



# A Human Rights Due Diligence for European Union Companies and European Investments Settled on Mexican Territory and the USMCA Regional Economy Jurisdiction

Gerardo Ballesteros de León\*

Department of Human Rights, University of Guadalajara, Guadalajara, Mexico

## ABSTRACT

The field of application is settled on the aims of a human rights due diligence rationale for European Union companies, research institutions, bureaus, and European investments on Mexican territory and the USMCA regional economy jurisdiction.

The statement of purpose is to develop a rules based canon, enhanced on international laws, guidelines and prospective documents, along with corporate standards, best practices, corporate governance and social responsibility frameworks. This is, an effort to produce a research and development toolkit in human rights for business, corporate governance and supply chain production.

**Keywords:** European Union; Territory; Jurisdiction; Investments

## INTRODUCTION

### General Information of the Project

2022 will be reminded with a historical flagpoint, as the year of the acceleration of a multi-polar world, where the global markets will entrench geoeconomic blocs and cultural environments. The West will be a powerful cultural province, but no longer a global hegemonic power. The world is entering in the entrenchment of cultural-based markets, with standing divisions between autocratic regimes and liberal democracies, as well as religious and political construes of trade. In a wide view, we will see the building blocks of ally-shoring, friend-shoring and near-shoring economies. So on, culture and markets will be more symbiotic than the past.

The West, will have to endure liberal and Human Rights principles along its own countries and their trade partners, making the difference from other cultural powers in this global stake. So on, western countries and their friendly partners in the globe have the chance (and the duty) to enhance trade and production with concrete freedoms and human rights in the same rationale [1,2].

Business and human rights are now performing in the same areas. Human rights due diligence is entering on the fringe of enforceable standards, sanctions and liability remediation's, into the main economic and private activities. Private companies, investments, business, supply chains and productive units are now under review. The regional markets will also be intertwined with the customers and consumers cultural standpoints, which are shifting their decisions to buy

<b>Received:</b>	20-September-2024	<b>Manuscript No:</b>	IPBJR-24-21581
<b>Editor assigned:</b>	24-September-2024	<b>PreQC No:</b>	IPBJR-24-21581 (PQ)
<b>Reviewed:</b>	10-October-2024	<b>QC No:</b>	IPBJR-24-21581
<b>Revised:</b>	04-January-2025	<b>Manuscript No:</b>	IPBJR-24-21581 (R)
<b>Published:</b>	11-January-2025	<b>DOI:</b>	10.35841/2394-3718-12.1.133

**Corresponding author:** Gerardo Ballesteros de León, Department of Human Rights, University of Guadalajara, Guadalajara, Mexico; E-mail: gerardo.ballesteros.de.leon@gmail.com

**Citation:** León GB (2025) A Human Rights Due Diligence for European Union Companies and European Investments Settled on Mexican Territory and the USMCA Regional Economy Jurisdiction. Br J Res. 12:133.

**Copyright:** © 2025 León GB. This is an open-access article distributed under the terms of the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited.

products and services as political endorsements to the environment, gender equality, inclusion and human rights.

The North American region, the European Union and the Asia Pacific area behold a global economic bloc. The awareness of the responsibilities of businesses with regard to the adverse impact of their value chains on human rights are driving mandatory due diligence frameworks. These regions continue to experience geopolitical and geostrategic changes. These shifts present opportunities as well as challenges. On the one hand, a different geopolitical and economic bloc is strongly emerging, as a consequence of the trade war with China and the Russian invasion of Ukraine, enabling an economic and cultural environment from many countries along Central Asia, Africa, as well as some countries in the Asia Pacific and South America.

## LITERATURE REVIEW

Important to subscribe what Janet Yellen, US treasury secretary declared: "Our supply chains are not secure, and they're not resilient,". "And I think that's something, in terms of long-term risk to the US and to other countries, that's a threat that needs to be addressed. "I believe that we need to consider how to incentivize the "friend-shoring" of supply chains to a greater number of trusted countries for a variety of products, so we can continue to securely extend market access, with lower risks to our economy, as well as to those of our trade partners."

