

EXECUTIVE SUMMARY

EU Faces a Momentous Choice on the Forced Labor Ban

March 1, 2023

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The Prague Security Studies Institute (PSSI) welcomes the EU's proposal to ban products linked to forced labor practices. However, we believe that the scope of the proposed ban should be expanded considerably to include both products and companies from offending nations, such as China, and that corporate offenders should be banned entirely from entering and doing business with the EU. Moreover, it would be unconscionable to continue to allow publicly traded companies linked to forced labor practices to trade, or raise funds, in Europe's capital markets (both stocks and bonds).

We therefore strongly recommend the addition of an investment ban on companies trading, or raising capital, on European exchanges to potentially finance forced labor operations and other abuses of human rights. Accordingly, PSSI is calling for a legal prohibition on EU institutions and persons holding the securities of these designated forced labor companies. Sadly, the continued absence of these logical and effective measures in the EU's proposal would be nothing short of a failure to live up to its own high standards on genuinely defending labor and human rights.

The Coalition for a Prosperous America's Chinese corporate forced labor list of publicly traded companies now provides thoroughly researched evidence that many well-known, publicly traded Chinese companies exploit forced labor in their supply chains. In both Europe and the U.S., the more comprehensive forced labor legislation required to be truly effective is increasingly achievable and defensible politically. Resolutions of the European Parliament, as well as American Presidential Executive Orders EO 13959 (2020) and EO 14032 (2021), underscore this point. For PSSI's part, we intend to continue to press for these strengthened European and American legislative penalties and deterrence-oriented adjustments to ensure that China – the world's leading forced labor abuser – is compelled to face sanctions that they actually fear for engaging in this modern day slavery.