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Subject: The EU and Responsible Global Value Chains
- Council conclusions (12 May 2016)

1. Delegations will find in the annex the Council conclusions on the EU and Responsible Global Value Chains, as adopted by the Council at its 3462nd meeting held on 12 May 2016.

Council conclusions on the EU and Responsible Global Value Chains**Introduction**

1. The Council recognises that global value chains (GVCs) have become an important feature of global production patterns. With the complexity of GVCs comes the need for increased and proactive engagement in the EU and abroad to ensure their adequate management for inclusive and sustainable growth. In this regard, the Council recalls that one of the objectives of the EU is to ensure that inclusive economic growth and development go hand in hand with social justice, human rights, including core labour standards, and sustainable environmental practices and policy frameworks.¹ The Council stresses that this issue is of particular relevance in a development context, as developing countries often face significant challenges in terms of sustainable development and growth for the most vulnerable.

2. The Council underlines the key role of the 2030 Agenda on Sustainable Development, including the Addis Ababa Action Agenda, and recalls its conclusions of 26 May 2015², particularly highlighting the need for the promotion of policy coherence, enabling policy frameworks and mobilisation of the private sector. The Council also recalls the Agenda for Change³, which focuses EU trade and development policy on Least Developed Countries (LDCs) and countries most in need, including in the form of trade preferences or Aid for Trade.

¹ Article 3 TEU.

² 9241/15.

³ 15560/11 - COM(2011) 637 final.

3. The Council recalls its conclusions on the Commission Communication "Trade for All: Towards a more responsible trade and investment policy"⁴, emphasising the contribution that EU trade instruments can make to sustainable development, human rights and good governance. The Council welcomes the Commission Staff Working Document⁵ reporting on the implementation of the Communication on "Trade, Growth and Development"⁶ and the follow-up to the Council conclusions on the "EU's approach to trade, growth and development in the next decade". The Council also welcomes initiatives promoting internationally accepted environmental standards as well as labour rights and occupational safety and health with our partners, such as the Bangladesh Sustainability Compact and the Myanmar Labour Rights initiative.
4. The Council recalls its conclusions on the Commission Communication "A stronger role of the private sector in achieving inclusive and sustainable growth in developing countries"⁷, underlining the need for Corporate Social Responsibility (CSR), private sector engagement and responsible management of GVCs in achieving inclusive and sustainable economic growth, as well as business opportunities. The sustainable sourcing and management of natural resources is essential in this respect.
5. The participation of micro, small and medium-sized enterprises (MSMEs) in global value chains can bring substantial benefits. Multinational enterprises could play a constructive role in partnering with MSMEs, facilitating the dissemination of knowledge, skills and technology, including regarding the implementation of environmental and social standards.

⁴ 14708/15.

⁵ 6554/16 - SWD(2016) 47 final.

⁶ 5887/1/12 REV 1 - COM(2012) 22 final.

⁷ 16856/14.

6. The Council acknowledges the contribution of the EU CSR Strategy⁸ and the Joint Communication of the Commission and the High Representative of the Union on "Responsible sourcing of minerals in conflict-affected and high-risk areas"⁹, and the EU Action Plan for the Circular Economy.¹⁰ The Council stresses the importance of CSR/RBC (Responsible Business Conduct)¹¹ in stimulating sustainable development, the creation of decent jobs and the social and economic empowerment of all, particularly women and youth, as well as of vulnerable categories including persons with disabilities.

⁸ 16606/11 - COM(2011) 681 final.

⁹ 7704/14 - JOIN(2014) 8 final.

¹⁰ COM (2015) 614 final.

¹¹ The EU uses CSR and RBC interchangeably. In 2011, the EU's CSR Strategy defined Corporate Social Responsibility as the "the responsibility of enterprises towards their impacts on society" and stressed that "to fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders".

7. The Council underlines the importance of inclusive and sustainable approaches as agreed in the 2030 Agenda Sustainable Development Goals, notably those on sustainable production, sustainable consumption and decent work, and welcomes the intensified international cooperation on RBC. The Council recognises the important work done by the EU and its Member States in promoting the implementation and monitoring of UN conventions on climate change and biodiversity, as well as internationally recognised guidelines and principles. These include the Organisation of Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, as well as the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, the UN Guiding Principles on Business and Human Rights and the Committee on World Food Security principles for responsible investment in agriculture and food systems. The Council welcomes the work undertaken by the International Labour Organisation (ILO) in this area and looks forward to active collective engagement in discussions on decent work in global supply chains¹² at the 105th International Labour Conference in June 2016. The Council fully supports the Leaders' Declaration at the 2015 G7 Summit, recognising the joint responsibility of governments and business to foster responsible supply chains, and jointly advance the understanding of due diligence. The Council also supports the G20 Leaders' acknowledgment of the importance of fostering safer and healthier workplaces including within sustainable global supply chains (2015 Antalya Summit). The Council recalls that the EU and its Member States will further promote a transparent, cooperative and fair international tax environment in line with the principles of good governance. Financial transparency should be enhanced, this could include related exchanges in this respect between relevant authorities.

