



EUROPEAN PARLIAMENT

2009 - 2014

Committee on International Trade

2009/2201(INI)

14.9.2010

DRAFT REPORT

on corporate social responsibility in international trade agreements
(2009/2201(INI))

Committee on International Trade

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on corporate social responsibility in international trade agreements (2009/2201(INI))

The European Parliament,

- having regard to Articles 12, 21, 28, 29, 30 and 31 of the Charter of Fundamental Rights of the European Union,
- having regard to Articles 2, 3 and 6 of the Treaty on European Union,
- having regard to Articles 9, 10, 48, 138, 139, 153, 156, 191, 207 and 218 of the Treaty on the Functioning of the European Union,
- having regard to the OECD Guidelines for Multinational Enterprises, the International Labour Organisation's (ILO) tripartite declaration of principles concerning multinational enterprises and social policy, the codes of conduct agreed under the auspices of international organisations such as the FAO, the WHO and the World Bank, and the efforts made under the auspices of UNCTAD to regulate the activities of enterprises in developing countries,
- having regard to the Global Compact initiative launched by the United Nations in September 2000, the report of the United Nations Secretary-General of 10 August 2005 entitled 'Towards global partnerships – Enhanced cooperation between the United Nations and all relevant partners, in particular the private sector' (05-45706 (E) 020905), the announcement of the United Nations Global Compact and Global Reporting initiatives on 9 October 2006, and the principles governing responsible investment launched in January 2006 by the United Nations and coordinated by the UNEP Finance Initiative and the UN Global Compact,
- having regard to the 'Norms on the responsibility of transnational corporations and other business enterprises with regard to human rights' adopted by the United Nations in December 2003¹,
- having regard to the Global Reporting Initiative (GRI) launched in 1997² and the updated G3 Guidelines concerning the drafting of reports on sustainable development, published on 5 October 2006,
- having regard to the outcome of the United Nations Summit on Sustainable Development held in 2002 in Johannesburg, and, in particular, the call for initiatives in the area of corporate social responsibility (CSR), and the Council conclusions of 3 December 2002 on the follow-up to the Summit³,
- having regard to the report by the United Nations High Commissioner on Human Rights

¹ UN Doc. E/CN.4/Sub.2/2003/12/Rev.2(2003).

² www.globalreporting.org

³ <http://daccess-dds-ny.un.org/doc/UNDOC/GEN/N02/636/94/PDF/N0263694.pdf?OpenElement>

on the responsibilities of transnational corporations and related business enterprises with regard to human rights of 15 February 2005 (E/CN.4/2005/91, 2005),

- having regard to the report by the Special Representative of the Secretary-General of the United Nations on the issue of human rights and transnational corporations and other business enterprises, entitled 'Promotion and protection of all human rights, civil, political, economic, social and cultural rights, including the right to development', of 7 April 2008 (A/HRC/8/5, 2008),
- having regard to the benchmarks and certification and labelling schemes which deal with the behaviour of corporations in the areas of sustainable development, climate change and poverty reduction, such as the SA 8000 standard, which relates to the ban on child labour, and the Afnor and ISO standards on sustainable development,
- having regard to the Kimberley process on the monitoring of the trade in raw diamonds,
- having regard to the establishment in Denmark of the Government CSR Centre, which coordinates governmental initiatives to foster CSR and devises practical tools for undertakings¹,
- having regard to the International Pact on Economic, Social and Cultural Rights (1966), the Convention on the Elimination of All Forms of Discrimination Against Women (1979), the draft United Nations Declaration on the Rights of Indigenous Peoples (1994) and the United Nations Convention on the Rights of the Child (1989),
- having regard to the international agreements on the environment, such as the Montreal Protocol on Substances that Deplete the Ozone Layer (1987), the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes (1999), the Cartagena Protocol on Biosafety (2000) and the Kyoto Protocol (1997),
- having regard to the opinion of the Committee of the Regions of 14 March 2003 on the Green Paper entitled 'Promoting a European framework for Corporate Social Responsibility',
- having regard to the final report and the recommendations of the European Plurilateral Forum on CSR of 29 June 2004, including the seventh recommendation supporting measures to establish an appropriate legal framework,
- having regard to the 1968 Brussels Convention, as consolidated by Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters²,
- having regard to the Commission Green Paper entitled 'Promoting a European framework for Corporate Social Responsibility' (COM(2001)0366), subsequently incorporated into the White Paper entitled 'Communication from the Commission concerning Corporate Social Responsibility: A business contribution to Sustainable Development' (COM(2002)0347,

