Handbook for Trade Sustainability Impact Assessment

With a preface by P. Mandelson, European Commissioner for Trade
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List of Abbreviations/acronyms

ACP:     Africa Caribbean and Pacific countries
CARICOM: Caribbean Community
CCA:     Causal Chain Analysis
CGE:     Computable General Equilibrium
CPDC:    Caribbean Policy Development Centre
CS:      Civil society
CSD:     Commission on Sustainable Development
CTA:     Technical Centre for Agricultural and Rural Cooperation ACP-EU
DCs:     Developing Countries
DGs:     Directorate Generals of the European Commission
EBA:     Everything But Arms
ER:      Environmental Reviews
EU:      European Union
FAO:     Food and Agriculture Organization of the United Nations
FLEGT:   EU Action Plan for Forest Law Enforcement, Governance and Trade
FTA:     Free Trade Area
GCC:     Gulf Cooperation Council
GDP:     Gross Domestic Product
GSP:     Generalised System of Preferences
HIPC:    Heavily Indebted Poor Countries
IA:      Impact Assessment
ISC:     International Steering Committee
ILO:     International Labour Organisation
NGOs:    Non-Governmental Organisations
LDCs:    Least Developed Countries
MDGs:    Millennium Development Goals
M&E:     Mitigation and enhancement measures
NAFTA:   North America Free Trade Agreement
NTM:     Non-Tariff Measures
ODA:     Official Development Assistance
OECD:    Organisation for Economic Co-operation and Development
R&D:     Research and Development
RTA:     Regional Trade Agreement
Trade SIA: Trade Sustainability Impact Assessment
SMEs:    Small and Medium Enterprises
SPWPs:   Secondary Processed Wood Products
TOR:     Terms of Reference
TRIPS:   Trade-related aspects of Intellectual Property rights
TRTA:    Trade-Related Technical Assistance
UNDP:    United Nations Development Programme
UNEP:    United Nations Environmental Programme
UNCTAD:  United Nations Conference on Trade and Development
USTR:    United States Trade Representative
WB:      World Bank
WHO:     World Health Organisation
WTO:     World Trade Organisation
WSSD:    World Summit on Sustainable Development
Foreword

Trade policy-makers have learnt some hard lessons over the past few years. We now know for a fact that globalisation can be good for you, providing it is properly harnessed to support certain policy objectives that are not purely economic. But in today’s world, trade policy makers also have to look at broader concepts of social transformation, environmental science and development economics.

The anti-globalisation movement that emerged at the turn of the century raised interest in and awareness of trade issues which were once the exclusive preserve of trade technicians. Civil society organisations raised legitimate concerns about the power of the state to regulate; about the future of agriculture; and about the shortcomings of development policies. They were right to worry about the capacity of many countries to benefit from trade opening. There is now plenty of hard evidence to show that a country has to have a certain level of infrastructure before it can draw benefits from more trade openness and that Least Developed Countries often lack this.

But this debate can over-emphasise the dark side of globalisation, such as so-called structural adjustment costs incurred when economic activities (and jobs) cease in one place, to re-emerge elsewhere, in places where costs are lower. It can neglect the bright side; the opportunities flowing from the opening of trade - economic growth, development of new industries and services, better use of natural resources and poverty reduction. The challenge is to make sure that such gains are broadly shared and that natural resources are managed in a sustainable way.

Policy-makers have a responsibility to contribute to this process. They can do so by carrying out comprehensive analyses the pros and cons of trade liberalisation and responding accordingly. And they can take into account the social and environmental dimensions of sustainable development in trade agreements so that both business and consumers can have confidence in the social and environmental conditions under which products are produced.

In 1999 the European Commission decided to integrate sustainable development into trade negotiations by developing a new assessment tool called Trade Sustainability Impact Assessment (Trade SIAs). As Trade Commissioner, I believe these assessments can help us gain a better understanding of what is at stake in trade agreements. They can help us identify potential risks, but also to pursue effective trade policies leading to development and growth.

This handbook is intended to improve understanding of Trade Sustainability Impact Assessment. It is based on the knowledge and expertise acquired so far and we hope to revise and improve it as we learn more. I encourage all stakeholders to make sure we use these Trade SIAs to provide policymakers with the information and tools to make trade opening contribute fully to sustainable development.

Peter Mandelson
European Trade Commissioner
CHAPTER 1 - Introduction

Introduction: what is this handbook for?

The experience of the European Commission’s trade department (DG TRADE) so far in implementing Trade Sustainability Impact Assessment (Trade SIA) projects has highlighted the need to improve the methodological framework. The Commission started this process in February 2003 with a seminar in Brussels which took stock of developments and identified priorities for the future, with input from governments and civil society, from Europe and elsewhere.

This handbook, compiled after the first six years of the Trade SIA project, is intended to further this process. It describes how Trade SIAs currently work and lays out some of the issues and principles that require attention from both Trade SIA practitioners and policy makers. This first edition will improved, updated and made available to all potential actors involved, explaining what role they can play, and how. Below, we summarise the story so far.

How does sustainability fit into EU policy-making?

Sustainable development was defined in the Brundtland Report entitled ‘Our Common Future’ (1987) as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. The idea was put on the map at the 1992 Earth Summit in Rio de Janeiro which launched Agenda 21, a comprehensive plan of action to be taken globally, nationally and locally by organizations of the United Nations System, governments, and major groups in every area in which human activity has an impact on the environment. Since then, the concept of sustainable development has emerged as a key element in policy-making. All involved have been asked to design policies good for economic growth but also good for sustainability. Thus, they need to build in responsible management based on trade-offs between economic, social and environmental needs and they must be sensitive to longer term needs. Sustainable development is a key strategic objective set out in EU primary law (The Treaty) as well as in international decision-making processes such as the UN Millennium Development Goals, follow-up to the International Conference on Financing for Development in Monterrey (2002) and the preamble of the Doha Development Agenda currently being negotiated under the auspices of the World Trade Organisation (WTO).

How does sustainable development fit into trade policy?

Trade policy is an area in which decision-makers are expected to deal with complex clusters of issues, sometimes with conflicting objectives. International bodies such as the United Nations or the WTO recognise that trade can and should contribute to growth in ways that dovetail with the requirements of good governance and the principles of sustainable development. Trade liberalisation can promote sustainable development. It can create opportunities for economic growth and for social development, for instance, through boosting employment for women in the tourism sector, or the environment, through more efficient use of environmental resources. Yet trade liberalisation can also lead to negative environmental or social impacts, particularly if the domestic regulatory framework is not properly geared up to it. The challenge is to maximise the positive side and to minimise the negative.
What is Trade Sustainability Impact Assessment (Trade SIA)?

Trade Sustainability Impact Assessment is a process undertaken during a trade negotiation which seeks to identify the potential economic, social and environmental impacts of a trade agreement. A Trade SIA has two main purposes:

- to integrate sustainability into trade policy by informing negotiators of the possible social, environmental and economic consequences of a trade agreement;
- to make information on the potential impacts available to all actors (NGOs, aid donors, parliaments, business etc.).

The idea is to assess how best to define a full package of domestic policies and international initiatives to yield the best possible outcome, not just in terms of trade liberalisation and economic growth but also of other components of sustainable development. A Trade SIA should also provide guidelines for the design of possible accompanying policy measures. Such measures may go beyond the field of trade as such and may have implications for internal policy, capacity building or international regulation. Accompanying measures are intended to maximise the positive impacts of the trade negotiations in question, and to reduce any negative impacts.

Why do we need Trade SIAs?

The European Union is committed to pursuing a commercial policy which is successful not just in trade terms but which also brings about the biggest gains in welfare. To do so we need to assess how trade liberalisation affects environment and social development. Trade SIAs help us to measure both the economic and the non-trade impacts potentially arising from trade agreements from a sustainable development perspective. Civil society has actively sought more public debate on trade policy, especially since the failed WTO ministerial meeting in Seattle (1999). The same year the European Commission decided to start work on a methodology for a Trade Sustainability Impact Assessment of the hoped for World Trade Organisation multilateral trade negotiations.

To which trade negotiations are Trade SIAs being applied?

Trade SIAs are carried out for all the EU’s major trade negotiations. The initial work on the methodology was applied to the WTO Doha Development Round negotiations. The methodology was then refined and applied to all major trade negotiations, regional and bilateral, including those with Chile, Mercosur, the African, Caribbean and Pacific (ACP) countries, and the Gulf Cooperation Council countries. At the beginning of 2006 Trade SIAs were being conducted for the WTO and Mercosur negotiations and were planned for negotiations with Ukraine and China.

How has Trade SIA been developed?

The methodological approach had to be developed from scratch as most impact studies had hitherto focused on either economic or environmental aspects. The aim with Trade SIAs was to integrate three dimensions – economic, environmental and social – combined to cover all aspects of sustainable development. The Commission contracted independent consultants to develop a methodology and to carry out a preliminary assessment of the WTO negotiations. Trade SIA is now enshrined in a broader commitment endorsed at the European Council at Gothenburg (2001). In 2002 the Commission published a Communication on Impact Assessment (COM 2002 276) by which it introduced a comprehensive regulatory and assessment framework for all policy areas, including trade. Trade SIAs remain, however, the most sophisticated form of impact assessment used by the European Commission.
What are the key principles in implementing a Trade SIA?

Trade SIAs are conducted according to key principles:

- Trade SIAs should be carried out for all major multilateral and bilateral trade negotiations;
- All three pillars of sustainability - economic, social and environmental - should be covered;
- Impacts on third, i.e. non-EU, countries should be analysed together with those on the EU;
- Trade SIAs should be carried out in cooperation with third country partners;
- Trade SIAs should be based on transparency and include external consultations. All stakeholders should be given an opportunity to take part in the analysis of issues and impacts;
- Results of all Trade SIAs should be made public;
- Trade SIAs should be carried out by external consultants selected by public tendering procedures. Consultants are independent. The EU stipulates only that they work in a transparent and rational manner and base their findings on scientific evidence;
- The European Commission should set up an internal consultation process to guide consultants. A steering committee involving representatives of different Commission departments and EU negotiators should ensure the relevance of the Trade SIA process;
- Coordination with EU Member State experts and Members of the European Parliament is also part of the Trade SIA process.

