

8 September 2023

In the context of the European Parliament work on the **proposal for a regulation on prohibiting products made with forced labour on the Union market** (COM(2022) 453), we, the Fair Trade Movement, urge the **inclusion of the points listed hereinto so that the proposal is strengthened, especially by incorporating responsible disengagement** with its benefits on:

- avoiding buyers disengaging from suppliers that contribute to human rights issues without dialogue, collaboration and co-investment ('cut & run'); and improving situations on the ground by encouraging long term investments to support smallholders (except cases of State imposed forced labour).
- ensuring policy coherence with the [Commission's Guidance on Due Diligence for EU companies](#), where disengagement from a business relationship is appropriate as a last resort.

Certainly, implementing the following changes is essential to foster better working conditions for all and to work towards effective eradication of forced labour globally.

FUNDAMENTAL TO INCLUDE

Responsible disengagement: In case forced labour is detected in a supply chain, the economic operator should first try to remedy the problem instead of immediately cutting off the relationship with a certain supplier.

The competent authority shall assess whether the economic operator demonstrates that it did not use disengagement as first resort for the products under assessment or products that are equivalent thereof.

Economic operators shall avoid simply disengaging from their operators in order to eliminate forced labour from their supply chains. In case efforts to prevent, minimise and remedy the situation fail, then the economic operator shall consider disengaging in a responsible way.

Meaningful stakeholder engagement: It is important to engage meaningfully with stakeholders before and only disengage if really necessary and as last resort. In addition, engaging with impacted rightsholders and their representatives is vital in identifying risks of forced labor and identifying and monitoring the implementation of appropriate remedial measures when necessary.

Meaningful engagement with stakeholders shall mean an interactive, responsive, ongoing and gender-inclusive process of engagement with potentially affected suppliers, stakeholders and their representative organisations, especially vulnerable stakeholders, such as workers, trade unions, smallholders, indigenous peoples and local communities before a potential decision on disengaging is made.

Assessment of purchasing practices: Root causes of forced labour are generally linked to trading and purchasing practices of companies. As the Commission has already identify: 'internal company awareness of how its own activities, such its purchasing practices, may increase the risk of unauthorised subcontracting and

Art. 4,
para. 6
Art. 6,
para. 6

AM 419
AM 550

Art. 2,
para. 1

AM 358

other forced labour risk factors will be particularly important' (Guidance on Due Diligence for EU businesses to address the risk of forced labour in their operations and supply chains).

It would be important that this information is duly considered by the competent authority as part of the information on due diligence on forced labour that economic operators will be providing.

Art. 4,
para. 3

The competent authority shall ensure that when economic operators address forced labour risks, they also identify and assess the impacts of their business model, including trading, procurement and pricing practices.

AM 396

▶ SIGNIFICANT TO INCLUDE

Assessment of imbalance of power: While it is important to focus on those economic operators that are closest to where the problem of forced labour might arise in order to detect forced labour, one needs to take into account that these situations often occur in more vulnerable parts of the supply chain. Putting all the burden on the weaker parts of the supply chain, might not always be fair and might not always be the most effective way to eradicate forced labour. In some cases, the competent authority might therefore decide not to focus on the economic operator involved in the step as close as possible to the risk, but on a more powerful economic operator in another part of the supply chain.

Recital
24
Art. 4,
para 2.

In any phase of investigations competent authorities shall focus on the economic operators involved in the steps of the value chain as close as possible to where the risk of forced labour is likely to occur, while also taking into account the potential imbalance of power in the concerned supply chain.

AM 180
AM 381

From 'Red Flags' for work to be improved, to the promising 'Green Flags' on the pathway to regulatory success:

The "green flags" below signal that the Regulation is on the right track to effectively contribute to eradication of forced labour. For the success of the Regulation, the Fair Trade Movement hopes that the "green flags" below will make it through the final EP report:

▶ **International cooperation**
• AM 283 and AM 797 in Art. 26, para. 1

▶ **Role of EU delegations**
• AM 764 in Art. 24, para. 2

▶ **Dissemination efforts outside the EU**
• AM 780 in Art. 24, para. 3

▶ **Development cooperation with third countries**
• AM 810 in Art. 26

▶ **Remedies for all workers (both EU and non-EU based)**
Art. 6 para. 6