

Procedure file

Basic information		
INI - Own-initiative procedure	2016/2301(INI)	Procedure completed
Impact of international trade and the EU's trade policies on global value chains		
Subject 6.20 Common commercial policy in general		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 International Trade	 ARENA Maria	13/07/2016
		Shadow rapporteur	
		 RUAS Fernando	
		 ZAHRADIL Jan	
		 CHARANZOVÁ Dita	
		 JADOT Yannick	
		 BEGHIN Tiziana	
	Committee for opinion	Rapporteur for opinion	Appointed
	 Foreign Affairs	 PANZERI Pier Antonio	26/01/2017
 Development		11/10/2016	
	 CORRAO Ignazio		
 Employment and Social Affairs	The committee decided not to give an opinion.		
 Industry, Research and Energy	The committee decided not to give an opinion.		
 Women's Rights and Gender Equality			
European Commission	Commission DG Trade	Commissioner MALMSTRÖM Cecilia	

Key events			
24/11/2016	Committee referral announced in Parliament		
11/07/2017	Vote in committee		
20/07/2017	Committee report tabled for plenary	A8-0269/2017	Summary
11/09/2017	Debate in Parliament		
12/09/2017	Results of vote in Parliament		
12/09/2017	Decision by Parliament	T8-0330/2017	Summary
12/09/2017	End of procedure in Parliament		

Technical information	
Procedure reference	2016/2301(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 54
Stage reached in procedure	Procedure completed
Committee dossier	INTA/8/08458

Documentation gateway					
Committee draft report		PE599.773	10/05/2017	EP	
Committee opinion	DEVE	PE600.904	31/05/2017	EP	
Committee opinion	FEMM	PE603.056	31/05/2017	EP	
Amendments tabled in committee		PE606.024	07/06/2017	EP	
Committee opinion	AFET	PE601.196	23/06/2017	EP	
Committee report tabled for plenary, single reading		A8-0269/2017	20/07/2017	EP	Summary
Text adopted by Parliament, single reading		T8-0330/2017	12/09/2017	EP	Summary
Commission response to text adopted in plenary		SP(2017)780	21/02/2018	EC	

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

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.

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

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.