Ladies and gentlemen,

Last weekend, millions of Dutch people – under the close supervision of Sinterklaas – gave presents to their friends and family. I'm sure those presents brought happiness to millions of Dutch children – including the grown-up ones!

This is certainly a good time of year to think about our nearest and dearest.

But as we do so, we should also think about the other people affected by the choices we make.

Let's imagine a girl called Lieke in Utrecht. She's very grateful for her new smartphone.

But does she know that many of its parts are made from tin that is mined in Eastern Congo? Many of the mines in that region have for many years been a target for different rebel groups. The revenue from the tin mine – and therefore from the smartphone – can fund extreme violence by the rebels. On top of this, the mine very likely doesn't guarantee the safety of workers who may be just children themselves.

Luuk in Nijmegen was also delighted over the weekend, because he received a new football shirt.

But does he know that the woman who stitched it together in a Bangladeshi factory lives in constant fear that the factory will collapse? And that her fear is reasonable as this actually happened in Rana Plaza in Dhaka two and half years ago. Over a thousand people died and two and a half thousand people were injured.
Or what about Femke? Maybe she's not sure about the violin she got from Sinterklaas. She might even be a bit suspicious since her parents have been pushing her to take lessons for months!

But she's probably not aware that the wood in the violin might come from a rainforest in Indonesia or Brazil that is supposed to be protected. Cutting down those trees may destroy the habitat of endangered species and contribute to global warming.

These stories, and many more like them, are typical of a world economy based on incredibly complex global supply chains.

- Sewing a football shirt in a factory in Dhaka is just one step in a chain. The cotton may come from Mali, or from India or the United States. The design may come from a city in Europe like Amsterdam or Stockholm. And if the football team is a popular one, its shirts could be sold in shops in almost any country in the world.

- Mining the tin in Congo starts a process that may lead to an ore dealer in Kinshasa, a smelting company in Belgium, a circuit board maker in Korea and an assembly line in China, based on a design produced in the United States.

- And if violins are made in a more traditional production process, the chain of dealers and processors of the ebony used for fingerboards, for example, will be several steps long.

What these stories show is that whenever we buy a product in the European Union we will likely affect someone in another part of the world.

And as the world's largest market of consumers of goods and services, our choices in the EU are affecting many hundreds of millions of people every day.

We therefore have a responsibility to ensure that those choices do not undermine human rights, labour rights, the protection of the environment and economic opportunity.

In short, we need supply chains that are responsible.
The question is how to achieve it.

The most obvious challenge we face is the fact that the activities we are targeting happen outside our borders. The European Union does not set or enforce the rules on sustainability issues that apply in other parts of the world. So anything we do needs to take an indirect route.

A second challenge is the complexity of the supply chains themselves. There are many steps between the problem and the consumer. Some of these may make it difficult to act. In the case of conflict minerals, the most important link in the chain is when mined ores are smelted into metals. After that it is very difficult to trace their origin. So we need a deep understanding of individual supply chains to target our efforts properly.

A third challenge is that we need to avoid unintended consequences. Take, for example, the case of US legislation on conflict minerals. The Dodd Frank Act of 2009 requires that companies report the use of conflict minerals like tin ore in their supply chains. It's an objective the European Union shares. But the first impact of this law was that many companies abandoned sourcing from Congo altogether. That did cut off funds to rebel groups. But it also took a major economic toll on the poor communities dependent on mining jobs.

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To overcome these challenges...
... we need to analyse each situation in detail
... we need to be creative, avoiding knee-jerk standard responses that will have little or even negative impact
... we need to be committed over the long term, as many of these issues will take time to solve
...we need to work together, as the engagement of all relevant actors, business and civil society alike will be vital
... and we need to think big - deploying all of the tools we have across the whole policy spectrum in order to maximise our impact.

Solutions therefore, are often complex.

