

Discussion paper for the informal lunch of development ministers and trade ministers of the EU member states, Amsterdam, 12:00-14:00, 2 February 2016

Objective

To discuss how the EU's trade and development policies can enhance the sustainability of global value chains.

Introduction

The world economy is based on increasingly complex global value chains that bring welfare, growth and jobs. However, they also come with risks, such as abuses of human and labour rights, environmental damage and corruption.

Our commitment to making consumption and production more sustainable is part of EU action on the Sustainable Development Goals (SDGs) and forges links between internal and external sustainable development policies. In this context, we would like to explore the following question: how can EU's development and trade policies reinforce each other in stimulating responsible business conduct (RBC) in global value chains?

We believe the answer to this question is notably multi-stakeholder approaches, in which companies and civil society organisations, including trade unions, work with governments to promote responsible business conduct throughout the value chain. Various multi-stakeholder initiatives have already come off the ground, with involvement from parties in Europe and in producing countries. Multi-stakeholder approaches ensure long-term commitment and support through sector-wide cooperation.

With the Trade for All strategy, the SDGs and private sector commitment, the EU has the potential, power and instruments to promote sustainability in global value chains. The EU is the world's largest market. It has 500 million consumers whose buying choices directly affect people at the other end of these global value chains. By using its influence, the EU can make global value chains more sustainable, benefiting not only the environment but the lives of millions of people.

Example: garments and textiles

The EU is a major destination market for garments and textiles. After the Rana Plaza tragedy in Bangladesh, various initiatives were launched by public, private and civil society

actors to improve responsible business conduct in the garment and textile global value chains. The industry is often characterised by prevalent and persistent structural problems. .

Major risks include the lack of a living wage, forced/child labour, health and safety of employees, and environmental concerns like water pollution, amongst others. These problems also occur in producing countries that have signed or are negotiating free trade agreements with the EU, that benefit from preferential market access in the EU, or where the EU is running development programmes, as many producing countries are low income countries with limited capacity to ensure respect of international standards.

The EU can play a key role in reducing these risks by:

- working on an EU Garment Initiative including joint planning, coordinated funding, joint implementation of programmes to support developing countries in transposing and implementing existing international norms; encouraging responsible business behaviour and cooperation with social partners; and awareness-raising among consumers;
- focussing on the effective implementation of Trade and Sustainable Development chapters in trade and investment agreements and ensuring effective monitoring in the area of sustainability and good governance under our specific preferential arrangements in this area (GSP+);
- including issues like a living wage and decent work, especially for women since they are prone to receiving lower wages and to facing workplace violence, in a new EU Responsible Business Conduct Action Plan .
- continuing pro-active engagement with international organisations (including the ILO, OECD, UN) to tackle this global issue.

Setting of the meeting:

At the informal lunch of development ministers and trade ministers of the EU member states on 2 February, we would like to discuss the scope for strengthening coherence between development and trade policy focussing on responsible business conduct. We have invited companies operating in global value chains to describe the sustainability challenges they face on the ground.

The outcome of this discussion can provide valuable input for the renewed Aid for Trade Strategy, as well as for possible Council Conclusions on sustainable global value chains and for the external dimension in a new EU Responsible Business Conduct Action Plan.

Questions for preparation:

1. How can we align our respective instruments in the interests of more sustainable global value chains?
2. How do trade and development policies address the RBC challenges that EU companies meet with in producing countries?
3. How can EU multi-stakeholder approaches like an EU Garment Initiative contribute to responsible business conduct in global value chains?
4. How can development policy support the implementation of provisions on sustainability in EU trade agreements with developing countries?

Background reading

See the website www.EUandGVC.nl and:

- Dutch vision paper 'The EU and Global Value Chains'
- Conclusions by the host of EU and GVC conference on 7 December
- Commission communication: Trade for All Strategy
- Council Conclusions on private sector development.