The economic growth of the three main regions (Asia Pacific, European Union and North America), have to produce development along with human rights compliance, environment protection, elevate living standards of millions of people and enforce liberal societies.

It is important to develop a multilateral framework on business and human rights, along with a rules-based framework, good governance, respect for trade agreements, cooperation frameworks, equality, mutual respect, mutual trust, mutual benefit and respect for international law.

### Impact

In 2019 U.S., Mexico, and Canada subscribed a system-wide trade agreement, the USMCA. This treatment updates the 20-year-old NAFTA. USMCA reflects an upgrading multilateral instrument, which reflects contemporary economic concerns and challenges, responding to the technological and digital transformation of the economy, with special attention to digital commerce, food, chemical and industry regulations; and the most relevant upgrade for the sake of this project, the worker protections, human rights due diligence, gender perspective, inclusion and environmental regulations [3]. The agreement increased trade between the three nations from \$290 billion in 1993 to more than \$1.3 trillion in 2017. In 2021, the US exported 276,458.9 million dollars to Mexico, and imported 384,705.5 million dollars from Mexico.

The USMCA developed an origin criterion, to determine if a product qualifies as an originating good under the agreement.

This is determined by the general rules of origin. This upgrading responds on an ally and near shoring criteria, as a protective rule to promote regional production and supply chain endorsement for the North American economic region.

The new trade agreement stands on certain aspects of the U.S. and Canada to-Mexico economic relationship unaddressed. There are reasonable concerns on Mexican standards of work and production practices. Now, with a strong trade relationship established and cemented with the USMCA, Mexico has a strong task to comply on labor rights, human rights due diligence, as an opportunity to develop a sustainable economic performance, along with social justice and fundamental rights, and strengthen the competitiveness of the region [4,5].

Following the Folley and Lardner assessment, all U.S. manufacturers with operations in Mexico have to: (i) Review the labor agreements for their local Mexican operations to determine whether there are procedural safeguards for employees to organize and bargain collectively without interference from employers, and (ii) Revise their current out or insourced operations in Mexico, still a very common practice today, to comply with the outsourcing ban. U.S. are endorsing the same rights in Mexico afforded under Section 7 of the National Labor Relations Act (NLRA) mandatory the United States.

The USMCA contains a "Facility-specific rapid response labor mechanism" that provides a request process for a determination of compliance with the USMCA's "denial of rights" which can be claimed by any stakeholder, civil organization or public authority. Any "denial of rights" can be sanctioned with tariffs, suspension or cancelation of export activity, until a remediation procedure is validated. There are also other procedures that are settled on the USMCA rationale. The withhold release order, from the US authorities on the ground of child labor or forced labor, with similar sanctions to the Mexican companies and productive units on the exportation supply chain [6].

Labor rights, gender perspective, inclusion and human rights will be under permanent review on strategic sectors, as automotive industry, auto parts, aerospace products and components, forgings, etc., the pharmaceutical, chemical, textile and food industry sectors.

The other side of compliance and due diligence standards, is the participation on a robust economic region and a 350+ million middle class income market.

### Excellence

The main purpose of this research is to design a human rights assessment canon, settled on a rules based compliance on human rights for business, corporate governance and supply chain production.

The project is to enhance a repository of norms, practices and regulations, and further on to design toolboxes, guidelines, booklets and other instruments for European companies and

investments for their performance with due diligence on the North American economic region [7].

#### **Trade agreements framework:**

USMCA, and further regulations on certifications of origin, sectorial regulations, labor and human rights regulations.

Relevant regulations from the Office of Customs and Borders, and the Labor Ministry on labor and human rights.

TIPAC: Indirect and direct links to ILO, NU, OECD and ASEAN regulations on labor, human rights and international cooperation, as well as relevant bilateral and multilateral agreements between ASEAN nations, TIPAC members with the UN, US and Canada on the grounds of labor rights, gender perspective, inclusion, human rights and international cooperation.

