



Ministerie van Buitenlandse Zaken

Boosting social and environmental standards in international trade *Paris, 2014 March 31st*

1. Last year's accidents in the garment and textile industry in Bangladesh, in particular the Rana Plaza collapse tragedy one year ago, are a probing reconfirmation of the necessity to raise social and environmental awareness and performance in international trade. Also the ongoing fuelling of conflicts through sourcing of minerals from conflict-affected areas and the persistent signals of human rights violations in the supply chain of coal show that there is still a long way to go. There is therefore an urgent need to promote responsible business conduct all over the world, and in particular in the garment and textile industry as well as in the extractive sector. Joint international action by governments, companies and civil society is necessary to deal with matters such as responsible supply chain management, human rights, child labour and environment. Moreover, since international production, trade and investments are increasingly organized within so-called global value chains, finding an answer to issues related to globalization is necessary. France and The Netherlands are dedicated to foster a more balanced globalization-policy in the European Union by: raising awareness of the OECD Guidelines for Multinational Enterprises by companies that operate abroad, promoting sustainable trade, ecological transition, and advocating for sustainable development in emerging and developing countries. We are convinced that this will strengthen the competitiveness of European companies in the long run. In the run-up to the European elections, France and the Netherlands want to highlight that European trade policy, and policy in favor of the internationalization of business should embody social and environmental progress and values.

2. France and the Netherlands fully support measures proposed in order to enhance responsible business conduct in the textile-garment supply chain which could also apply in other sectors:

- Rana Plaza, Tazreen and other dramatic industrial accidents show notably the complexity of identifying responsibility within the supply chain. The OECD Guidelines help companies forward by setting out the principles and standards for responsible business conduct.
- France and the Netherlands encourage other countries to sign up to the OECD Guidelines, especially those hosting extractive, textile and agricultural activities and involved in international trade.
- France and the Netherlands welcome the recent report of the French National Contact Point on the implementation of the OECD Guidelines in the textile and clothing sector. This report sets up key recommendations to help companies in the textile sector. Risk assessment, Risk management, Strengthening Auditing, Mapping the supply chain, Remediate, Responsibility sharing, Transparency, Stakeholder consultation and Respect for fundamental social rights, highlighted by the NCP, constitute the pillars for Responsible Business Conduct, in conformity with the OECD Guidelines.

- France and the Netherlands invite companies to use this guide as a reference and call upon companies to take the next step forward to implement the recommendations. Sharing of experiences and working together towards solving supply chain issues is essential. The Dutch textile sector Plan of Action, drafted in consultation with Dutch civil society, could serve as a reference for private sector initiatives on organizing companies, stakeholders and government. The Dutch textile sector included in their Plan of Action a risk analysis of the supply chain and identifies priority issues like purchasing practices, due diligence, child labour, freedom of association, building safety and recycling.
- Because companies have a key contribution to sustainable development, our two countries address these recommendations primarily to companies. However, they are also relevant for local Governments in order to improve business climate, governance and enjoyment of social rights. France and the Netherlands call for international cooperation across borders to increase the effect of the agreed activities and leverage in producing countries.
- France and the Netherlands fully support the OECD proactive agenda to promote the OECD Guidelines as sector level: textile, extractive, financial and agricultural sectors. In this context, France and the Netherlands would like the OECD and OECD National Contact Points to use this Report as reference for a specific guidance on the implementation of the OECD Guidelines in the textile-garment sector.

3. France and the Netherlands call for continuous efforts to improve labour conditions in Bangladesh

- France and the Netherlands support the EU-Government of Bangladesh-ILO-USA Sustainability Compact and the ILO's actions and Better Work initiative in Bangladesh to enhance social and labour conditions in Bangladesh. These include ongoing efforts concerning labour inspectorate, safety training programs, reintegration of Rana Plaza victims, support for trade unions and implementation of the new labour law.
- Our countries call for the role of the ILO to coordinate and align the different inspection programs for fire and building safety in the garment sector - the Accord, the Alliance, Better Work and the Government of Bangladesh National Action Plan - and to uphold a harmonized inspection standard.
- France and the Netherlands congratulate the signatories of the ACCORD of May 13th 2013 to improve fire and building safety and security in the garment factories in Bangladesh for their initiative of historical importance. Never before sourcing companies have united on this scale to take their responsibility in the supply chain in one country. Our countries consider the Accord an effective tool to improve security at work. They urge all European textile companies active in or trading with Bangladesh to sign up to this ACCORD.
- The 24th of April will mark the commemoration of one year after Rana Plaza. France and the Netherlands invite the European Commission to report on the Sustainability Compact's progress at the Foreign Affairs Council on May 8th 2014.
- France and the Netherlands call for continued efforts of the international community, multinational companies, Bangladesh factories management, civil society, ILO, EU and the Bangladesh Government to improve labour conditions in the textile and garment industry in Bangladesh.