How does the Trade SIA methodology work in practice?

There is no “one-size-fits-all” approach to Trade SIA but there are four steps for each assessment:

- **Screening** to determine which measures proposed for inclusion in the trade agreement may be excluded from appraisal because they are unlikely to have significant impacts;
- **Scoping** to determine the terms of reference. What components should be assessed? What appraisal methods and consultation procedures should be used?
- **Assessment** to determine the impacts associated with each measure and with the agreement as a whole. How significant will each impact be?
- **Flanking measures** (mitigation and enhancement analysis) to determine types of flanking measures which may reduce significant negative impacts that result from trade liberalisation and enhance positive impacts on sustainable development. This is particularly important for developing countries and least developed countries.
Who is consulted during a Trade SIA?

The widest possible range of stakeholders is consulted. Consultation is carried out during each phase to ensure stakeholders are aware of the process and understand it. Consultation is essential to ensure involvement and legitimacy in the use of Trade SIA results. They also help to build in quality checks for results. Methods used so far include:

- Use of e-mail to ensure continuous dialogue and flow of information between the contractor and stakeholders;
- Use of an international network of experts commenting on project reports;
- Use of dedicated websites to publish project reports with facilities for submitting comments and contributions;
- Use of civil society dialogue meetings organised by the European Commission to discuss project reports and other relevant issues;
- Attendance at relevant conferences on impact assessment to help put the Trade SIA initiative in a wider context.

Which sustainability indicators are used to measure economic, environmental and social impacts?

A core group of indicators has been selected to identify the potential impact that trade liberalisation and changes in trade rules might have on sustainability. The indicators have economic, environmental and social components and include variables such as average real income, employment, net fixed capital formation, equity and poverty, health and education, gender inequality, environmental quality of air, water and land, biological diversity and other natural resource stocks.

What does the European Commission do with Trade SIA results?

As noted above, Trade SIAs inform the wider public of the potential effects of trade negotiations and agreements on sustainable development. In addition, the European Commission aims to integrate Trade SIA results into its policy making. For each Trade SIA, the European Commission prepares a position paper based on the contractors’ findings. The position paper identifies points of agreement and responds to disagreements. The position paper considers what further analysis should be undertaken and what policy action should be implemented. Relevant flanking measures are identified and may include capacity-building and trade-related assistance initiatives, international regulation, use of trade and regional policy instruments within the EU. The position paper is discussed with Member States at the trade committee - the so-called ‘133 Committee’, named after the Article on the common commercial policy in the Treaty.

How does Trade SIA improve governance?

Trade SIA contributes to international, European and national governance by ensuring EU policies are more coherent as a result of through open, consultative processes involving stakeholders and third countries in the EU’s analysis of its trade policy. In 2000 improving governance at all levels was identified as a strategic objective by the European Commission.
Is anyone else carrying out Trade SIAs?

Several methodologies for assessing the impact of trade policy on the environment and sustainability have been developed outside the EU over the past decade. Two main approaches can be identified:

- Canada, Norway and the United States carry out National Environmental Reviews. These focus on environmental impacts mainly within the country. They are carried out by national agencies. They may include internal consultation processes among the agencies involved, as well as formal external consultations.

- The United Nations Environment Programme and the World Wildlife Fund have developed impact assessment methodologies based on a case study approach. The methodologies usually assess the effects of a policy already in place rather than anticipating the possible effects of a future policy. They are carried out mainly at national level in close cooperation with national organisations, universities and other agencies. These assessments integrate the three pillars of sustainability and typically include consultation and regional workshops.
CHAPTER 2 - Assessments: the wider context

2.1 General Impact Assessments

Trade SIAs are not the only form of impact assessment carried out by the European Commission. Since 2002, a general Impact Assessment must be carried out for every major regulatory proposal in the Commission’s work programme. These Impact Assessments take place primarily before a proposal is approved: they are a tool for evaluating whether the action should be taken.

In the case of major trade agreements, the Commission undertakes this general Impact Assessment in-house and proposes a negotiation mandate for the Council’s endorsement. The Council makes a final decision on the basis of both documents.

The general Impact Assessment describes the policy proposal and its objectives. It outlines the main options for achieving the objectives and assesses their likely impacts in the economic, environmental and social fields. It highlights the advantages and disadvantages of each option, as well as synergies and trade-offs.

In the context of trade policy, the general Impact Assessment has two functions:

- To start the assessment process and to start involving the relevant departments of the European Commission;
- To make a preliminary identification of the economic, social and environmental impacts of the trade negotiation in question.

For the sake of continuity, there needs to be a smooth transition between the general Impact Assessment and the Trade Sustainability Impact Assessment:

- **Process:** A consultation group made up of representatives of different European Commission departments should be set up to carry out the general Impact Assessment and should bear in mind the subsequent Trade SIA phase from the outset;
- **Substance:** general Impact Assessments should highlight the aspects on which external consultants carrying out subsequent Trade SIA work may wish to concentrate their research. The terms of reference for a Trade SIA should be drafted taking into account the Impact Assessment results and wider consultation with experts and stakeholders.

2.2 Trade Sustainability Impact Assessments

Once the Council has given the European Commission a mandate to conduct a trade negotiation work begins on the Trade SIA.

The Trade SIA evaluates how an action should be taken. In Trade SIAs, not just the result but the process itself is a key part of the tool. A Trade SIA is an ongoing process which continues throughout a trade negotiation and which can also be carried out after the trade agreement is in operation.
Trade SIAs aim to:

- provide an in-depth assessment of likely changes caused by the trade agreement on economies, social development and the environment in any potentially affected geographical area;

- provide information to help clarify trade-offs derived from trade liberalisation and the limits of trade negotiating positions, as well as a full package of complementary policies;

- build an open process of consultation around trade policy creating a basis for an informed discussion with a broad range of stakeholders, including civil society;

- improve the EU’s institutional and political dialogue on sustainable development with its trading partners;

- shed light on how trade policy can contribute to internationally agreed processes on sustainable development, in particular the Millennium Development Goals and the targets set by the 2002 World Summit on Sustainable Development in Johannesburg;

- propose *ex-post* monitoring measures to be put in place during the trade agreement’s implementation.

**Input, process and output of a Trade SIA**

<table>
<thead>
<tr>
<th>INPUT</th>
<th>PROCESS</th>
<th>OUTPUT</th>
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</thead>
<tbody>
<tr>
<td>Consultations</td>
<td>Inception phase</td>
<td>INCEPTION REPORT/1st FINAL REPORT</td>
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<tr>
<td>Working meetings with Commission officials</td>
<td>Briefing meeting</td>
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<tr>
<td>Possible stakeholders workshops/public meetings</td>
<td>Collecting and reviewing documents</td>
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<tr>
<td>Discussions with civil society</td>
<td>Development of methodological and conceptual framework</td>
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<td></td>
<td>Preliminary screening and scoping, CCA</td>
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<td></td>
<td>Preliminary identification of priority issues</td>
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<td></td>
<td>Stakeholder analysis</td>
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<td></td>
<td>Identification of case study countries and groups</td>
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<tr>
<td>Synthesis of feedback from Commission</td>
<td>Analysis and Case study phase</td>
<td>MID-TERM REPORT/SECTOR REPORTS</td>
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<tr>
<td>Synthesis of feedback from various stakeholders and civil society</td>
<td>Further data and report collection and review</td>
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<tr>
<td>Documenting consultations</td>
<td>Country case studies</td>
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<td></td>
<td>Further screening and scoping, CCA</td>
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<tr>
<td></td>
<td>Development of baseline scenarios; production, consumption and trade flows</td>
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<td></td>
<td>Determination of priority trade scenarios</td>
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<td>Preliminary impact assessment, CCA</td>
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<td></td>
<td>Identification of main sustainability impacts</td>
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<td></td>
<td>Development of M&amp;E measures</td>
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<tr>
<td>Evaluation by the Commission</td>
<td>Final phase</td>
<td>FINAL REPORT / RECOMMENDATIONS</td>
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<tr>
<td>Stakeholder workshop/public meetings</td>
<td>Quantitative (CGE) and qualitative assessment of impacts under various scenarios</td>
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<tr>
<td>Discussions with civil society</td>
<td>Analysis of cross-sectoral effects</td>
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<tr>
<td>Possible revisions</td>
<td>Possible additional case studies</td>
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<td></td>
<td>Assessment and selection of flanking (M&amp;E) measures</td>
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<td>Finalisation of M&amp;E proposals and policy recommendations</td>
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<td>Identification of further analysis needs</td>
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<td></td>
<td>Synthesising and consolidating all the analytical work</td>
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**Chart 1**

*Trade SIA of WTO negotiations. Inception report for the forest sector study: Adapted from Indufor (2004).*
2.3 Integrating Trade SIA results into policy-making

Integrating the results of Trade SIAs into EU policy is the responsibility of the European Commission. A commitment to do so is at the core of the Trade SIA process. The credibility of the EU’s pursuit of sustainable development goals depends on how the Trade SIA analysis is used to influence trade policy making and trade negotiations. This is done by a process of analysis and consultation both internally in the European Commission and with the Member States, and externally with civil society.

Phase 1: After the presentation of Trade SIA results to the European Commission services and to the Civil Society, DG TRADE drafts position papers on Trade SIA findings which are submitted to an in-house consultation process involving other Commission departments. The papers set out the European Commission’s position on the findings of the Trade SIA, identify points of agreement and explain any disagreements. They may also add complementary analysis, flag lessons to be learnt, put forward ideas for technical assistance, or propose monitoring. The position papers should also identify concrete action to be taken in order to enhance the benefits of liberalisation both inside and outside the EU in the sectors under scrutiny or to mitigate negative effects. Such action may be in the trade domain or outside it, in areas such as aid, cooperation and technical assistance.

Once finalised, the papers are endorsed by the Commission and discussed with Member States. They are then made public and presented to Civil Society. The position papers are circulated among Members of the European Parliament, in EU delegations, and in other relevant organisations, such as the WTO and the OECD.