¹ <http://www.csrgov.dk>

² OJ L 12, 16.1.2001, p. 1.

- having regard to the Commission recommendation of 30 May 2001 on the recognition, measurement and disclosure of environmental issues in the annual accounts and annual reports of companies (notified under document No C(2001)1495)¹,
- having regard to the Communication from the Commission of 18 May 2004 entitled 'The Social Dimension of Globalisation – the EU's policy contribution on extending the benefits to all' (COM(2004)0383),
- having regard to the Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee of 22 March 2006 entitled 'Implementing the partnership for growth and jobs: making a Europe a pole of excellence on corporate social responsibility' (COM(2006)0136),
- having regard to the Communication from the Commission of 24 May 2006 entitled 'Promoting decent work for all – The EU contribution to the implementation of the decent work agenda in the world' (COM(2006)0249),
- having regard to the generalised system of preferences (GSP), which has been in force since 1 January 2006 and which provides for duty-free access or reductions in duties for a wide range of products and also incorporates a new incentive scheme to assist vulnerable countries which have specific commercial, financial or development needs,
- having regard to Chapter 13 of the free trade agreement concluded between the European Union and South Korea in October 2009, which states that 'the Parties shall strive to facilitate and promote trade in goods that contribute to sustainable development, including goods that are the subject of schemes such as fair and ethical trade and those involving corporate social responsibility and accountability',
- having regard to Article 270(3) of the free trade agreement concluded between the European Union and Colombia and Peru in March 2010, which states that 'the Parties agree to promote best business practices related to corporate social responsibility, and to Article 270(4) of the agreement, which states that 'the Parties recognise that flexible, voluntary and incentive-based mechanisms can contribute to coherence between trade practices and the objectives of sustainable development',
- having regard to the Council resolution of 3 December 2001 on the follow-up to the Green Paper on corporate social responsibility²,
- having regard to the Council resolution of 10 January 2003 on corporate social responsibility³,
- having regard to the Council resolution of 6 February 2003 on corporate social responsibility⁴,

¹ OJ L 156, 13.6.2001, p. 33.

² OJ C 86, 10.4.2002, p. 3.

³ OJ C 39, 18.2.2003, p. 3.

⁴ OJ C 39, 18.2.2003, p. 3.

- having regard to Council Decision 2005/600/EC of 12 July 2005 on Guidelines for the employment policies of the Member States, which urges the Member States to encourage undertakings to develop CSR¹,
- having regard to the Council conclusions of 14 June 2010 on child labour²,
- having regard to Regulation (EC) No 761/2001 of the European Parliament and of the Council of 19 March 2001 allowing voluntary participation by organisations in a community eco-management and audit scheme (EMAS)³,
- having regard to Directive 2003/51/EC of the European Parliament and of the Council of 18 June 2003 on the annual and consolidated accounts of certain types of companies, banks and other financial institutions and insurance undertakings⁴,
- having regard to Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts⁵,
- having regard to its resolution of 15 January 1999 on EU standards for European Enterprises Operating in Developing Countries: Towards a European Code of Conduct⁶, which recommends the establishment of a model code of conduct backed by a European enforcement mechanism,
- having regard to its resolution of 25 October 2001 on openness and democracy in international trade⁷, which calls on the WTO to endorse the ILO's basic labour standards and to accept ILO decisions, including calls for the imposition of sanctions, linked to serious violations of basic labour standards,
- having regard to its resolution of 4 July 2002 on the Communication from the Commission to the Council, the European Parliament and the Economic and Social Committee entitled 'Promoting Core Labour Standards and Improving Social Governance in the Context of Globalisation'⁸,
- having regard to its resolution of 13 May 2003 on the Communication from the Commission concerning Corporate Social Responsibility: A Business Contribution to Sustainable Development⁹,
- having regard to its resolution of 5 July 2005 on the exploitation of children in developing countries, with a special focus on child labour¹⁰,

¹ OJ L 205, 6.8.2005, p. 21.