¹² 'Supply Chains' and 'Value Chains' are similar terms that refer to the entire production chain, from processing raw materials to end-user products. Depending on the context, the term 'supply chain' may be used to specifically refer to the process of all parties involved in the production and distribution of a commodity and the term 'value chain' to the set of interrelated activities by which a company adds value to an article. However, they are used here interchangeably.

8. The Council highlights that the EU and its Member States, being collectively the world's largest market and the leading provider of Aid for Trade with more than a third of total EU Official Development Assistance (ODA) supporting trade related needs, can leverage this position to make GVCs more sustainable and inclusive in particular in those markets in which the poorest make their living.

Stepping up our joint efforts

9. The Council encourages the Commission and the Member States to further ensure that policies contribute to support sustainability in global value chains and promote CSR principles, notably by respecting CSR principles in the formulation of EU policy tools and through EU funded projects. The Council furthermore encourages the Commission to enhance the implementation of due diligence and to foster dialogue and cooperation amongst all relevant public and private stakeholders, in order to achieve a global level playing field and to implement policy measures aimed at promoting e.g. human rights due diligence at company-level. As such, doing business in a responsible way may ultimately create a competitive advantage. The Council reaffirms the importance of continued support for strengthening national regulatory systems for sustainable and inclusive markets.
10. The Council welcomes the systematic inclusion in all EU Trade Agreements of trade and sustainable development (TSD) provisions, which contain commitments by parties to respect core labour standards and other ILO conventions as well as key multilateral environmental agreements. TSD provisions promote relevant internationally agreed guidelines and principles on CSR. The Council invites the Commission to present a regular update and follow-up on the implementation of TSD provisions by making effective use of existing reporting and monitoring tools.

11. The Council encourages the Commission and the Member States to continue the work on Policy Coherence for Development as provided by Article 208 TFEU in internal and external policies. Synergies between development cooperation, environmental policy and trade tools must be sought, notably to unpack their full combined potential and contribute to the implementation of, and progress on, TSD chapters and other provisions relevant to sustainable development, so as to maximise the development impact. This includes capacity building, political dialogue and the participation of civil society, social partners, and other stakeholders. The Council looks forward to the upcoming review of the Joint EU Aid for Trade Strategy to enhance synergies in the area of trade and development, notably with a view to achieving the related Sustainable Development Goals.
12. The Council supports efforts undertaken in promoting responsible supply chains through initiatives such as an EU Garment Initiative and through initiatives in the agricultural sector such as the Forest Law Enforcement, Governance and Trade Action Plan (FLEGT), Amsterdam Declarations on deforestation and on sustainable palm oil supply, as well as in other sectors. The Council strongly encourages the Commission and Member States to share best practices, including the promotion of new and innovative approaches, and to scale up such initiatives and expedite their delivery. The development of a Public-Private Partnership on Responsible Mineral Sourcing and other initiatives concerning the responsible sourcing of minerals in conflict-affected and high-risk areas, are useful tools in this regard.
13. The Council supports multi-stakeholder approaches in the EU and partner countries at all levels. This can involve international organisations, civil society and social partners, the private sector and governments, as well as other public bodies, as appropriate and with the support of EU delegations, that have an important role to play in promoting CSR in global value chains. Transnational Company Agreements such as Global Framework Agreements that include suppliers are valuable instruments in this regard. The Council invites the Commission to further support actions aimed at enhancing private sector engagement for development and RBC.

14. The Council underlines the need for continued advocacy for the uptake of internationally agreed principles, guidelines and initiatives on CSR/RBC such as the UN Guiding Principles on Business and Human Rights, the UN Global Compact, the ILO Tripartite Declaration on Principles concerning Multinational Enterprises and Social Policy, and the OECD Guidelines for Multinational Enterprises, including in non-OECD member countries, also contributing to anti-corruption efforts by creating more open and transparent business environments. Sustainable public procurement should be promoted. Special attention should be paid to gender equality and ensuring women's full, equal and effective participation at all levels of decision making in line with the Gender Action Plan 2016-2020.

15. The Council encourages the Commission, EEAS and Member States to intensify their work on Responsible Business Conduct. This would include, inter alia, National Action Plans on CSR/RBC and Business and Human Rights by Member States, and the Commission launching a new EU RBC Action Plan in 2016. These Action Plans should specify concrete actions to meet current and future social, environmental and governance challenges and priorities for the implementation of the UN Guiding Principles on Business and Human Rights.