Phase 2: To ensure policy recommendations are effectively implemented and monitored by the European Commission, committees associating all relevant European Commission departments are set up to follow the process.

This handbook focuses on Trade SIA. Box 1 indicates where further information can be found on the European Commission’s general Impact Assessments.

Useful documentation on Impact Assessment implementation is available on the web at:


It includes:


Commission Guidelines on Impact Assessment

1. An operational guide containing procedural arrangements and basic information on how to conduct and report on an impact assessment

2. A handbook with more detailed guidance on how to do an impact assessment

3. Technical annexes to the handbook

Box 1
# How Trade SIAs fit into a three-step process

<table>
<thead>
<tr>
<th>Phase</th>
<th>Steps</th>
<th>When</th>
<th>How Analysis</th>
<th>Consultation</th>
<th>Who</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Impact Assessment (IA)</td>
<td>IA</td>
<td>Before proposing a negotiation mandate to the Council</td>
<td>Preliminary in-house analysis</td>
<td>Internal and external consultation</td>
<td>European Commission under DG Trade lead</td>
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<td></td>
<td>Extended IA</td>
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<tr>
<td>2. Real Time Trade Sustainability Impact Assessment (Trade SIA)</td>
<td>Preliminary Assessment</td>
<td>During the negotiations</td>
<td>Detailed analysis including: 1. Screening 2. Scoping 3. Assessments (qualitative &amp; quantitative) 4. Flanking measures 5. Ex-post and monitoring</td>
<td>1. Meetings for inception, midterm and final phases of each study 2. Possibly local workshops 3. Direct communication with the consultant</td>
<td>External Consultant financed by DG Trade</td>
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<td></td>
<td>Sector studies</td>
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<td></td>
<td>Final Trade SIA</td>
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<tr>
<td>3. Integration of Trade SIA results into policy making</td>
<td>Position papers</td>
<td>During negotiations</td>
<td>Synthesis of actions endorsed by the Commission</td>
<td>Meetings to discuss draft position papers</td>
<td>European Commission under DG Trade lead</td>
</tr>
</tbody>
</table>

*Table 1*
CHAPTER 3 - Real-time Trade Sustainability Impact Assessment

A Trade SIA is carried out in real time, that is, while trade negotiations are taking place. The European Commission selects an external consultant to carry out the work following a call for tender. The European Commission establishes the exact tasks to be carried out by the consultant, as well as the dates for the delivery of reports.

3.1 Implementation principles

This section looks at Principles, Consultation, Setting Priorities, Identifying risk, Improving the methodology through learning-by-doing.

Principles

DG Trade’s principles for a Trade SIA can be summarised as follows:

- Trade SIAs should be carried out for all major multilateral and bilateral trade negotiations;
- All three pillars of sustainability - economic, social and environmental - should be covered;
- Impacts on third, i.e. non-EU, countries should be analysed together with those on the EU;
- Trade SIAs should be carried out in cooperation with third country partners;
- Trade SIAs should be based on transparency and include external consultations. All stakeholders should be given an opportunity to take part in the analysis of issues and impacts;
- Results of all Trade SIAs should be made public;
- Trade SIAs should be carried out by external consultants selected by public tendering procedures. Consultants are independent. The EU stipulates only that they work in a transparent and rational manner and base their findings on scientific evidence;
- The European Commission should set up an internal consultation process to guide consultants. A steering committee involving representatives of different Commission departments and EU negotiators should ensure the relevance of the Trade SIA process;
- Coordination with EU Member State experts and Members of the European Parliament is also part of the Trade SIA process.

Consultation

The consultation process is dealt with in more detail below. In brief, the assessment is complemented by ongoing consultation which allows preliminary results to be discussed and revised before they are finalised. Results are widely disseminated to enable informed discussion among all stakeholders. This is essential to ensure the quality, credibility and legitimacy of a Trade SIA.
What is the Trade SIA consultant expected to do?

1 **fine-tune the specific methodological framework** for each Trade SIA with a clear indication of the analytical and quantitative tools to be used.

2 **deliver an economic analysis of the projected results of the negotiations** underway, including on trade in services and issues regarding trade rules. This analysis should include impacts on trade, welfare, GDP and employment.

3 **carry out a preliminary assessment**, in the light of anticipated changes in trade and the economy, which presents an overview of sustainable development issues affected by the result of the negotiations and an indication of any further sector studies which appear to be called for. Identify areas of social and/or environmental stress or potential stress.

4 **carry out detailed sector studies** emerging from the preliminary overview. Analyse the expected magnitude of impacts and make appropriate use of qualitative and quantitative techniques.

5 **provide a final synthesis**, including suggested complementary policy measures (in the EU or in partner regions) or other adjustments that might be effective in tackling any adverse impacts of liberalisation, and/or in promoting its positive impacts.

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**Box 2**

Setting Priorities

Consultation is intended in part to assist with what experience shows is a major difficulty: setting priorities, selecting appropriate issues for study in a Trade SIA. What is needed is proportionate analysis, i.e. adapting the level of depth and detail to the likely significance of trade measures.

To set priorities, assessment should define a limited number of issues, social groups and/or geographical areas as priorities in terms of the gravity of the impacts expected. Then consultation should test and confirm the relevance of these issues; or suggest others as appropriate.

Identifying Risks

An important role of a Trade SIA is to identify risks arising from trade policy, as well as to propose ways of managing them. A risk is commonly defined as the likelihood of an undesirable or negative outcome. Risk is assessed according to the greater or lesser probability of the event occurring and the greater or lesser resulting impact if it does occur. The basic goal of risk analysis is to analyse potentially relevant factors, such as changes in technology, human activities, or environmental changes, in as thorough and accurate a manner as possible, drawing upon the state of scientific knowledge and the knowledge of those potentially affected, characterizing what is known and not known, pinpointing major uncertainties, identifying the risk implications for people and places affected, and assessing options.

Risk analysis should identify places, populations and ecosystems that are vulnerable and why, with indications as to how such risks might be mitigated. Such analyses should be carried out in an open and transparent way and communicated to decision-makers in a way that enables them to make informed decisions on managing risks.
Improving the Methodology through Learning-by-doing

Trade SIA methodology needs to be continuously improved, with those involved learning-by-doing from one project to the next. Each consultant is invited to contribute to the existing framework and to tailor it for the specific Trade SIA to be undertaken.

The consultants’ methodological framework should take into account the current body of literature on existing quantitative and qualitative methodologies as relevant to impacts of trade liberalisation in goods, services and in “rules” aspects, such as investment and competition, on the three pillars of sustainable development. The analysis should be based on the most up-to-date economic, social and environmental indicators and databases available, and should take into account technical and political developments, such as the enlargement of the EU to 25 members.

3.2 Assessment steps

There are five steps in the full cycle: Preliminary assessment; Detailed Trade SIA; Full Trade SIA package; Mitigation and enhancement measures; Monitoring and evaluation.

3.2.1 Preliminary Assessment

The preliminary assessment is an overview exercise intended to help Commission experts identify any potential negative and positive impacts of outcome scenarios early on so as to incorporate them into their negotiating approach.

The preliminary assessment phase is fundamental in a Trade SIA as it lays the foundations for more detailed studies. Experience shows that the initial focus on the trade context and good coordination between the consultant and negotiators is essential during the screening and scoping that take place in this phase.

Screening

The first stage in preparing a preliminary assessment is a screening exercise to identify which trade measures (e.g. tariff reduction, improved access in a service sector) require Trade SIA because they are likely to have significant impacts inside or outside the EU. The exercise analyses the trade negotiation mandate according to four criteria:

- current economic, social or environmental stresses, if applicable;
- whether trade measures are likely to have significant economic, social or environmental impacts;
- if so, whether such impacts are likely to have a significant cumulative effect;
- whether the existing regulatory framework is sufficient to implement appropriate mitigating/enhancement measures.

Scoping

The next stage involves scoping to establish the appropriate coverage of each Trade SIA, taking each of the measures identified in the screening exercise and identifying which components of those measures are likely to give rise to significant impacts. The scoping phase also analyses trade liberalisation scenarios and target country groups according to core indicators, using simplified Causal Chain Analysis. Identifying key priorities during the scoping phase is essential if the detailed Trade SIA is to focus on key issues and optimise the allocation of time/money to these issues as early as possible in the process.
The preliminary assessment should rely on:

- scenarios and findings delivered by the general Impact Assessment undertaken previously;
- analysis of the underlying sustainability context (economic, social and environmental) in the EU and third countries, identifying areas of stress or potential stress on which increased trade may have an impact;
- analysis of the mechanisms through which different scenarios may have social, economic or environmental impacts.

The analysis should cover all relevant trade sectors and other trade-related aspects, highlighting potential positive and negative effects on sustainability, as well as preliminary reflections on possible responses.

The preliminary assessment should provide an analysis of impacts on all parties to the negotiation with a quantitative and qualitative assessment of possible economic, social and environmental impacts of the trade negotiations. Quantitative assessments of the economic impacts might use gravity models, computable general equilibrium (CGE) models and/or specific sector or horizontal issues studies; or a combination of approaches, taking into account the possible limited availability of data.

The preliminary assessment should contain an analysis of significant cause-effect links between a proposed change in trade policy and its possible impacts. This analysis should as far as possible combine qualitative and quantitative approaches and a wide range of indicators. It should identify key sustainability issues, suggesting which social groups and geographical areas are likely to be affected and suggest further sector studies, ranked by priority.

### 3.2.2 Detailed assessment

Following the preliminary assessment, a detailed Trade SIA is carried out for each individual trade measure. It revisits the subject matter of the preliminary assessment in greater detail by using more refined scenarios and:

- Analysing separate components of the trade measure and their cumulative impact;
- Using detailed causal chain analysis;
- Fine tuning the indicators (or themes);
- Coping with variations within country groupings (or single countries) by selecting contrasting countries (regions).

The preliminary overview may suggest the need for a detailed sector analysis which would include:

- Quantitative and qualitative assessments of the impact of potential outcomes in the sector concerned. This work should be based on case studies and economic, social and environmental analysis (including environmental impact assessments), use appropriate methodology, measures and indicators, and make use of both qualitative and quantitative techniques as appropriate. Impacts should be differentiated as far as possible as between EU regions.
- Quantitative and qualitative assessments of the combined impacts on each pillar of sustainable development, including on issues such as poverty, gender or biodiversity.
• Suggestions for possible changes in the negotiating position: amendments or adaptations of the trade measures assessed or new rules the potential impacts of which are expected to be significant taking into account the existing regulatory frameworks and domestic policies.