² 10937/1/10.

³ OJ L 114, 24.4.2001, p. 1; current version: 2001R0761— EN— 01.01.2007.

⁴ OJ L 178, 17.7.2003, p. 16.

⁵ OJ L 134, 30.4.2004, p. 114.

⁶ OJ C 104, 14.4.1999, p. 180.

⁷ OJ C 112 E, 9.5.2002, p. 326.

⁸ OJ C 271 E, 12.11.2003, p. 598.

⁹ OJ C 67 E, 17.3.2004, p. 73.

¹⁰ OJ C 157 E, 6.7.2006, p. 84.

- having regard to its resolution of 15 November 2005 on the social dimension of globalisation¹,
 - having regard to its resolution of 6 July 2006 on fair trade and development²,
 - having regard to its resolution of 13 March 2007 on corporate social responsibility: a new partnership³,
 - having regard to its resolution of 23 May 2007 on promoting decent work for all⁴, which calls for labour standards to be incorporated into trade agreements, in particular bilateral agreements, concluded by the EU, with a view to promoting decent work,
 - having regard to the hearing on 'Corporate social responsibility in international trade' held by Parliament on 23 February 2010,
 - having regard to Rule 48 of its Rules of Procedure,
 - having regard to the report of the Committee on International Trade and the opinion of the Committee on Employment and Social Affairs (A7-0000/2010), and the opinion of the Committee on Employment and Social Affairs (PE 439.376v02-00, EMPL_AD(2010)439376),
- A. whereas multinational corporations and their subsidiaries are the key players in economic globalisation and international trade,
- B. having regard to the OECD Guidelines for Multinational Enterprises, recommendations which governments address to corporations setting out voluntary standards for responsible behaviour consistent with the applicable laws, in particular in the areas of employment, relations with the social partners, human rights, the environment, consumer interests, the fight against corruption and tax evasion,
- C. having regard to the ILO's tripartite declaration on multinational corporations, which is intended to provide guidance for governments, multinational corporations and workers in areas such as employment, training, working conditions and professional relations, a declaration which incorporates a commitment by States to abide by and promote the four basic labour standards: freedom of association and the right to collective bargaining; the elimination of all forms of forced labour; the abolition of child labour; and the elimination of discrimination in the area of employment,
- D. having regard to the United Nations Global Compact, which incorporates 10 principles which multinational corporations must undertake to observe in the areas of human rights, basic labour standards, a precautionary approach to environmental problems and the fight against corruption,

¹ OJ C 280 E, 18.11.2006, p. 65.

² Texts adopted for that date, P6_TA(2006)0320.

³ OJ C 301 E, 13.12.2007, p. 45.

⁴ OJ C 102 E, 24.4.2008, p. 321.

