

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

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The European Parliament adopted by 497 votes to 124, with 56 abstentions, a resolution on the impact of international trade and EU's trade policies on global value chains.

Global value chains (GVCs) are a complex, rapidly changing reality which have become a key feature of today's global economy. However, their **extremely complex nature and lack of transparency** may lead to a higher risk of violations of human and workers' rights, factual impunity for environmental crimes and large-scale tax avoidance and tax evasion.

There is a widespread view that trade policy should not lead to unfair distribution of benefits. Therefore, trade policy needs to put social and environmental values, as well as **transparency and accountability**, at its core.

EU position within global value chains: Parliament stressed that trade and investment policy aims to create a level playing field for European businesses and **facilitate upward convergence** on standards. 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.

Members 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: Parliament recalled that the business community has an important role to play in offering positive incentives in terms of promoting human rights, democracy and corporate responsibility. While welcoming the many promising initiatives taken by the private sector in recent years, it invited the Commission to:

give greater prominence to **international rules on corporate social responsibility (CSR)** and to promote the application of OECD sectoral guidelines and the United Nations guidelines on business and human rights;

revise its CSR strategy, which aims to strengthen social and environmental standards, and whose main objective is to insist on the inclusion of CSR in trade and investment agreements negotiated by the Union;

ensure compliance by European and international companies with the OECD Guidelines for Multinational Enterprises and the sector-specific OECD guidelines, such as the **due diligence guidance for responsible supply chains of minerals from conflict-affected areas**.

EU free trade agreements (FTAs) and global value chains: Parliament requested the inclusion in FTAs of:

- human rights clauses and chapters on trade and sustainable development in general dispute settlement mechanisms;
- enforceable provisions to combat corruption and protect whistleblowers;
- standstill clauses setting a minimum level of social, environmental and safety standards;
- provisions on tax transparency.

Members 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;
- the introduction of legislation for labelling rules regarding the origin of products entering the EU market;
- steps to tackle the financial and procedural hurdles faced in civil litigation by victims of human rights violations by transnational corporations;
- gender perspective to be mainstreamed into trade and investment policy, the Aid for Trade strategy and all future FTAs and impact assessments;
- the review of GSP and GSP+ to **include 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
- a high level of social, environmental and human rights protection to be ensured.

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.