• Suggestions as to which complementary measures might be introduced to address the negative impacts and maximise the positive impact of further liberalisation/changes in rule-making, based on the existing regulatory frameworks and domestic policies of the countries/regions under review. This should include an assessment of options for mitigating and enhancing measures, including those which could be introduced on a domestic or regional level, in international fora, or in other areas of the ongoing negotiation processes.

• Identify inherent trade-offs where they exist and specify on which basis and principles the choices of measures have to be made (e.g. precaution, prevention, cost-effectiveness, internalisation of external environmental costs, treaty obligations of a high level of environmental protection). The analysis should also provide an assessment of the impact of the trade agreement on the capacity of developing countries successfully to design and implement flanking measures to optimise the benefits of market opening.

3.2.3 Results

Trade SIAs do not produce a Yes/No answer to whether trade liberalisation is good or bad; that is not the objective of the exercise. Nor do Trade SIAs produce a single quantitative result. Rather, they produce qualitative results which describe the expected effects of trade liberalisation on the three pillars of sustainable development. The Trade SIAs carried out so far have indicated both positive and negative potential effects. Forecast effects have not indicated major effects, either positive or negative. Importantly, results have shown that trade liberalisation alone rarely produces major effects: often it is other policies – or the lack of them – that on their own, or in combination with trade liberalisation, can have significant effects.

Results: EU-Chile Trade SIA

The 2002 Trade SIA of the EU-Chile negotiations concluded inter alia the following:

- Economic impacts are very limited both in the EU and in Chile but positive in both.
- No noticeable social and environmental impacts were identified in the EU because of a higher dispersion of these impacts.
- Potential social impacts were expected to be positive overall in Chile (e.g. improvement in urban living standards), even if some negative impacts linked to pre-existing social problems were foreseen.
- Potential environmental impacts were identified for some specific Chilean sectors (mining, metals, chemicals, and fisheries).
- The importance of domestic regulation and the involvement of private operators (Corporate Social Responsibility) for mitigating negative social and environmental impacts.
- A Trade SIA is likely to underestimate the absolute value of impacts, in particular economic impacts. This can be partly explained by gaps in the assessment of the services and investment sectors due to methodological limitations.
- The final report of this study is available at: http://europa.eu.int/comm/trade/issues/global/Trade SIA/reports.htm.

Planistat, 2002

Box 3
**Results: Examples of key findings of forest sector study:**

- **Economic effects.** Increases in production (scale) due to liberalisation of trade appear to be largest in producer countries that are already in actively exporting. Removal of tariff escalation would result in closing down inefficient smaller mills. In Brazil, Indonesia, Malaysia and Thailand increase in value-added production for export would more than compensate for production losses due to increased competition from imports.

- **Environmental effects.** Environmental effects are linked to the changes in production, level of technology and especially quality of forest governance. In all the case study countries trade liberalisation magnified existing problems. However, technologically more advanced developing countries with access to domestic capital and FDI can expand industrial production and reduce emissions and effluents by adopting environmentally friendly and more efficient production technology. In all case study countries the main causes for unsustainable development in the forest sector were primarily due to other than trade-related factors.

- **Social effects.** Positive impacts associated are associated with the expansion of large and medium-scale value-added industries and increase in consumer welfare due to reduced product prices. Negative social impacts are mainly increased unemployment and social conflicts related to illegal logging.

- **Cross-sectoral effects.** Important linkages to agriculture trade liberalisation were identified in three out of five case study countries. In Brazil and Indonesia, the negative impacts on sustainability of forestry are so pronounced that they could exceed impacts of trade liberalisation in forest products. The situation is likely to be similar in West African countries with export-oriented agriculture.

- **Mitigating and & Enhancement measures.** Supporting forest certification, voluntary import licensing schemes, and providing support to strengthening forest governance systems are common to most case study countries.

- **Countries and products affected.** Those countries that already have value-added production and enjoy respective comparative advantage are also in the best position to benefit from further trade liberalisation. Most of the expected increase in trade would be in value-added products (panels and paper products) while impacts on roundwood appear limited.

Savcor Indufor Oy, 2005

*Box 4*
Table 2 provides an example of Trade SIA results: summary of sustainability impacts for Chile (Planistat 2002).

**Symbols:**

- o insignificant impact compared with the base situation
- ▲ positive, less significant impact (marginally significant, by itself, to the negotiation decision)
- ▼ negative, less significant impact (marginally significant, by itself, to the negotiation decision but a potential candidate for mitigation)
- ▲ positive, greater significant impact (likely to be significant, by itself, to the negotiation decision)
- ▼ negative, greater significant impact (likely to be significant, by itself, to the negotiation decision. Merits serious consideration for mitigation)
- † positive and negative impacts likely to be experienced according to context
- ? net effect uncertain

### 3.2.4 Final assessment

In complex negotiations such as the WTO negotiations on the Doha Development Agenda, the consultant provides a final Trade SIA covering the full package of negotiations. Timing and contents are determined in co-operation with the European Commission. The final Trade SIA report builds on previous analysis and gives a final and comprehensive assessment of the expected outcome of the negotiations.
Trade SIAs must provide a global evaluation of the individual impacts of sectors and of the combined effects, including transversal and cumulative impacts on each pillar of sustainable development. This analysis should be presented in such a way as to give concrete input for trade negotiators and other relevant European Commission departments in their search for a balanced set of policies. This phase includes trade policy recommendations and suggestions for possible changes in negotiating positions.

### 3.2.5 Mitigation and enhancement analysis

The methodology includes a mitigation and enhancement analysis to suggest improvements or flanking measures that may enhance the proposed trade agreement’s overall impact on sustainable development.

The proposed flanking measures should make it possible to maximise the positive impacts and to reduce any negative impacts of the trade negotiations in question. Flanking measures are not limited to the commercial field and can also relate to internal policy, capacity building and international regulation. This stage of the Trade SIA is particularly important in relation to developing and least developed countries.

In designing such policy measures, the consultant should distinguish between measures that are under the EU’s own control and those which depend on actions taken by another country’s government or international bodies.

All Trade SIAs should provide policy recommendations and flanking measures such as market-based instruments, voluntary measures and institutional measures in order to deal with possible consequences of trade agreements. This can include recommendations to¹:

- Modify the trade agreement to allow the inclusion of environmental or social safeguards;
- Design and implement policies and instruments to enhance positive effects and mitigate negative impacts to compensate losers. This could include measures by national governments to remedy market imperfections, regulatory failures, and social inequalities. Economic and social costs of such policy measures as well as their likely effectiveness should be assessed;
- Implement complementary review mechanisms to accompany trade agreements.

#### Trade SIA of WTO negotiations – pharmaceutical products: proposed recommendations

- Promoting South-South integration through trade policy;
- Helping developing countries to build effective health care systems to ensure that the poor can take advantage of cheaper drugs and to provide sufficient funding for these health care systems;
- Supporting the development of local production capacity, transfer of technology, as well as Research and Development capacity in developing countries;
- Helping developing countries set up social safety nets to mitigate any losses in income related to reduced production;
- Using dialogue and technical assistance, according to individual country demands and priorities, to help improve environmental regulation, in particular in the field of waste management, in order to increase environmental protection in producing countries.

3.2.6 Ex post monitoring, evaluation and follow-up

The Trade SIA methodology includes monitoring of a trade agreement once it is in place – so-called *ex-post* monitoring – to ensure better implementation of the agreement under scrutiny. This provides the possibility of making recommendations on how the agreement may be applied in practice, as well as allowing for further mitigation or enhancement measures to be designed and applied if necessary. *Ex-post* monitoring also gives feedback on the quality of a Trade SIA and should yield improvements in the methodology for future assessments.

This follow-up should be seen as a continuous process, contributing to bilateral dialogue on sustainable development among trading partners during the implementation of an agreement.

Examples of such follow-up could include:

- Monitoring and assessing the implementation of the provisions of a trade agreement;
- Activities to monitor the impact of an agreement on sustainable development;
- Undertaking a study to compare the predictions in a Trade SIA with the actual outcomes, and explaining any significant differences;
- Proposing complementary analysis suggested either by existing work or in the light of implementation;
- Further recommendations relating to any implementation problems which have been encountered; additional mitigation and enhancement measures which may be needed to address any significant, unanticipated or unresolved sustainability impacts;
- Recommendations for adapting Trade SIA methodology in the light of experience.

Ex-post monitoring, evaluation and follow-up can involve a range of actors including the European Commission, think-tanks or academics who might regularly monitor indicators to shed light on possible adverse economic, social and environmental impacts. Similarly, an independent body of specialists and stakeholders might be given the task of reporting on the impacts of trade policies using studies and *ex-post* analysis.

3.3 The consultation process for Trade SIA

3.3.1 Who are the main players?

The different points of view, expectations and ability to participate make consultation a complex process. Accordingly, the process requires careful steering in order to maintain a balanced approach among stakeholders.

The main players in the Trade SIA process are:

**The European Commission:** DG Trade (as leader) sets up an inter-service steering committee (see section 3.2.2 below) involving various European Commission departments to ensure that the consultant respects the terms of reference of the Trade SIA as set out in the public call for tender. The European Commission keeps other EU institutions such as the Council and the European Parliament informed of its work on Trade SIAs.
Consultants: They are responsible for the quality of the analysis and have to cope with the complexity of the assessment and consultation process included in Trade SIAs.

Civil society: This includes business, academics and NGOs. Their inherent diversity in terms of views, expectations and capacity to interact with the Trade SIA process is a key parameter of the consultation process as the Trade SIA project seeks a balanced approach between views and expectations.

Member States’ experts: These are drawn, like the members of the European Commission inter-service steering committee, from different fields.

