

New EU Law Should Catalyze Business Efforts to Tackle Forced Labor

By Samira Rafaela (Former Member of European Parliament, Co-Rapporteur FLR and Visiting Fellow [Cornell Global Labor Institute](#)) & H el ene de Rengerve (Senior Advocate – Corporate Accountability - [Human Rights Watch](#))

The entry into force in December 2024 of the European Union’s new [Forced Labor Product Ban Regulation](#) (FLR) marked a step forward in the fight against forced labor in Europe and around the world. The regulation, which bans products made by forced labor and forced child labor from entering or leaving the EU market, puts companies on notice that the EU does not tolerate forced labor. Companies that want to do business in the EU have to eliminate forced labor from their operations and supply chains, regardless of whether or not they are based in the EU.

Forced labor, as defined by the International Labor Organization (ILO), encompasses "all work or service exacted from any person under the threat of a penalty for which the person has not offered himself or herself voluntarily." Known products linked to forced labor concerns [tomatoes](#), [cotton](#), [meatpacking](#), [garment](#), [cars](#), and many more.

The ILO's 2022 [Global Estimates](#) indicate that 17.3 million people suffer from forced labor exploitation in the private sector—with women and migrants disproportionately affected—while 3.9 million are victims of state-imposed forced labor¹. Many companies perpetuate forced labor practices, intentionally or unintentionally, through their supply chains. According to the ILO’s [2024 report on the economics of forced labor](#), the private sector generates \$63.9 billion annually in profits from forced labor within supply chains.

Surprisingly perhaps, the EU had not previously barred products made with forced labor. The responsibility for implementing the EU’s new ban is shared between the European Commission and member states. When forced labor is used inside the EU, member states will conduct the investigation while when forced labor occurs outside the EU, the European Commission is then responsible for it. The Commission will also establish a worldwide risk database to provide information on geographic areas and sectors at high risk of forced labor, as well as crucial insights into state-imposed forced labor practices. The database will serve as

¹ ILO [Convention 105](#) defines State-Imposed Forced Labor as any form of forced or compulsory labor used:

- (a) as a means of political coercion or education or as a punishment for holding or expressing political views or views ideologically opposed to the established political, social or economic system;
- (b) as a method of mobilizing and using labor for purposes of economic development;
- (c) as a means of labor discipline;
- (d) as a punishment for having participated in strikes;
- (e) as a means of racial, social, national or religious discrimination.

a resource for the regulators in EU member states tasked with identifying and banning products linked to forced labor, as well as guidance on forced labor risks for companies and consumers.

The investigation process has two stages. If a product is flagged for a potential link to forced labor, the importer will have 30 days during a preliminary investigation phase to provide information about their supply chain practices. Businesses will be expected to provide regulators with information about their supply chain due diligence, risk mitigation, and remediation practices. Following this answer, the investigator can decide whether or not to push the case to a full investigation stage, at the end of which, if a link to forced labor is confirmed, the banned product will be listed in an EU forced labor portal, with the information publicly accessible. A decision to ban a product is valid across the EU, amplifying the ban's impact. Likewise, as the regulation applies also to goods made with forced labor in the EU, if sanctioned, those goods cannot be exported.

Reinstating a banned product requires a company to demonstrate that their entire product supply chain is free from forced labor. If the company also falls under the scope of the [Corporate Sustainability Due Diligence Directive](#) (CSDDD), the company might also face action from regulators, or even civil liability, for failing to conduct adequate due diligence to address the risk of forced labor in its supply chain.

The CSDDD is, however, now under attack. European Commission President Ursula von der Leyen, with support from the French and German governments, is pushing for an "[omnibus](#)" proposal that risks weakening the CSDDD, including by potentially eliminating civil liability for companies implicated in human rights abuses.

The forced labor regulation relies on the CSDDD to define what due diligence obligations companies should undertake to avoid links to forced labor. A delayed or weakened CSDDD would make it harder for companies to determine what steps would be needed to prevent and remediate forced labor in their supply chains.

The forced labor regulation itself is not without weaknesses. The law does not require companies to provide remediation to victims as a condition for lifting an import ban, despite companies' responsibility to provide remediation to workers impacted by forced labor under the [UN Guiding Principles on Business and Human Rights](#) (UNGP). The European Commission will instead issue guidelines to companies on remediation, and the commission and member states will gather data on companies' efforts to remediate forced labor. Remediation should become a condition of reversal of an import ban when the regulation is revised in December 2029.

Under the timetable set out in the regulation, member states will begin enforcing the ban on products linked to forced labor in December 2027. Companies should, however, already be taking measures to clean up their supply chains. The Regulation is retroactive and can also apply to products already imported into the EU, provided any link to forced labor is still current.

The first step for companies to comply with the forced labor ban is to conduct a comprehensive mapping and risk assessment of their supply chains. Detailed analysis of their supply chains can help identify products at risk of links to forced labor, as well as the countries and regions where the company's supply chain is most exposed to forced labor risks.

In a second step, companies should focus on engaging with local communities, stakeholders, and workers to identify forced labor risks at specific suppliers or sites. These relationships are invaluable for gathering on-the-ground intelligence, monitoring labor conditions, and addressing root causes of forced labor. Establishing trust and collaboration with local actors enables companies to implement solutions that are both effective and sustainable and, where necessary, implement corrective actions, including by ensuring that forced labor does not reoccur.

Companies' investments in staff training in implementing the regulation is **another essential step**. Educating employees across the business about forced labor risks, mitigation strategies, and compliance requirements ensures that the entire organization is aligned with the regulation's objectives. This internal capacity building is key to fostering a culture of accountability and ethical decision-making.

Businesses should not see the EU's forced labor regulation merely as a new compliance burden but rather as an opportunity to lead in ethical trade and corporate responsibility. It should be seen both as a challenge and a catalyst for change.

Moreover, aligning with consumer demand for transparency and fair practices can strengthen a company's market position. Consumers are increasingly valuing ethical and sustainable sourcing and practices, and businesses that prioritize these principles can differentiate themselves in a competitive market. A [survey](#) published in 2024 by McKinsey, a consulting firm, shows that 85% of companies respondents see sustainability as a value creation opportunity, including 53% who view it primarily as value creation and 32% as both value creation and risk management, while 15% view sustainability primarily as risk management. Only 1% responded that sustainability is not material to long-term corporate strategy.

Some companies are also increasingly considering their [triple bottom-line](#), through which they commit to measuring their social and environmental impact—in addition to their financial performance—rather than solely focusing on their financial “bottom line.” This concept aligns with the EU requirement for companies to assess the [double materiality](#) of their operations and supply chains in their sustainability reporting, considering both their financial impacts and their impact on people and the planet.

The EU's new forced labor law is an important stride in the global fight against forced labor. By addressing forced labor proactively, businesses can both prepare to comply with the law and help create a fairer and more sustainable global economy.