4. Call for Responsible business conduct in the coal supply chain: need for international cooperation and business commitment

- The real risks of human rights violations in the supply chain of coal, poor labour conditions as well as environmental degradation at the mining sites all over the world is well reported. This call for adequate due diligence measures to identify and mitigate these risks within the supply chain, and also to remediate for potential negative impacts. France and the Netherlands remind the need for the sourcing energy companies to use their influence within their supply chain accordingly in order to follow up on OECD recommendations. The recently established Bettercoal initiative joined by most of the European energy utilities could contribute to it.
- Our two countries consider the Bettercoal Initiative as a useful tool towards a more responsible supply chain in the coal industry. The corporate joined efforts and increased leverage towards the mining companies could help raising the level playing field in the European market for energy.
- France and the Netherlands encourage the OECD to give attention to the supply chain of coal within the OECD proactive agenda project concerning stakeholder engagement in the extractive sector.

5. Social and environmental standards in trade agreements: a common ambition to hold standards up high

High social and environmental standards are key elements of the competitiveness of our European industries. The link between trade, the protection of the environment and social matters, is not adequately addressed nowadays within international trade. Therefore France and The Netherlands would like to give ample attention to high social and environmental standards in bilateral and regional trade agreements to strengthen these standards within the European free trade agreements (FTAs). The two countries will put forward some proposals designed to reinforce social and environmental standards within these trade agreements:

- They encourage to enhance the cooperation with international organizations, such as the ILO, the OECD or UNEP, in order for these bodies, to participate more actively in the elaboration and the monitoring activities of social and environmental standards within FTAs.
- Furthermore, our two countries consider that civil society should assume a prominent role when it comes to the monitoring of social and environmental standards. Members of the civil society should continue to be able to submit concerns, at all times, so as to draw government's attention on existing rule violations by third parties.
- France and the Netherlands consider that greater attention should be paid to social and environmental standards in free trade agreements, so as to attach an equivalent importance to these provisions to economic provisions of the agreements. They will examine proposals to increase the level of commitments in the "trade and sustainable development chapters" of the EU
- Our two countries believe that it is in their common interest to better address what is at stake from a social and environmental point of view when it comes to the negotiation of trade agreements. Amongst others, the possible impact of trade agreements on third countries should be carefully assessed. They therefore encourage to the EU Commission to further improve and make a better use of the existing sustainable impact assessments.

- France and the Netherlands believe that states have a great role to play as regards the promotion of responsible global supply chains. They therefore promote corporate social responsibility initiatives and work towards and inclusion of Corporate Social Responsibility aspects within European trade agreements.

France and the Netherlands appeal to the European Commission to hold these standards up high, in line with ILO conventions on core labor rights and multilateral environment agreement and encourage negotiators to keep a high level of ambition for the ongoing negotiations, and especially the Transatlantic Trade and Investment Partnership (TTIP).

6. France and the Netherlands want to strengthen social and environmental standards in official development aid. Our two countries invite the World Bank to raise the level of its social and environmental standards in the reform of its public procurement rules and to reinforce the supervision of procurement execution.

7. France and the Netherlands support the initiative taken in ISO to develop a new international standard on responsible procurement.

8. France and the Netherlands welcome the solution found by the Council and the European Parliament in the trilogue on the Non-Financial Reporting Directive. They fully support the mandatory requirement on certain large listed companies and financial institutions to publicly disclose information on their policies with respect to human rights, environmental, social and employee matters, anti-corruption and bribery matters and represents an important step in the transition to a sustainable global economy by enhancing the transparency of non-financial information of European companies. They regret that the text does not include in its scope large unlisted companies, as the activities of these companies may also have a substantial impact in the social and environmental field or in the field of human rights, but welcome the possibility of revisiting these issues when the directive will be reviewed. They wish that this directive will be adopted by the European Parliament before the end of its term.

9. France and the Netherlands are fully supportive and will play an active role at the OECD informal ministerial meeting on June 26th that will take place back to back with the second Global Forum for Responsible Business Conduct. They wish that Ministers adopt an ambitious declaration of the 46 countries adhering to the OECD Guidelines along the lines just presented and beyond.