Third country governments: They are very sensitive to the sovereignty issue of a study which assesses impacts outside the EU. They often fear protectionist motives on the part of the European Commission and expect clear messages from it on the use and goals of Trade SIAs. They have to be associated from the beginning of the Trade SIA process as key players facilitating the consultation process abroad. Debate on Trade SIAs should also involve legislators and civil society of third countries.

3.3.2 Internal consultation process and international dialogue

For each Trade SIA, an inter-service steering committee is set up in order to involve all interested European Commission departments (Directorate Generals or DGs) in the Trade SIA process. This steering committee meets three to four times a year to comment on reports or pass its views to the consultant. From these meetings, the different DGs involved have an opportunity to revise the work done by the consultants and provide comments on how to address certain aspects better.

In 2003 a group comprising experts from Member States’ national administrations was established to ensure better involvement of Member States’ expertise.

The main activity of these groups is to comment on reports and to give the consultant the benefit of expertise and experience of EU and Member State officials and agencies.

The EU is not alone in its efforts to carry out impact assessments. Ongoing exchanges of experience and information with other countries and agencies are needed to pool knowledge and efforts to carry out useful assessment.

3.3.3 External consultation process

The external dimension of the consultation process plays the essential role of providing input in each of the main stages of the Trade SIA methodology. The objective of the consultation process is not only to ensure a greater understanding and awareness among stakeholders of the Trade SIA methodology but also to increase transparency and accountability. Consultants therefore have to make a major effort to engage fully in a credible consultation exercise.

Consultation is an everyday activity for the consultant and must be based on certain guiding principles such as the need to keep a balanced approach among all the stakeholders. To this end, a thorough stakeholder analysis should be carried out to provide a clear picture of all parties engaged in conducting the research, those who make or implement policy, and the intermediaries between them. The main categories of potential stakeholder as identified in the European Commission Communication (2002 704 final) are summarised in Table 3:
Table 3: Stakeholder involvement

The consultants should ensure adequate and balanced coverage of these parties in their consultation process. This entails distinguishing between those affected by the trade negotiations and its consequences, those who will be involved in implementation of the trade liberalisation measures and proposals, and those organisations that have stated objectives giving them a direct interest in the process. Once the stakeholders have been identified, a database should be created and a questionnaire designed to find out about the various stakeholders’ specific objectives, experience, expertise or technical knowledge. This would allow for a clear track record of participants in previous and future consultations.

Chart 2

Consultation requires the input and contributions of the stakeholders including both experts and the general public. Stakeholders can be substantially involved in shaping and implementing trade policies. A far-reaching, well-structured consultation process is an essential ingredient of any successful participatory process.
Civil society in the EU takes an active interest in the Trade SIA process. Private sector participation in the shape of industry and trade associations is essential so that a broad array of stakeholders may influence the decision-making process. However, involving civil society in third countries still remains a challenge.

Consultants have a responsibility to integrate contributions received from stakeholders. Each report should include a section reporting on the quality and quantity of contributions received and how they were taken into account in the Trade SIA process. There should be feedback on the main issues raised in the consultation process at each point. Language issues are also important: consultants should be able to speak and understand at least one of the working languages (usually English, French, Spanish or Portuguese) of the area or countries assessed and should allocate sufficient resources to allow for the translation of essential documents.

If stakeholders are to feel and remain engaged in the process, information on the results of research and on negotiations must be disseminated promptly. Access to relevant information well before the Trade SIA process starts is also important. Whenever possible, the terms of reference for the assessment, methodology, a proposed timeframe for meetings and consultations, summaries of any other previous meeting or workshop should be made available to civil society in advance.

Many stakeholders have criticized the length and format of Trade SIA reports. Consultants must do their utmost to provide concise reports avoiding, for example, long lists of studies or complex descriptions in the case studies undertaken. The main findings and recommendations should be clearly identified.

The Commission has also received feedback from civil society which highlights the need to build capacity in civil society, especially in developing countries, to become involved constructively in the Trade SIA process. There is a particular need for resources in research and networking facilities and access to information.

Below is a list of measures which have been implemented during Trade SIAs to date:

- Dialogue between the consultant and stakeholders with interests in individual sectors or in the negotiations as a whole;
- Use of an international network of experts to comment on the project reports (international steering committees);
- Publication of project reports on a dedicated website with facilities for comment;
- Meetings with civil society organised by the European Commission and Member States to discuss project reports;
- Contacts with other organisations involved in the policy and practice of impact assessment of trade issues, through policy dialogue and conference participation.
Meetings provide a good opportunity to exchange views directly but they are costly to organise and will always be restricted to limited participation. Although some newsletters have been circulated at meetings, consultants tend to rely heavily on the internet as their main way of disseminating information. In many developing countries, however, access to information technology is limited thereby affecting the capacity of civil society in these countries to access the consultation processes. Wherever possible, local workshops should be organised to gather input from different stakeholders. This can be done in coordination with local stakeholders and third countries’ governments.

**Examples of consultation and stakeholder involvement**

- In 2003 a seminar in Brussels on Trade SIA stressed the importance of external consultation including the need to organise extensive consultations outside the EU, especially using local workshops.
- The Trade SIAs on food crops and the EU-Chile Agreement both pointed out the need to involve civil society and representatives from third countries in order to improve the quality of analysis and reinforce the legitimacy of results.
- A regional consultation workshop in Port-of-Spain, Trinidad, discussed the EU-CARICOM negotiations for an Economic Partnership Agreement in the framework of the EU-ACP Trade SIA. The workshop was organised by the consultant in partnership with the Caribbean Policy Development Centre (CPDC), a regional civil society network of more than 50 national and regional NGOs and research centres, with the financial and technical support of the European Commission and the ACP-EU Technical Centre for Agricultural and Rural Cooperation. The conclusions highlighted the need to provide further literature reviews, proposed concentrating on three main case studies, and called for work on identifying appropriate models for future work such as field-surveys and other qualitative work.

**Box 6**

Below is a checklist consultants may adapt for the purposes of consultation:

- Who should be consulted? Set up an international advisory committee; analyse the wider circle of stakeholders that should be reached;
- What is the desired result? This may include comments on reports, methodological suggestions and analytical inputs. Explain the purpose of the consultation to participants;
- What material needs to be made available and how?
- How should consultation be done? Describe the method chosen – meetings, call for contributions via email;
- Who responds? How? Record the responses in terms of sources and content;
- How in the input used? Provide feedback on the way in which the material is used.

An annex to this report provides clear guidelines and reporting requirements on consultation which consultants may adapt. These have been drafted by DG Trade for its own consultation processes. The Commission Communication COM(2002)704 of 11 December 2002 on ‘General principles and minimum standards for consultation of interested parties by the Commission’ also provides some valuable guidance.
3.4 Trade SIA tools checklist

3.4.1 Scenarios

Scenarios define the scope of the evaluation and reflect the likely range of realistic outcomes in any given negotiation. In general, past studies have not always provided scenarios that were sufficiently precise and detailed. The result can be a lack of differentiation among impacts: those which are specific to trade measures under negotiation and those which are a consequence of external factors (for instance, confusion between liberalisation/privatisation).

In the case of the Trade SIA on food crops, the scenarios were based on different assumptions on tariff reductions as set out in Table 4 below. The percentage changes are related to the final Uruguay Round agreement.

| Original scenarios for trade measures in agriculture used in the Trade SIA food crops (SEI, 2002) |
|-------------------------------------------------|----------------|----------------|----------------|
| Tariff reduction | Baseline UR | Scenario 1 | Scenario 2 | Scenario 3 |
| De minimis (market) access | 5% | +2.5% | +5% | +7.5% |
| Domestic support (AMS) | -20% | -10% | -20% | -30% |
| Export support | -21% volume | -10% | -20% | -30% |

Table 4

While the Trade SIA methodology originally aimed to analyse three hypothetical scenarios (baseline, liberalisation, further liberalisation), the experience so far has shown that, because of a lack of data and of assessment tools, in practice only two scenarios can be assessed. The baseline scenario reflects a future in which all past agreement are implemented.

3.4.2 Themes and indicators of sustainable development

A first set of themes should be defined before the screening to set the scene in which the Trade SIA takes place. The themes should give an overall picture of the most relevant issues in terms of sustainable development as well as offering insights for international commitments such as the Millennium Development Goals. This initial selection should be based on:

- **Coverage** - the themes should cover the issues comprehensively
- **Exclusivity** - themes should not overlap
- **Balance** - between the pillars of sustainable development.

Table 5 below shows the nine key sustainability themes originally identified in the Trade SIA methodology in 1999. This list may be complemented by other themes to fit a specific Trade SIA. If necessary, sub-themes may be added.

<table>
<thead>
<tr>
<th>Pillar</th>
<th>Economic</th>
<th>Social</th>
<th>Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Themes</td>
<td>Real income</td>
<td>Poverty</td>
<td>Biodiversity</td>
</tr>
<tr>
<td></td>
<td>Fixed capital formation</td>
<td>Health and education</td>
<td>Environmental quality</td>
</tr>
<tr>
<td></td>
<td>Employment</td>
<td>Equity</td>
<td>Natural resource stocks</td>
</tr>
</tbody>
</table>

Table 5
Key sustainability issues in the agricultural sector in Senegal

- Economic performance of the groundnut sector
- Poverty and rural livelihoods
- Food security (relating to wheat imports and cultivation of groundnut as a cash crop)
- Gender issues
- Soil fertility, water pollution and salinization

Negative impacts are predicted for the economic and social aspects due to rising wheat prices and food security impacts (Senegal is a net food importer).

The negative food security impacts will be mitigated to some degree by projections of rising world prices and demand for oil crops.

In addition, some structural problems, especially domestic problems, in the groundnut sector will tend to limit growth in the sub-sector despite liberalisation efforts.

Negative environmental impacts are predicted due to predictions of expansion of unsustainable agricultural practices (soil mining) in the groundnut sector.

Box 7

Once themes have been identified, a list of indicators should follow. Selection should take place after a preliminary assessment to focus on specific and key sustainability issues and on the main potential changes. Indicators should be selected for each theme and sub-theme on which a trade agreement may have potential effects, as suggested in the screening. Relevant stakeholders should be given an opportunity to provide input for the selection of indicators.