- E. having regard to the goal set by the Commission in its 2006 communication of making the European Union 'a pole of excellence on corporate social responsibility', with CSR being presented as 'an aspect of the European social model' and 'a means of safeguarding solidarity, cohesion and equal opportunities against the background of increased global competition',
- F. whereas, in accordance with the Treaties, the common commercial policy must be conducted in a manner consistent with all the European Union's objectives, including its social, environmental and development aid objectives,
- G. whereas the European Union already makes the award of certain trade preferences contingent on the ratification by its partners of the main ILO conventions, and whereas since 2006 it has been committed to promoting respect for decent work through all its external policies, including its common commercial policy,
- H. whereas the European Union's bilateral free trade agreements now incorporate a chapter dealing with sustainable development, covering environmental and social objectives and compliance with rules in those areas,
- I. whereas non-compliance with CSR principles constitutes a form of social and environmental dumping which works to the detriment, in particular, of undertakings and workers in Europe, who are required to comply with more stringent labour, environmental and fiscal standards,
- J. whereas it would be normal if European multinationals which transfer their production to low-wage countries where less stringent environmental standards apply were to be held accountable, including before European courts, for any environmental and social damage caused by their subsidiaries and their supply chains in those countries,
- K. whereas Chapter 13 of the free trade agreement between the European Union and South Korea and Article 270(3) of the free trade agreement between the European Union and Colombia and Peru already contain a reference, although only a limited one, to CSR,
- L. whereas CSR, on the one hand, and the social and environmental clauses incorporated in trade agreements, on the other, pursue the same objectives, those of an economy which is respectful of human needs and of the environment, and of fairer, more socially balanced, more human globalisation which is genuinely conducive to sustainable development,
- M. whereas hitherto trade rules and CSR have been only tenuously linked at best, but whereas there would be much to be gained from coordinating trade rules and the objectives of CSR,
- 1. Notes that, following on from the climate, energy and food crises, the global financial crisis has engendered a worldwide social crisis which has increased the need for new, strong rules which make for more effective supervision of the world economy and ensure that it does not develop in a manner detrimental to human needs and to the needs of society; takes the view that that requirement applies equally to international trade, which is at the heart of globalisation;

2. Notes, further, that globalisation has been accompanied by fiercer competition among countries to attract foreign investors and fiercer competition between undertakings, which has sometimes led to serious abuses of human and labour rights and damage to the environment;
3. Recalls that the principles underpinning CSR, which are fully recognised at international level, whether by the OECD, the ILO or the United Nations, concern the responsible behaviour expected of undertakings, in particular in the areas of employment, labour relations, human rights, the environment, consumer interests and transparency vis-à-vis consumers, the fight against corruption and taxation;
4. Recalls that promoting CSR is an objective supported by the European Union and that the Commission takes the view that the Union must ensure that the external policies it implements and the actions of European undertakings which invest in third countries make a genuine contribution to the sustainable development and to the social development of the countries concerned;
5. Recalls that the common commercial policy is an instrument in the service of the European Union's overall objectives, that, pursuant to Article 207 of the Treaty on the Functioning of the European Union, the EU's common commercial policy must be conducted 'in the context of the principles and objectives of the Union's external action', and that, pursuant to Article 3 of the Treaty on European Union, it must contribute, in particular, 'to the sustainable development of the Earth, solidarity and mutual respect among peoples, free and fair trade, eradication of poverty and the protection of human rights, in particular the rights of the child, as well as to the strict observance and the development of international law, including respect for the principles of the United Nations Charter';
6. Takes the view, in the light of the key role played by corporations, their subsidiaries and their supply chains in international trade, that corporate social and environmental responsibility must become an integral part of the European Union's trade agreements;
7. Takes the view that the social clauses in trade agreements will be strengthened by the incorporation of the concept of CSR, which concerns the behaviour of undertakings, whilst the concept of CSR will in turn be consolidated as a result, drawing strength in particular from the arrangements trade agreements lay down for monitoring the implementation of the principles which govern them;

Incorporating CSR into the generalised system of preferences (GSP and GSP+)

8. Calls for the principles underpinning CSR to be incorporated into the GSP and GSP+ regulation when it is next revised; calls on the Commission to ensure that transnational corporations, whether or not they have their registered office in the European Union, whose subsidiaries or supply chains are located in countries participating in the GSP, and in particular in GSP+, are required to comply with their national and international legal obligations in the areas of human rights, labour standards and environmental rules; urges that the European Union and the States participating in and benefiting from the GSP should be required to ensure that corporations fulfil these obligations; calls for such compliance to be made a binding requirement in the context of the GSP;

9. Takes the view that a revised GSP+ system should also ban host-country agreements, secretive agreements concluded between certain multinational corporations and host countries which are beneficiaries of the GSP+ system in order to circumvent regulatory requirements in those countries, since such agreements are clearly at odds with the concept of CSR;

