universal Declaration. Members ask the Commission and the Member States for the development of a proactive approach to address the social consequences of adjustments and restructuring related to globalisation.

Global Economic Governance: welcoming the organisation of G20 meetings at the level of social ministers, Members request from the Commission a recommendation to EU Member States in favour of the implementation and ratification of ILO conventions classified by the ILO as up to date, in order to improve workers' rights and working conditions within the Union and in the partner countries. The report proposes that the redefinition of global governance should be geared to greater integration of regulatory bodies into the legal order of the United Nations and greater respect for the principles espoused by its specialised agencies, particularly the ILO and WHO.