Criteria for selecting indicators:

- **Coherence and consistency** should be found between general indicators used in the preliminary analysis and specific indicators used for sector studies or at a different geographical level (regional, national, local);

- **Relevance for other general policy objectives**, such as the contribution of a trade agreement to the Millennium Development Goals;

- **Coherence among different possible approaches to sustainable development** - European policy choices and third country policy choices for determining sustainable development may differ;

- **Coverage** - indicators should cover all three pillars of sustainable development;

- Indicators should be **specific and reliable**;

- **Credibility of indicators and transparency of the selection** - the choice and the process of selection (with consultation) should be justified;

- **Indicators should be measurable** and illustrate trends over time.
The choice of indicators, whether quantitative or qualitative, will vary according to the type of measure being assessed, the characteristics of the country or countries and/or availability of data. Table 6 sets out examples of themes, sub-themes and indicators for the economic pillar.

<table>
<thead>
<tr>
<th>ECONOMIC</th>
<th>Theme</th>
<th>Sub-theme</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Economic Performance</td>
<td>GDP per capita</td>
<td></td>
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<td></td>
<td></td>
<td>Investment share in GDP</td>
<td></td>
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<td></td>
<td></td>
<td>Foreign Direct Investment</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Gross fixed Capital formation</td>
<td></td>
</tr>
<tr>
<td>Economic Structure</td>
<td>Trade</td>
<td>Balance of trade in goods and services</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Volume of Exports in goods and services</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Volume of trade in goods and services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Financial Status</td>
<td>Debt to GNP Ratio</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Material consumption</td>
<td>Intensity of material use</td>
<td></td>
</tr>
<tr>
<td>Consumption and Productions Patterns</td>
<td>Energy Use</td>
<td>Energy consumption per capita</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Intensity of consumption use</td>
<td></td>
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<tr>
<td></td>
<td>Waste Generation and Management</td>
<td>Generation of industrial waste</td>
<td></td>
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<td></td>
<td>Generation of hazardous waste</td>
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<td></td>
<td>Management of waste</td>
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<td></td>
<td></td>
<td>Waste Recycling and Reuse</td>
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<tr>
<td></td>
<td>Transportation</td>
<td>Distance travelled per capita by mode of transport</td>
<td></td>
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<tr>
<td>National accounts</td>
<td>Derived national accounts</td>
<td>Agriculture value added</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Household final consumption</td>
<td></td>
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<td></td>
<td>Dependency on overseas aid</td>
<td>Net current transfer from abroad</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>ODA value</td>
<td></td>
</tr>
<tr>
<td>Government Finance</td>
<td>Government resources</td>
<td>Net tax on products</td>
<td></td>
</tr>
<tr>
<td></td>
<td>External Debt</td>
<td>Present value of debt</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>IBRD loans and IDA</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Balance of Payments</td>
<td>Current account balance</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Change in net reserves</td>
<td></td>
</tr>
</tbody>
</table>

*Table 6*

*Source: World Bank Development Indicators and CSD Theme Indicator Framework*
Once the sub-themes and indicators have been chosen, each must be subjected to a list of reporting requirements as set out below:

(i) List of themes with a brief description of the selection procedure.

(ii) List of indicators selected with:

- **Name** and brief description;
- **Policy relevance** - relevance to theme/sub-theme, linkages with trade effects, with international targets;
- **Reliability** in measuring relevant parameters;
- **Credibility**, including results of consultations;
- **Measurement method** - type of measure, unit;
- **Country coverage**
- **Data availability and origin**
- **Documentation and references**

**Example: Description of indicator – real income**

*Definition:* **Real income** is defined as Gross National Product (GNP) minus the depreciation on man-made capital and the depreciation of environmental assets, and is the sum of final uses of goods and services measured in producer prices, less the value of 25 imported goods and services. (It can also be estimated as the sum of primary income distributed by resident producer units).

*Measure:* Gross Domestic Product (GDP) is generally used as measure of real income. The UN System of National Accounts provides international standards for national estimates of GDP. GDP per capita gives a measure of average real income.


*Source:* Kirkpatrick et al 2002

**Box 8**

3.4.3 **Data**

A lack of reliable and homogenous data for developing countries makes quantitative analysis by Trade SIA practitioners extremely difficult. Gaps in data affect all three pillars of sustainability. Economic data, where available, is often unreliable given the significance of the informal sector.

Even for developed countries there may be gaps or unreliable data in fields such as:

- Trade/economic data: trade flows in services, foreign direct investment, public procurement;
- Social data: gender differentiation;
- Environmental data: biodiversity, land use and forest coverage.
The consultant should provide an assessment of all possible sources of data using material from major international institutions (WTO, OECD, UN, World Bank, etc.) and national statistical offices. If possible, databases should be built gathering disseminated information. Otherwise the consultant should indicate which solutions have been used to compensate for the quality of data. The consultant can draw meaningful conclusions, provided they allow for uncertainties and acknowledge them.

### 3.4.4 Significance criteria

Significance criteria are used to characterise the significance of a given impact or change and its relevance for policy makers. Significance is linked to the impact itself (magnitude, reversibility), as well as to the context in which it occurs (e.g. existing environmental stress, regulatory capacity for mitigating changes). Factors which have to be taken into account when evaluating the significance of an impact are set out below in Table 8. In interpreting these factors, the consultant will judge against the baseline situation.

#### Summary of significance criteria for Trade SIAs

<table>
<thead>
<tr>
<th>Significance criteria</th>
<th>Description</th>
<th>Scoring</th>
<th>Comment on scoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>Magnitude and direction of changes</td>
<td>Value of the impact size</td>
<td>(++,0,+,-)</td>
<td>++: greater significant positive impact --: greater significant negative impact</td>
</tr>
<tr>
<td>Existing conditions</td>
<td>Relates to existing economic, social and environmental conditions and stress</td>
<td>(++,0,+,-)</td>
<td>-: important existing stress ++: absence of existing stress</td>
</tr>
<tr>
<td>Distribution of the impacts</td>
<td>Characterises the diffuse versus localised nature of the impact.</td>
<td>(++,0,+,-)</td>
<td>-: highly localised on specific social groups or geographical areas ++: highly diffuse</td>
</tr>
<tr>
<td>Reversibility</td>
<td>Characterises the reversible/irreversible nature of the impact (mostly environmental or social)</td>
<td>Yes / no</td>
<td>Potential species extinction, irreversable social effect</td>
</tr>
<tr>
<td>Risk</td>
<td>Provides information about the probability of occurrence of the impact</td>
<td>(L,M,H)</td>
<td>L: low risk M: medium risk H: high risk</td>
</tr>
<tr>
<td>Capacity to change</td>
<td>Institutional and regulatory capacity of the country in which the effect is expected to implement flanking measures</td>
<td>(L,M,H)</td>
<td>L: low risk M: medium risk H: high risk</td>
</tr>
</tbody>
</table>

*Table 7*

**Other scoring indications:**

0 = non-significant impact compared with the base situation.

± = positive and negative impacts likely to be experienced; net effect is uncertain and/or varies according to context.

-/+ = negative over an initial specified period of time but expected to become positive in the longer term. The length of short and long time periods should be specified (and, where appropriate, standardised) for this purpose.

? = uncertain effect.
Notes on scoring indications:

1. The scoring notation should be as quantitative as possible. Nevertheless, it is likely that for some sustainable development indicators and some scenarios quantification is not possible. In this case the scoring system above should be used to characterise impacts for each indicator and significance criterion.

2. Information should include a time scale for expected impacts (short term and long term effects).

3. All impacts are relative to the baseline conditions.

Example: Summary Presentation of Sustainability impacts

<table>
<thead>
<tr>
<th>Sustainable Development (SD) dimensions</th>
<th>Significance of impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>SD pillar</td>
<td>SD Theme</td>
</tr>
<tr>
<td>Economic</td>
<td></td>
</tr>
<tr>
<td>Social</td>
<td></td>
</tr>
<tr>
<td>Environmental</td>
<td>Land / Agriculture</td>
</tr>
<tr>
<td>Institutional</td>
<td></td>
</tr>
</tbody>
</table>

Table 8

3.4.5 Country groupings

Country groupings are intended to aggregate information at an appropriate level. This level should be determined by conciliating two opposite constraints:

- The need to facilitate analysis by limiting the number of groups and by analysing global effects i.e. climate change;
- The need to avoid hiding important variations within groups.

Four target groups were identified in the methodological framework developed in 1999 and refined in 2002 for WTO negotiations. These are:

- European Union
- Non-EU developed countries
- Developing countries
- Least developed countries
The use of these groups enables us to maintain a consistent framework for all Trade SIA studies. Sub-groups need to be defined for specific sector studies on a case-by-case basis depending on the type of trade negotiation, the trade measures involved, trade patterns and key sustainability issues. Sub-groups should be defined according to characteristics which are particularly relevant to policy-making for the trade measure being analysed (e.g. net food importing Least Developed Countries and net food exporting Least Developed Countries in the case of agriculture negotiations). Consultants should specify the criteria used for choosing sub-groups.

### Country groups developed in the Trade SIA on Forestry (WTO negotiations)

- **Major developed country forest product importers**: EU, the United States and Japan.
- **Major developed country forest product exporters**: the United States, Canada, Austria, Finland, Sweden, Norway and New Zealand.
- **Developing country exporter/producers**: Indonesia, Malaysia, China (also a major importer), Brazil, Cameroon and the Democratic Republic of Congo.
- **Developing countries with a poorly developed forest sector (very limited exports)**: Sudan, Ethiopia, Somalia, Tanzania, North African and Middle Eastern countries.

*From Indufor (2004)*

### 3.4.6 Assessment tools

There is no “one-size-fits-all” approach to Trade SIA hence the need for a range of quantitative and qualitative assessment tools, including case studies, modelling, statistical estimation and expert opinion. The benefits of incorporating a mix of qualitative and quantitative methods have been confirmed by experience and by other organisations that have undertaken studies of trade liberalisation agreements.