New impact assessments

10. Calls on the Commission to draw up a new impact assessment model with a view to ensuring that, both prior to and after the signing of a trade agreement, States which commit themselves to cooperating with the European Union properly comply with their obligations in the areas of human rights, basic labour standards and environmental protection; calls, further, for assessments to be carried out of the social and environmental impact of trade agreements in the EU's partner countries and in those countries' vulnerable sectors; such assessments should also be carried out prior to the signing and implementation of agreements;

CSR clauses in all the European Union's trade agreements

11. Proposes, in more general terms, that all future trade agreements negotiated by the Union, including investment and public procurement agreements, should incorporate a chapter on sustainable development which includes a CSR clause;
12. Proposes that this 'CSR clause' should incorporate:
 - a. a mutual undertaking by the two parties to promote CSR in the context of the agreement and their trade relations;
 - b. incentives to encourage undertakings to enter into CSR commitments negotiated with all their stakeholders, including the trade unions, consumer organisations and local authorities concerned;
 - c. the establishment of 'contact points' similar to those set up under the auspices of the OECD which would foster the provision of information about CSR and transparency and receive complaints and testimony concerning breaches of the principles underpinning CSR, in cooperation with civil society;
 - d. a requirement on the part of undertakings and groups of undertakings to comply with rules on transparency and reporting, i.e. the annual publication of their CSR balance sheets;
 - e. a requirement for undertakings and groups of undertakings to show due diligence, i.e. a requirement to take measures in advance with a view to identifying and preventing violations of human and environmental rights, corruption or tax evasion, including in their subsidiaries and supply chains, i.e. throughout their sphere of influence;
 - f. a review mechanism to deal with proven breaches of the CSR commitments entered into in the context of the trade agreement; it must be possible for investigations to be carried out by the competent authorities of the two parties, and also by independent

experts, along the lines of the investigations conducted as part of ILO programmes¹; in the event of a serious breach of the commitments, the parties could name and shame those responsible and call for the imposition of proportionate trade sanctions;

- g. a mechanism for judicial cooperation between the Union and its partner States with a view to enforcing compliance by undertakings with the relevant laws and international agreements concerning CSR; the two parties should undertake to encourage transnational judicial cooperation, to facilitate access to the courts for the victims of the actions of corporations or smaller companies within their sphere of influence, and, with that aim in view, to support the development of appropriate procedures and competent judicial bodies;
13. Proposes to establish a parliamentary monitoring committee for each free trade agreement (FTA), along the lines of the similar body provided for in the economic partnership agreements, to act as a forum for exchanges of information and dialogue between MEPs and parliamentarians from the partner States; adds that these FTA monitoring committees could pay particular attention to the implementation of the chapter on sustainable development and the CSR clause and draw up recommendations for the FTA joint committee, in particular in the light of impact assessments and in cases where breaches of human rights, labour rights or environmental agreements occur;

Promoting CSR in multilateral trade policies

14. Calls on the Commission to advocate the incorporation of a CSR dimension into multilateral trade policies, both in the international forums which have supported the concept of CSR, in particular the OECD and the ILO, and in the WTO in the post-Doha context;
15. Calls on the Commission to support the development of new relationships between the multilateral agencies responsible for enforcing labour and environmental standards and the WTO with a view to establishing greater consistency at international level between trade policies and the objectives of sustainable development;
16. Advocates once again the establishment within the WTO of a Trade and Decent Work Committee, along the lines of the Trade and Development Committee, which would provide a forum for the discussion, in particular, of the issues of labour standards and CSR as they relate to international trade; proposes once again a revision of the dispute settlement procedure, so that in cases involving possible breaches of international environmental or labour agreements special groups (panels) or the appeal body can ask the competent international organisations to draw up opinions, which would then be published;
17. Instructs its President to forward this resolution to the President of the European Council, the Council, the Commission, the European Economic and Social Committee, the parliaments of the Member States, the Parliamentary Conference on the WTO and the International Labour Conference.

