

20th of June 2022

The Danish Chamber of Commerce's response to the EU Commission's Call for Evidence - Effective ban on products produced, extracted or harvested by forced labor.

Hereby, the Danish Chamber of Commerce's response to the Call for Evidence on An Effective Prohibition of Products Manufactured, Extracted or Harvested by Forced Labor.

General remarks

The Danish Chamber of Commerce supports the international conventions and guidelines on human rights, including a ban on forced labor, and supports the EU Charter of Fundamental Rights, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

The Danish Chamber of Commerce generally supports CSR due diligence and believes that it is an important element in the process of, among other things, to prevent the use of forced labor in value chains of companies that operate both in the EU internal market and in third countries.

Specific remarks

Purpose of the proposal

In February 2022, the European Commission presented the proposal 'Corporate Sustainability Due Diligence Directive' (CSDD), according to which the largest companies in the EU must meet requirements to identify, prevent and mitigate and account for actual and potential adverse impact on environment and human rights. If the proposal is adopted, the companies become legally obliged to communicate and report on their work with due diligence.

Thus, the Danish Chamber of Commerce finds that targeted initiatives from have already been launched to effectively address to overall purpose of banning forced labor. In that light the challenges concerning forced labor the Call for Evidence seeks to address have already been addressed in the CSDD-proposal. However, in this context it should be added that the CSDD-proposal contains many and unclear definitions and elements that ought to be further clarified.

Need for impact assessment

The EU Commission's Call for Evidence states that it is not possible to produce a complete impact assessment due to the need for rapid action. Similarly, it states that a document will be prepared with documentation and analyses of effects as well as reports on costs for i.e., companies.

It is incremental for The Danish Chamber of Commerce to emphasize that, as already mentioned, there are already existing international guidelines in place, that the CSDD-proposal have just been submitted, and also include forced labor, and that the process and purpose of a prohibition of forced labor products is thus already being in action.

In the light of the OECD Guidelines for Multinational Enterprises, the UN Guidelines on Business and Human Rights as well as the recent proposals regulating sustainability which the European Commission has already launched, it is unclear why this initiative is urgent. It is our recommendation that the Commission should provide background information to clarify.

Due to the potentially large administrative burdens for companies, The Danish Chamber of Commerce recommends that an adequate impact assessment is of utmost importance to be carried out. It is crucial that companies can translate good ambitions into concrete and well-developed initiatives that add value and support the purpose of prohibit forced labor.

Traceability and marketing

As presented, The Danish Chamber of Commerce cannot support a marketing ban as there is a significant lack of information on how such a ban should be formulated, and an elaboration on the exact links on the value chain that are responsible for complying with the marketing ban. The Danish Chamber of Commerce are particular concerned that the responsibility for compliance will be placed on the seller or the last link in the value chain, i.e., entities, that markets the product.

If a marketing ban is introduced, it will mean that the first tier in the value chain must ensure that subsequent tiers in the value chain receive relevant and adequate documentation regarding the products in such a way that products can be marketed and not to be in conjunction with a possible marketing ban.

Finally, it should also be noted that the Call for Evidence does not contain information on the EU Commission's thoughts on how any legal liability should be placed. It is crucial that there is consistency between the international CSR-guidelines and the many and various initiatives proposed by the European Commission.

The Danish Chamber of Commerce welcomes any questions and is available for a further elaboration of the above.

Kind regards,

Ellen Marie Friis Johansen

Head of CSR

The Danish Chamber of Commerce