#### Causal Chain Analysis

Causal chain analysis (CCA) aims to identify the significant cause–effect links between the proposed change (scenario) in a trade measure and its potential economic, social and environmental impacts. For example, a change in tariff levels will directly alter the pattern of prices facing producers and consumers. Similarly, a rules change in competition policy alters the market conditions for producers and consumers, although the impact on prices will be indirect. The new structure of incentives and market opportunities will induce a change in the economic behaviour of producers, consumers and intermediaries. Changes in behaviour will affect the production system, inducing changes in the scale, composition and technology of production (from Kirkpatrick *et al.*, IDPM 2002- further development of the methodology). The causal chain analysis should include an assessment of the impacts of the trade agreement on market actors, particularly on newcomers and small companies, and should take into account changes in the level of competition between corporations.

Trade SIA studies can draw on a very wide body of literature on the effect of trade on the environment which has been developed over the two last decades (cf. synthesis work of OECD, WTO (1999)).
Chart 3 shows the methodological framework developed for the Trade SIA EU-Chile (Planistat 2002).

Experience so far shows that causal chain analyses could be improved by further development of analytical tools enabling more reliable identification of trade-related impacts, particularly social and environmental impacts. Consultants should report clearly and transparently on how they use causal chain analysis, demonstrating that it is robust and citing sources of inputs such as computer models, qualitative analysis, case studies, expert opinion.

**Case studies**

Case studies are used to shed light on sustainability issues and impacts. The Trade SIA methodology and experience so far on case studies show that:

- Case studies allow focus which yields detailed, usable results. These can be useful for other countries with similar characteristics in the same sub-group.

- Care should be taken not induce a bias whereby negative impacts may be overestimated relative to positive impacts, given that in trade policy, positive impacts are global and diffuse, whereas negative impacts affect limited local areas or specific social groups.

Criteria used to select case studies and parameters should be clearly specified and might include:

- Trade pattern as producer, importer and exporter;

- Region in which the country is located;

- The degree to which a selected country is representative of a group;

- Sustainability trends and issues;

- Assessment constraints (availability of data, feasibility of assessment);

- Relevance, quality of information and analysis.
Trade SIA of WTO negotiations – Agriculture – choice of case studies for developing countries

Four types of country are distinguished and one selected in each of these categories:

- Developing countries that are significant net exporters for a wide range of products. Their main concerns will be increased access to foreign markets and they are unambiguous beneficiaries from liberalisation. Case study: **Brazil**.

- Developing countries with a relatively protected agricultural sector exporting some products but importing others. These countries can benefit from liberalisation in some products but lose in others (where they reduce protection), and thus face mixed impacts. Case study: **India**. The study carried out here expands on the one previously done for major food crops (Maltais et al 2002).

- Least developed countries which currently benefit from the most preferential treatment. They typically export cash crops and import food grain (although many have constrained but significant domestic production capacity). These countries could benefit from liberalisation if they could increase exports or if higher import prices provided a stimulus to domestic producers. Case study: **Tanzania**.

- Low-income developing countries that are not classified as least developed but are quite similar in terms of the pattern and efficiency of their agricultural sector. These countries are expected to reduce tariffs and compete with the more preferentially treated least developed countries in their export markets. Case study: **Ghana**.

From O. Morrissey et al. (2005) *Midterm report for the Agriculture sector study*

**Box 10**

**Modelling**

Economic modelling is used in Trade SIA to assess quantitative impacts of trade liberalisation. Various models such as Computable General Equilibrium (CGE), econometric, input-output models or gravity models can be used depending on the purpose (general overview, sector analysis or regional analysis). All try to assess the likely consequences of policy changes on variables such as prices, income or welfare via resource allocation. The most refined CGE models can provide a fully-fledged analysis of possible direct effects of trade agreements over time including various feedback effects across several sectors and countries.

The main advantage of modelling results is to offer quantitative information which relies on clear and transparent hypotheses (as, for instance, in the cases of the EU-Chile and EU-GCC Trade SIAs). Modelling is very useful at the screening stage to identify key economic trends and related sustainability issues so that policy action can be designed to enhance or mitigate effects.

The main disadvantage of modelling results is that they shed light only on a part of the negotiations (mainly tariff related) on a static basis, dynamic effects being more difficult to assess. Modelling ignores a huge part of the trade agenda, such as trade in services, trade rules and investment. A range of quantitative approaches is thus needed for a comprehensive Trade SIA: a combination of models to help assess the causal chains between a proposed trade negotiation and its potential economic, environmental and social impacts. The selection of models will depend on the policy measure to be assessed and on the data available.
Networking

To some extent, assessments rely also on expert opinion. Consultants are expected to develop their own international expert network, and to publish its composition. The Trade SIA seminar held in Brussels (6-7 February 2003) identified a need to establish polycentric networks of expertise at international, regional, national and local level. Although some networks have been created their operation needs to be improved.

3.4.7 Risk Assessment and Uncertainty

To take account of uncertainties in estimates of the effects of trade liberalisation, it is important to include the possibility of unexpected outcomes or unlikely “worst case scenarios”.

Uncertainties can be significant, for example because of difficulty in forecasting how markets may adjust to new regulation, or because of potential effects on the pace of technical innovation. Such factors should be acknowledged in the analysis whenever possible. Overall risk assessments cannot be more precise than their most uncertain component. Thus, risk assessments should be reported in a way that reflects the degree of uncertainty present and does not create a false sense of precision. There may also be scientific uncertainty about the nature and scale of risks.

Risk assessment is often highly subjective. The risk assessment should however generate a credible, objective, realistic, and scientifically balanced analysis and explain the confidence in each assessment by clearly setting out strengths, probabilities, and assumptions, along with the impacts of these factors on the overall assessment. The Trade SIA risk assessment should include three main steps:

- **identification**: description and list of all possible relevant risks;
- **analysis**: linkages between the causes/sources of risks and the possible damage;
- **management proposals**: assessment of the options to address risks to health, safety and the environment. This should be incorporated into a more general cost-benefit framework allowing the analysis to combine the results of the risk assessment with the costs and benefits of a given proposal.

Techniques commonly used to assess risk are:

- **Sensitivity analysis** explores the impact of uncertainty in particular assumptions or parameters, in terms of their relative importance in influencing the results. It shows how changes in particular values affect the outcomes of the various options being considered. In many assessments, this is the best way to handle the analysis of uncertainties.

- **Scenario analysis** examines the impact of a policy initiative under alternative conditions or else as a more complex form of sensitivity analysis. It can be used when the level of uncertainty is so large that a risk assessment can only present discrete alternative scenarios with or without a quantitative assessment of their relative likelihood.

The risk assessment should generate a credible, objective, realistic, and scientifically balanced analysis and explain the confidence in each assessment by clearly setting out strengths, probabilities and assumptions, along with the impacts of these factors on the overall assessment. Even when it is not possible to do a rigorous and detailed risk assessment of a proposal, it is important to try to make some assessment of the possible over- or under-estimation of the assessed impacts and to report the findings of the risk identification and analysis.
### 3.5 Performance benchmarks: judging if a Trade SIA meets its objectives

For each Trade SIA an internal process should be set up to evaluate and monitor the project and its implementation. Table 10 below provides a framework for this. Evaluation should involve all relevant parties: the European Commission, trading partners and civil society.

| Integrated | Deals with the interplay between environmental, social and economic aspects  
|            | Takes into consideration connections with various sectoral policies and local, regional, national and international factors  
|            | Develops alternative scenarios, visions and options for trade policy in a participative way |
| Sustainability driven | Seeks to integrate the concept of sustainability at an early stage into the objectives and results of trade policy  
|            | Facilitates the identification of alternative more sustainable development options and proposals.  
|            | Identifies opportunities and limitations that the environment imposes on the development of trade policy  
|            | Includes the concepts of precaution and continuous improvement in particular during the implementation of agreements (*ex-post* monitoring) |
| Specific | Provides robust, reliable and useful information for sound development decisions and, where practicable, quantitative information  
|            | Focuses on the key issues of sustainable development and differentiates static, dynamic, and long term cumulative effects  
|            | Tailor-made for the characteristics of the decision-making process in question.  
|            | Cost-effective and time-effective |
| Accountable | Carried out with professionalism, rigour, justice, impartiality and equity  
|            | Makes explicit data sources used, assumptions and approximations made, and their level of uncertainty  
|            | Undergoes independent verifications and reviews  
|            | Documents and justifies how sustainability issues are considered in the decision-making process |
| Participative | Participative processes are adapted to social and political context  
|            | Informs and involves the diverse stakeholders and government bodies throughout the decision-making process  
|            | Ensure that all key stakeholders’ perspectives are identified, understood and taken into account and that the empirical evidence for effects identified by stakeholders is critically examined  
|            | Clear, easily comprehensible information requisites, and ensures access to relevant information |
| Interactive and flexible | Provides enough information on the real impacts of implementing a strategic decision to judge whether the decision should be modified  
|            | Ensures results of the assessment will be available early enough to influence the decision making process and inspire future decisions |
| Impact on policies | Integrated into existing processes for the formulation of policies, plans and programmes and their implementation  
|            | Provides a context for lower decision levels (e.g. specific projects such as technical assistance, targeted capacity building)  
|            | Defines the criteria to establish environmentally and socially acceptable limits to changes in environmental quality.  
|            | Evaluates the effectiveness of mitigating measures and the capacity of the existing policy making and regulatory framework to respond to predicted changes |

*Table 9  
Adapted from Hernan Blanco, RIDES “Sustainability Assessment of trade policy and its application in the context of Latin America”, background paper for seminar on Trade SIA, 11-12 November 2003, Chile*
CHAPTER 4 – Next steps

Trade SIAs are never a ‘finished product’: each new study contributes to developing the methodology and adds new insights, for example on how to improve the consultation process. Over time, key issues for ongoing improvements have emerged. Set out below is a non-exhaustive list of suggestions for improving the Trade SIA methodological framework and process that have emerged so far.

4.1 Improving the quality of Trade SIAs

The more detailed and specific the results, the clearer the ways in which they can be integrated into trade policy. A number of factors make achieving such results a challenge:

- **Data**: Collection, reliability and availability of data need to be improved, along with cooperation with Eurostat and third countries’ statistical offices.

