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

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The Committee on International Trade adopted an own-initiative report by Maria ARENA (S&D, BE) on the impact of international trade and EU's trade policies on global value chains.

Global value chains (GVCs) have become a key element of the global economy. They can help developing countries to better integrate into it, reduce poverty and improve employment, while having a positive effect on increasing their production capacity. However, their **complex nature and lack of transparency** may lead to a higher risk of human and labour rights violations, factual impunity for environmental crimes and large-scale tax avoidance and tax fraud.

EU position within global value chains: stressing that trade and investment policy aims to create a level playing field for European businesses and facilitate upward convergence on standards, the report called on the Commission to:

- ensure **coherence** between the EU's environmental, public health, trade, investment and industrial policies;
- promote the **European reindustrialisation** strategy and the transition towards a low-carbon economy.

Members considered that further integration of the EU into global value chains must not be to the detriment of the European social and regulatory model and the promotion of sustainable growth.

They called on the Commission and the Member States to **adopt reinforced trade defence instruments** to combat unfair commercial practices, taking into account social and environmental dumping.

Multilateralism: the Commission is called on to work within the WTO to enhance transparency and to define multilateral trade rules, in particular with regard to the sustainable management of GVCs, which should include in particular:

- mandatory supply chain **due diligence and transparency** requirements, building on the UN Guiding Principles on Business and Human Rights;
- **minimum health and safety standards**, recognising in particular workers' right to establish safety committees;
- a **social protection floor** and respect for International Labour Organisation (ILO) labour standards;
- the right to collective bargaining.

Corporate responsibility: highlighting the links between human rights and trade, Members welcomed the initiatives taken by the private sector that have enabled the sector to be involved in improving supply chain standards in recent years, including greater respect for human rights and workers' rights.

The European Commission is invited to **update its Corporate Social Responsibility (CSR) strategy**, which aims to strengthen social and environmental standards, insisting on the integration of CSR provisions into trade and investment agreements negotiated by the EU. Members also called for a new ways to **support private-sector efforts** to make global value chains more sustainable.

EU free trade agreements (FTAs) and global value chains: Members welcomed the EU's new trade and investment strategy entitled ‘Trade for All’. They called on the Commission to address issues related to the development of GVCs, taking into account, for example, the following measures:

- implement the 2010 and 2016 Parliament's recommendations on chapters on trade and sustainable development in FTAs;
- inclusion in FTAs of: (i) human rights clauses and chapters on trade and sustainable development in general dispute settlement mechanisms; (ii) enforceable provisions to combat corruption and protect whistleblowers; (iii) standstill clauses setting a minimum level of social, environmental and safety standards; (iv) provisions on tax transparency.

The report also called for:

- work towards the establishment of adequate and efficient solutions for the introduction of a transparent and functioning mandatory **‘social and environmental traceability’** labelling system along the entire production chain;
- take steps to tackle the financial and procedural hurdles faced in civil litigation by victims of human rights violations by transnational corporations;
- ensure that the **gender perspective** is mainstreamed into trade and investment policy, the Aid for Trade strategy and all future FTAs and impact assessments;
- ensure that the review of GSP and GSP+ includes **binding rules on human and labour rights and environmental protection**; support for the effective participation of SMEs in GVCs that aim to secure a larger share of value for producers while ensuring a high level of social, environmental and human rights protection.

Lastly, Members welcomed the Commission's desire to **protect the entire spectrum of IPRs**, including patents, trademarks, copyrights, designs, geographical indications (GIs), marking of origin and pharmaceutical products, while ensuring access to affordable medicines, both at WTO level and through FTAs.