Uncitral compliance with international investment obligations multilateral regulation of foreign investments.

**TLCUEM (European trade agreement with Mexico), along with the directive of the European parliament and of the council on corporate due diligence and corporate accountability P9\_TA (2021)0073, supported on:**

French law no. 2017-399 on a duty of vigilance of parent and ordering undertakings.

Dutch law on the introduction of a duty of care to prevent the supply of goods and services produced using child labour.

CM/Rec(2016) of the Committee of Ministers to member States on human rights and business adopted by the Committee of Ministers on 2 March 2016.

Directorate general for external policies of the union of February 2019 entitled 'Access to legal remedies for victims of corporate human rights abuses in third countries'.

Directorate general for external policies of the union of June 2020 entitled 'EU human rights due diligence legislation: Monitoring, enforcement and access to justice for victims' and 'Substantive elements of potential legislation on human rights due diligence'.

European commission on 'Due diligence requirements through the supply chain'.

European Commission on 'Directors' duties and sustainable corporate governance'.

Children's rights and business principles, developed by UNICEF, the UN Global compact and save the children.

Commission's capital markets union action plan (COM(2020)0590).

European economic and social committee on 'Mandatory due diligence'.

The main canonical norms, conventions and standard rules from UN, ILO and OECD.

United Nations 2030 agenda for sustainable development, Sustainable Development Goals (SDGs).

United Nations "Protect, respect and remedy" framework for business and human rights.

United Nations Guiding Principles on business and human rights (UNGPs).

OECD guidelines for multinational enterprises.

OECD due diligence guidance for responsible business conduct.

OECD due diligence guidance for responsible supply chains in the garment and footwear sector.

OECD due diligence guidance for responsible supply chains of minerals for conflict-affected and high-risk areas.

OECD-FAO guidance for responsible agricultural supply chains.

OECD due diligence guidance for responsible business conduct for institutional investors.

OECD due diligence guidance for responsible corporate lending and securities underwriting.

ILO declaration on fundamental principles and rights at work and its follow-up.

ILO tripartite declaration of principles concerning multinational enterprises and social policy.

## **DISCUSSION**

### **Scientific and Technological Justification**

The basic justification stands on social sciences. The first area of research is on the field of regulation of economic agents on international trade ecosystems, and the second main area of research is on the application of human rights international treatments, conventions and agreements. The primal scene of research is in the embeddedness of economic agent's behavior and the human rights compliance on the economic activity.

The expected outcome of this research is to provide solutions for European economic agents that are or will be supplying, producing or investing in Mexico and the North American economic region.

### **Originality and Novelty**

The major shifts in the global scenario, the economic performance of the EU and its shares with the North American region, the development of trade and economic sanctions to Russia, China and other non-friendly countries, as well as the evolution of the "liberal" geo-political bloc, enhanced by powerful countries in the Asia Pacific, the EU and the North American Region, has been a system wide scenario, from which is crucial to understand the differential roles of the multinational companies, foreign investments and supply chain production, on his responsibility to protect and enforce human rights [8].

The business and human rights field of study is pretty recent among scholars, international institutions and nation states. And there are a lot of major tasks to enforce.

The differential position from European companies and European countries as well, in this new global trade reality (or new world order, some may say), could be the most important task on the next decades to come.

### **Interdisciplinary, International and Intersectorial Dimension**

This research is interdisciplinary, since the point of departure comes with the performance of three main economic regions, stranded on trade agreements, amid a changing geopolitical environment. The human rights field is walking on the edges of economic and private grounds, sharing now the same horizon on corporate responsibility. So on, there is an interdisciplinary ground of analysis of international laws, guidelines and prospective documents, along with corporate standards, best practices, corporate governance and social responsibility frameworks.

### **Expected Results and Outputs Applicability**

This project aims to produce sustainable standards for UN companies, and a theoretical baseline to develop trade and economic policies, along with due diligence on human rights. This canonical effort, understood as a main back-end, can be reproduced in different front-ends, such as:

- Sectorial policy assessments.
- Route maps and booklets for companies and economic sectors.
- Due diligence specific analysis and plans.
- Corporate governance and social responsibility processes.