¹ Such as the Better Factories Cambodia programme (<http://www.betterfactories.org/>)

EXPLANATORY STATEMENT

A common commercial policy in the service of the European Union's global objectives

Following on from the climate, energy and food crises, the international financial crisis, which has engendered a social crisis throughout the world, has merely increased the need for stringent rules to ensure that the world economy is more effectively supervised and that it does not develop to the detriment of our societies. This requirement applies just as much to international trade, which is at the heart of the globalisation process.

For ordinary people throughout the world, the expansion in international trade is justified only if it contributes to economic development, to job creation and to improved living standards. Only then is trade liberalisation regarded as something positive, and accepted. In contrast, when it destroys jobs or undermines living conditions and social and environmental rights, it gives rise to very vocal opposition.

The common commercial policy cannot therefore be reduced to a set of measures designed to serve only the immediate interests of a few economic actors. In Europe's case, trade policy must be conducted in a manner consistent with all the Union's objectives and, in particular, the objectives of its external policy, since it is one of the levers which the Union can use to promote its concept of regulated globalisation. It is perfectly legitimate that Europe's primary concern should be to ensure that its common commercial policy does not undermine, but rather helps to safeguard, its social model and its environmental policy.

The European Union already makes the award of certain trade preferences to third countries conditional on the ratification by the latter of the main conventions adopted by the International Labour Organisation (ILO) and a number of United Nations agreements on human rights (International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural Rights, Convention on the Abolition of Forced Labour, etc.). Since 2006 it has also been committed to promoting 'decent work', an ILO and UN objective, through all its external policies, including its common commercial policy. Finally, its bilateral free trade agreements now incorporate a chapter on sustainable development which sets a number of environmental and social objectives. What is more, with increasing frequency the trade agreements concluded by the EU represent just one aspect of broader partnership or association agreements encompassing political cooperation and undertakings concerning sustainable development and human rights. It is clear, therefore, that in terms of the principles underpinning its trade is inextricably linked to the European Union's other internal or external policies.

The thinking behind this approach, which is not unique to Europe, stems partly from a recognition of the fact that the economic and social impact of trade liberalisation varies very substantially from country to country and that that impact must be managed and sometimes offset, because liberalisation is a process in which there are always winners and losers. The expansion in international trade is universally beneficial only if certain conditions are met, since the gains in each country are never distributed fairly among all sectors of society and the economy. Hence the need to manage the liberalisation of trade, including the practical arrangements for and the volume of trade, a need which has come to be felt even more strongly as the globalisation process has speeded up.

What is more, the liberalisation of international trade has been accompanied by ferocious competition among countries seeking to attract foreign investors and stiffer competition

between undertakings. All too often this has led to abuses in the areas of working conditions and democratic freedoms and to environmental damage. The examples are legion.

Europe, and the international community as a whole, are thus faced with an imperative: simple logic, requires them to incorporate into the rules governing international trade genuine guarantees concerning sustainable development and labour rights. That imperative, which is consistent with the objectives of both the United Nations and the European Union, chimes exactly with public expectations in Europe. It also requires a specific approach to be defined to the issue of the social and environmental responsibility of undertakings.

Among undertakings, it is the transnational corporations which play the key role in world trade. They have taken advantage of market liberalisation to externalise part of their production and to diversify their supply arrangements, drawing on countries where production costs are low and regulatory regimes are less stringent. The expectation that such corporations should act in a socially responsible manner thus applies equally to their subsidiaries and their subcontractors in those countries, from which they organise a large proportion of the international trade involving Europe.

Three issues, one objective

Fundamentally, measures to promote corporate social and environmental responsibility in the area of trade touch on three issues of major importance to Europe:

A moral issue: very often it is our own undertakings whose behaviour needs to change in order to be consistent with the principles underpinning social and environmental responsibility, in particular as regards their actions in developing countries.

An economic and social issue: non-compliance with the principles underpinning CSR constitutes a form of social and environmental dumping, to the detriment of undertakings and workers in Europe, who are required to meet more stringent social and environmental standards.

A political issue: our policies in the context of globalisation must be consistent and the European Union must meet public expectations by offering ordinary Europeans protection in a deregulated world.