We need policies that will support the prosperity that local communities derive from trade...
... but also improve working conditions worldwide by ensuring respect for labour and other human rights...
... and protect the environment we all share.

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This is not easy. But we are already making a great deal of progress, based on a range of different tools.

Some of our approaches are sectoral or geographic:

- On illegal logging we have a system that combines EU legislation with voluntary partnerships with timber exporting countries.

- On conflict minerals we are working on a regulation that will create incentives for due diligence by companies. And we are combining this with a range of foreign policy actions to pressure countries to change.

- And with the Sustainability Compact for Bangladesh – which focuses on improving working conditions in the garment business there – we have a partnership between the Government of Bangladesh, the ILO and the US in close cooperation with businesses and trade union organisations.

We have also used broader trade policy tools that aim to support human rights, labour rights and environmental protection:

One important tool consists of including chapters in our free trade agreements on trade and sustainable development. Here, both sides commit to respect international principles on labour – like the right to form trade unions and bans on forced labour... ... and the environment – like rules on the transport of hazardous waste and preserving biodiversity.

They also agree to support the development and dissemination of responsible business conduct practices and initiatives.

For countries with whom we don't have free trade agreements, we have the so called GSP+ scheme which provides a clear structure for engagement on these issues with third countries. We give special tariff cuts to developing countries that commit to core international agreements on human and labour rights, the environment, and good governance. Thirteen countries are now covered.

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But for all this work, we know that more progress is needed.

And that is one of the most important aims of "Trade for All", the new EU trade strategy that we launched in October.

We highlight in it a broad range of EU initiatives that we will work on over the coming years:

- We want to broaden the coalition behind our efforts for the promotion of responsible business conduct, particularly in sectors where we have already made progress. So we will work on conflict minerals and illegal logging in fora like the OECD, UN and G7. For the garment sector we will work in close cooperation with the ILO and the OECD.
- We want new provisions in our trade agreements to tackle corruption. When cross-border supply chains involve the payment of bribes, they undermine the rule of law and prospects for development. That can be effectively tackled in trade deals.
- We can provide additional incentives for due diligence by companies by publishing a list of reports on responsible supply chains that they submit under their EU corporate non-financial reporting rules.
- We are also going to step up our work to support fair and ethical trade schemes, for instance by helping raise awareness of the issue in the EU and with our trading partners.
- We are working on how to improve the implementation of existing sustainable development chapters of our free trade agreements. The inclusion of ambitious chapters on sustainable development is a first vital step. But implementation needs to kick in right after. We will need support from all actors including partner countries, Member States and business to translate these into reality on the ground. Considerable work will be needed in this direction.
- And we will step up our work on implementation and monitoring of the GSP+ scheme. We will publish early next year the first report on its implementation. The report will detail progress for each of these countries in relation to these conventions and international agreements. It will be the first step in an overall mid-term review of the GSP scheme, which we will complete by 2018.

For all this to happen, we need coordination with other EU policies including development cooperation efforts.

Our cooperation programmes are not always sufficiently aligned with the goals set out under our trade instruments. Cooperation should be a way to help partner countries get the most from the opportunities our trade policy creates and live up to the commitments they make.

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Ladies and gentlemen,

I believe these new efforts will make a significant contribution to improving the sustainability of the supply chains we depend on every day.

But it is not government action alone that will produce results.

Businesses, trade unions and civil society representatives all have to play their role.

So do consumers – and remember that covers everyone in this room! We all need to understand the potential of our spending power to support the better world we all want to see. And then we need to act on that information.

There is no doubt that this is a major challenge.

And I'm not sure we'll be finished by next time Sinterklaas comes around.

But with sufficient political will we can make real progress. And that's what's brought us here today.

So let me say thank you to Minister Ploumen and the upcoming Dutch Presidency team for their political will in organising this event and for the energy they are devoting to the debate.

It's an important issue and we have important work ahead of us.

I'm looking forward to our discussions and I wish you all a good conference today.