### **Sustainable Development Goals Directly Aligned with the Proposal**

The United Nations Human Rights Office of the High Commissioner, have made many statements on the relation of the business and human rights dimension and Sustainable Development Goals (SDGs). "When seeking to engage business in pursuit of SDGs, states must at the same time emphasize that human rights not profits come first [9]. Related to this, as States are beginning to encourage business to report on their contributions to the SDGs, they should also ensure that reporting frameworks are aligned with the guiding principles so that businesses disclose impacts to people across their activities and how negative impacts are being addressed."

We can find many links between the international instruments on business and human rights and the SDGs. The most relevant are addressed by Business and Sustainable Development Commission and Shift, on their main report: Business, human rights and the sustainable development goals.

- SDG target 3.6 to halve the number of deaths and injuries from road traffic accidents.
- SDG target 5.1 on ending discrimination against women and girls.
- SDG target 5.5 on ensuring women's full and effective participation in economic life.
- SDG target 8.5 on the field of decent work.
- SDG target 8.7 on ending child labour in all its forms.
- SDG target 10.1 on income growth for the poorest.
- SDG 16, that calls on states to "Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels", and target.
- SDG 16.3 requires states to promote the rule of law at the national and international levels, and ensure equal access to justice for all.

### **Implementation**

Develop a human rights compliance assessment standard for European investments, as well as for European companies already producing in Mexico under the USMCA economic rationale.

### **Work Plan**

**Human rights due diligence repository:** Deep reading and enhanced comprehension of the main catalogue of human rights treaties, conventions and agreements, making emphasis on labor rights, health and security in work, gender perspective, inclusion and non-discrimination, and the business and human rights perspective as a whole.

**Trade and economic agreements repository:** Deep reading and enhanced comprehension of the main catalogue of trade and economic agreements, interweaved with the main human rights catalogue.

**Corporate governance and social responsibility repository:** Deep reading and enhanced comprehension on Corporate Governance and Social Responsibility theories, best practices, standards and cases, to enhance this field with the business and human rights perspective.

**Key agent's interviews and dialogues:** Meetings, dialogues and focus groups with trade chambers, sectorial clusters, councils, to open the research on sectorial policy ways and means.

### **CSIC Integration**

The Center for Human and Social Sciences (CCHS) is a CSIC service center that provides its research and development services among 6 institutes. This research proposal is oriented to the Institute of Public Goods and Policies (IPP acronym in Spanish).

## CONCLUSION

The IPP orient its research lines on comparative analysis of public goods, public policy design and implementation to contribute knowledge on society, market and the state. IPP developed its research on six groups: Environmental economy; rural geography; citizenship, institutions and politics; welfare state and welfare policies; research and development policies; and cienciometry.

This research path on human rights due diligence and international trade agreements can be settled on the research lines and provide valuable knowledge to the institute.

## REFERENCES

1. Weinberg S (2013) Gravitation and cosmology: principles and applications of the general theory of relativity.
2. Polchinski J (2005) String theory, volume 1: An introduction to the bosonic string.
3. Green MB, Schwarz JH, Witten E (2012) Superstring theory: volume 1, introduction.
4. Penrose R (2016) The emperor's new mind: Concerning computers, minds, and the laws of physics.
5. Susskind L (2007) The cosmic landscape: String theory and the illusion of intelligent design. *Am J Phys.* 75(4): 382-383.
6. Green MB, Schwarz JH (1984) Anomaly cancellations in supersymmetric D=10 gauge theory and superstring theory. *Phy Lett B.* 149(1-3):117-122.
7. Witten E (1984) Some properties of O (32) superstrings. *Phy Lett B.* 149(4-5):351-356.
8. Peebles PJ (2020) Principles of physical cosmology.
9. Guth AH (1981) Inflationary Universe: A Possible Solution to the Horizon and Flatness Problems. *Phy Lett B.* 23(2): 347-356.