Making CSR part of the rules governing international trade

Hitherto, the link between trade and CSR has been tenuous at best. The reason is obvious: international trade is governed by agreements between States which lay down legal rules binding on those States; CSR is based on non-binding rules which undertakings agree to comply with on a voluntary basis.

Incorporating CSR principles into the rules governing international trade would enable the EU to exert pressure on undertakings to improve their behaviour and on the States which sign trade agreements with it to comply with labour and environmental standards.

CSR, an idea which is gaining ground ...

CSR already has a long history, starting with the OECD Guidelines issued in 1976 with the support of the trade union movement. They were followed by the ILO's tripartite declaration concerning international undertakings and the United Nations Global Compact launched by Kofi Annan in 2000. The OECD Guidelines laid down a set of recommendations which governments address to multinational corporations concerning, in particular, employment and relations with the social partners, human rights, the environment, the fight against corruption, consumer interests, competition and tax evasion.

Since then, many proposals have been made to establish mechanisms for monitoring compliance with these codes of good conduct and labels certifying that undertakings have made a commitment to abide by CSR principles.

The European Union considered the issue in a Green Paper, which was published in 2001 and was followed by the publication of a White Paper and the establishment of a Plurilateral Forum on CSR with the aim of encouraging the development of a European framework and strategy to foster CSR. Major European undertakings have joined the 'CSR Europe' network set up in 1995 at the instigation of Jacques Delors.

Today, as it made clear in its 2006 communication on the subject, the Commission regards CSR as an aspect of the European social model which represents a way of safeguarding solidarity, cohesion and equal opportunities in the context of increased global competition. The stated goal is to make the EU a 'pole of excellence' in CSR and to ensure that the external policies it implements and the European undertakings which invest in third countries make a genuine contribution to social development.

For its part, Parliament has adopted a number of reports and detailed proposals with the aim of strengthening CSR (for example its 1999 and 2003 resolutions and, in particular, the Howitt report adopted in March 2007) and of making compliance with labour and environmental standards a more significant component of EU trade agreements (in particular the Désir report adopted in October 2001 and the Désir and Panayatopoulos report adopted in May 2007).

... and which must be at the heart of the EU's trade agreements

CSR and the social and environmental clauses in trade agreements pursue the same objective: fairer, more socially just, more human globalisation in the service of sustainable development. Hitherto, however, they have reflected two parallel, but separate, approaches¹.

If the two approaches can be combined, they will strengthen, and certainly not undermine, one another. The social clauses in trade agreements will be strengthened by the incorporation of the concept of CSR, which concerns the behaviour of undertakings. The concept of CSR will in turn be consolidated as a result, drawing strength in particular from the arrangements trade agreements lay down for monitoring the implementation of the principles which govern them.

This report does not rehash all the proposals already put forward by Parliament and in other international bodies to promote CSR and labour and environmental standards in trade agreements. It focuses instead on proposals specifically designed to foster CSR in the context

¹ The free trade agreement with South Korea does make reference to CSR, but only in a very limited way and without establishing any direct link with the trade provisions.

of the European Union's common commercial policy. That is the thinking behind the proposals set out in the motion for a resolution, which concern in particular:

- the revision of the GSP regime;
- impact assessments linked to the negotiation of and follow-up to EU trade agreements;
- CSR clauses in the EU's free trade agreements and other trade and investment agreements;
- for each free trade agreement a parliamentary monitoring committee to oversee compliance with the social and environmental provisions, including those relating to CSR;
- the requirement for multinational corporations based in the EU and in the partner countries to publish annual reports on the social and environmental impact of their activities and those of their subsidiaries and subcontractors;
- mechanisms for judicial cooperation between the EU and partner countries, including arrangements for prosecuting multinational corporations, both in Europe and in the partner countries concerned, if those corporations or their subsidiaries are guilty of serious breaches of environmental rules or fundamental rights;
- public procurement;
- relations between the multilateral forums which seek to promote CSR and the WTO;
- a new Commission proposal.