Implementation of the 2010 recommendations of Parliament on social and environmental standards, human rights and corporate responsibility

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The Committee on International Trade adopted the own-initiative report by Eleonora FORENZA (Greens /EFA, IT) on the implementation of the 2010 recommendations of Parliament on social and environmental standards, human rights and corporate responsibility.

Parliament acts as a co-legislator with respect to measures defining the framework for implementing the Union's common commercial policy (CCP). Its consent is required for the ratification of every trade agreement negotiated by the Union. The implementation of Parliament's recommendations is therefore necessary to ensure the success of any initiative undertaken by the Commission in the field of the CCP.

The report recalled that Parliament issued recommendations to the Commission relating to social and environmental standards, human rights and corporate responsibility in 2010. It noted that although a number of these recommendations have been implemented, others have not.

General principles: the report called on:

- the Commission and Member States to incorporate a **gender-mainstreaming approach** into all their policies and to assess existing trade and investment agreements systematically in order to identify their consequences on gender equality;
- the Commission to ensure **greater coherence** with respect to development, to ensure effective policy assessment and coordination between development aid and trade policy;
- the EU and the Member States to promote **binding measures** to ensure that companies pay taxes where economic activities take place and value is created, to promote compulsory country-by-country reporting by the private sector as recommended by the OECD, and to promote good governance notably in tax matters and effective tax collection;
- the Commission and Member States to ensure that this issue is given priority on the agenda in its policy dialogue (at political level on development and on trade) and to support the role of civil society in ensuring public scrutiny of tax governance and monitoring of cases concerning tax fraud.

The report recommended that the EU's trade strategy be a **tool for the promotion of democratic values in third countries**. Members welcomed the **enhancement of trade agreements** and trade preference programmes as levers to promote human rights, eliminate forced and child labour, and ensure food security and the rights to health, sustainable development and high safety and environmental standards, as well as economic opportunities for all.

Human rights, environmental and social standards at multilateral level: stressing how important it is for the EU to build cooperation at multilateral level, Members reiterated their call to the Commission to take a leading role in the reform of WTO governance, in particular with respect to achieving the following objectives: (i) to strengthen effective cooperation and regular dialogue between the WTO and the relevant UN agencies; (ii) to reform WTO trade policy review mechanisms to include the social, environmental and HR dimensions.

Member States are called upon to step up their efforts to honour their commitment to **phase out subsidies for fossil fuels** in line with the G20 commitment. Members called for the development of quantitative or qualitative criteria to identify '**green goods**' and for due account to be taken of factors influencing trade in these goods.

Human rights, environmental and social standards at bilateral level: while welcoming the Commission's decision to carry out ex ante and ex post sustainability impact assessments (SIAs) for all trade agreements, Members called on the Commission to:

- apply the guidelines in developing SIAs for all current and future negotiations;
- take into account the impact of trade and investment agreements on particularly vulnerable people such as those who belong to a minority group, or are geographically isolated, poor or socially excluded;
- set up a reporting system that enables Parliament to assess the work of the Domestic Advisory Groups (DAGs);
- respond systematically in a concrete manner to concerns raised by EU DAGs and to follow up on initiatives proposed by EU SCOs and social partners in this framework;
- involve Parliament more closely in the process of monitoring the implementation of trade and investment agreements with regard to compliance with human rights and social and environmental standards. The Council should consult Parliament on any decisions to revise or even suspend the application of an agreement if this is necessary.

Human rights, environmental and social standards at unilateral level: Members welcomed the entry into force of the new Generalised Scheme of Preferences (GSP) (Regulation (EU) No 978/2012) on 1 January 2014 and the publication of the first GSP monitoring report for the period 2014-2015. They stated that trade policy must be a way to encourage the EU's partner countries to adopt higher social and environmental standards and therefore called on the Commission to implement specific corrective measures.

Members reiterated their request from 2010 for a balanced and realistic proposal for legislation, including measures such as labelling child-labour-free products, trade preferences given to countries that meet certain labour standards and horizontal import prohibitions for products made using child labour.

They stressed the importance of including the objective of combating forced labour and child labour in TSD chapters of EU trade agreements. They confirmed their opposition to any direct or indirect provision affecting trade in energy-related services that would allow for technological neutrality of subsidies.

Corporate social responsibility (CSR): Members recalled Parliament's request from 2010 to include CSR in all EU trade agreements and provisions for greater enforcement, notably the possibility for the Commission to carry out investigations into alleged breaches of CSR commitments and the development of EU contact points building on and strengthening the OECD contact points.

The Commission is called upon to ensure transparency with regard to access to information on the conduct of enterprises and to introduce an effective and enforceable **reporting system** which provides information on product value chains.

CSR dialogue platforms should be created to bring together civil society, businesses, international organisations and other stakeholders.

Recalling that the EU is the world's leading actor in terms of National Action Plans for CSR, Members called on the Commission to actively promote responsible business conduct amongst EU companies operating abroad, with a special focus on ensuring strict compliance with all their legal obligations stemming from either domestic laws or any bilateral or international legal obligations that their business

operations are subject to therein – not least compliance with international standards and rules in the areas of human rights, labour and the environment.

The Commission is called upon to take trade and investment measures involving the award of labels, the granting of preferential access to EU public contracts and the implementation of SME support programmes that will encourage and reward companies introducing CSR strategies.

Lastly, Members stressed that the effective implementation of these recommendations constitutes a crucial element in Parliament's assessment of trade agreements negotiated by the Commission. They requested a detailed and timely response from the Commission to all the items raised in this resolution.