- **Assessment tools and models**: A long-term commitment to research and development into assessment tools and models for trade policy is needed, particularly as regards the environmental and social dimensions of Trade SIAs. The European Commission’s Directorate-General for Research is playing an important role in this.

- **Better assessment of impacts within the EU**: Trade SIAs should pay more attention to the impacts of liberalisation on the weakest regions in Europe in order to assist policy-makers set priorities in regional policy.

- **Multidisciplinary approach**: Long-term research and development is needed to understand the impacts of trade opening on sustainable development in a world where multilateral, regional and bilateral trade agreements interact. Policy makers need a better understanding of the ways in which trade agreements and development policies can interact if they are to shape the right policies and to play a full part in the broader debate about what sort of trade policy we want.

4.2 Improving the consultation process

- **Within the Commission**: The interaction and cooperation should be improved among the three intertwined policy areas involved, namely, trade, environment and development. Other departments in addition to DG TRADE should also be involved as necessary.

- **Involve Commission Delegations in third countries**: The Commission’s Delegations (overseas offices) are a potential bridge to extending the consultation process in developing countries. Ideally, there should be an official in each Delegation familiar with the Trade SIA programme to serve as a liaison officer with civil society and academics.

- **Involve all stakeholders in developing countries**: Capacity-building should be done to enable all stakeholders, whether officials or non-state actors in the EU’s trading partner countries, to contribute to the process. The process should involve well-prepared, concise reports and a clear, transparent process for gathering feedback and integrating it.

- **Involve international experts and organisations**: An international advisory committee could be created as a permanent forum to channel improvements to the methodology. In addition to representatives of the European Commission, Member States and third country experts, members of the committee could include international experts (including members of international organisations such as ILO, UNEP, and UNDP), trade, environment and development government representatives and civil society representatives (NGOs, business organisations), including representatives of some of the local communities potentially affected.
The role of the committee would be to provide overall guidance on substance and process to the consultant team and to involve international experts closely. Such a committee should be involved in all the main stages of the Trade SIA.

- **Improve dissemination of information, collection and processing of contributions, feedback mechanisms:** Information on Trade SIAs should be made as accessible as possible, in formats and in quantities as manageable as possible for non-specialists. Where appropriate, specialised interviews or questionnaires should be used to obtain input from experts. Transparency on the acknowledgement and use of contributions should be improved, with appropriate feedback.

- **Include civil society more fully:** Civil society should be more involved in reviewing the Trade SIA process and in contacts with the consultants carrying out the Trade SIA analysis. The creation of a stakeholder forum or “observatory” could also enhance the consultation process. This may require further development and support for such organisations.

### 4.3 Improving the integration of results into policy-making

Trade SIAs are followed up with position papers in which the Commission responds to findings. These papers should also show how the findings will be taken into account in the development of policy for negotiations. Position papers should be posted on the internet once they are endorsed and the process of integrating results into policy-making should be more systematically implemented and improved. This will be key to ensuring the mid-term credibility and relevance of the Trade SIA programme.

### 4.4 Improving policy dialogue around Trade SIAs

The process of carrying out Trade SIAs gives an opportunity for wide-ranging discussion beyond the immediate country or sector under investigation. There may be a broad consensus on the concept of sustainable development since the Rio Summit but Trade SIAs conducted under EU auspices inevitably reflect European concerns, including issues such as trade and gender, animal welfare and decent work. The concerns of the EU’s trading partners should also be identified and reflected in the studies.

- Offer a better basis for understanding and reconciling the different views of trade/sustainability trade-offs around the negotiating table. Trade and sustainable development committees could be formed to accompany and monitor each negotiation to this end.

- Shed light on how trade policy contributes to internationally agreed processes on sustainable development, in particular the Millennium Development Goals.

- Foster public-private initiatives intended to promote sustainable development, especially those pertaining to Corporate Social Responsibility.

- Help further to develop policy coherence and cooperation between the European Commission and international organisations (ILO, WTO, UNEP, UNCTAD, FAO, World Bank) with responsibility for international sustainable development initiatives and which are involved in impact assessment. An international framework for conducting sustainability impact assessment could result and links between analysis and development activities improved.

- Reinforce civil society dialogue around Trade SIAs by integrating the substance of the issues raised by civil society in debate and analysis. The challenge is thus to offer a process that has a demonstrable impact on policy making.

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4.5 Further work

Considerable progress has been made since the European Commission launched its Trade SIA programme in 1999 but much work remains to be done in further developing and refining Trade SIAs as a tool for optimising the interaction between trade policy and sustainable development. The process of developing Trade SIAs is very much a learning by doing exercise with each study shedding new light on issues and bringing new perspectives. Everyone involved in Trade SIAs – trade negotiators, consultants, academics and civil society – has a contribution to make by adding to the accumulation of knowledge their own perspectives and experiences. Observations, comments and suggestions are welcome and should be sent to the following e-mail address at the European Commission.

trade-SIA@cec.eu.int
CHAPTER 5 - Annexes

5.1 Glossary

*Flanking measure (mitigation and enhancement measures):*

Policy measures proposed in the framework of a Trade SIA to mitigate potential negative impacts or enhance positive ones. These measures are not restricted to trade policy but can encompass cooperation, social, environmental or development policies.

*Indicator:*

A variable which is used as an example to demonstrate the possible effects of a trade agreement on sustainable development. Generally speaking, an indicator is a parameter that provides information about a phenomenon or about an underlying situation. The significance of an indicator goes beyond the strict measure and is used as an approximation of the impact of a change on the sustainable development area under scrutiny.

*Inter-service consultation:*

Consultation of all interested Directorate Generals (departments) of the European Commission. In the specific case of Trade SIAs, inter-service consultations are held before the Commission issues its comments on Trade SIA results or in order to prepare a Commission position paper.

*Negotiation mandate:*

Negotiation instructions given to the European Commission by the Council. The mandate constitutes the framework which must be respected by the European Commission when negotiating in the name of the European Union.

*Position paper:*

A paper endorsed by the European Commission which describes the official position of the European Commission. A position paper on Trade SIA results should highlight points of agreement/disagreement and propose concrete flanking measures which will be implemented on the basis of the results.

*Scenario:*

A scenario is a strategic and hypothetical anticipation of the future which serves as a basis for assessing changes. A scenario can be described as a *coherent* picture of a *plausible* future. In Trade SIAs scenarios define the scope of the evaluation and reflect the likely range of realistic outcomes in any given negotiation.

*Sustainability theme:*

A certain aspect (or sub-component) of each sustainable development pillar which requires particular attention in the Trade SIA. Sustainability themes help to structure the analysis by pointing to key issues to be considered during the Trade SIA. If needed, sub-themes can be defined for each category of themes.

*Sustainable development pillars:*

The three pillars of sustainable development which the Trade SIA examines are: social, environmental, economic. In addition it also considers the institutional dimension as a horizontal requirement.
Trade negotiation:

A negotiation undertaken between two or more countries or regions with a view to changing the rules and/or conditions governing trade between them. Trade negotiations can include negotiations on tariffs for goods, services, public procurement, investment, intellectual property, technical barrier to trade, rules of origin etc.

133 Committee:

An advisory committee of the Council which specialises in EU trade policy. It is the link between the European Commission and the Council in the area of trade policy. Each Member State has one full and one substitute member to represent it on the committee. The Committee takes its name from Article 133 of the Treaty of Amsterdam. Article 133 provides for the establishment of a special committee appointed by the Council to assist the European Commission in trade policy matters.

5.2 References

Indicators


Hernan Blanco, RIDES - “*Sustainability Assessment of trade policy and its application in the context of Latin America*”, background paper to the seminar on Trade SIA, 11&12 November 2003, Chile

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Planistat (2002) - Sustainability Impact Assessment (Trade SIA) of the trade aspects of negotiations for an Association Agreement between the European Commission and Chile, Final Report, Planistat, Luxembourg

Price Waterhouse Coopers (2004a) - Sustainability Impact Assessment (Trade SIA) of the negotiations of the trade agreement between the European Community and the Countries of the Cooperation Council for the Arab States of the Gulf (GCC): Methodology Price Waterhouse Coopers, Brussels

Price Waterhouse Coopers (2004b) - Sustainability Impact Assessment (Trade SIA) of the negotiations of the trade agreement between the European Community and the Countries of the Cooperation Council for the Arab States of the Gulf (GCC) Draft Report for Consultation Public Society, Price Waterhouse Coopers, Brussels


Rice, Tim, Saskia Ozinga and Chantal Marijnissen. (2000) - Trade Liberalisation and Its Impacts on Forests: An Overview of the Most Relevant Issues, FERN


United Nations Environmental Programme (2002) - Global Environmental Outlook 3, UNEP, Nairobi, Kenya


WIDE (2002) - Joint NGO statement on Sustainability Impact Assessments of EU Trade Policy, WIDE, Brussels


**Other documents of interest**

Joint NGO-Statement on Trade SIAs, July 2002

Methodological Tools for Trade SIA Report of the CEPII Workshop held on 7-8 November 2002 in Brussels

**European Commission Official Documents**

Commission Communication on Impact Assessment (COM/2002/0276 final)

Communication Action plan "Simplifying and improving the regulatory environment" known as Better Regulation Package, COM(2002) 278 final

Better Regulation Package - Work Area n° 2 of the White Paper on European Governance 2001


Communication Towards a Thematic Strategy on the Sustainable Use of Natural Resources COM(2003) 572 final


Communication on the Precautionary Principle COM(2000) 1 final


**Modelling tools and Trade SIA**

## 5.3 Summary of Trade SIA experiences

<table>
<thead>
<tr>
<th>Negotiation</th>
<th>Trade SIA</th>
<th>Time schedule</th>
<th>Budget (€)</th>
<th>Experience gained</th>
<th>Example of conclusions</th>
<th>Example of flanking measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>WTO/Seattle agenda</td>
<td>Phase I</td>
<td>1999</td>
<td>128,000</td>
<td>First Trade SIA</td>
<td>Level of detail needs improving</td>
<td></td>
</tr>
<tr>
<td>WTO or Regional Trade Agreement</td>
<td>Further development of the methodology</td>
<td>2001</td>
<td>40,000</td>
<td>Methodological improvements. Central role of causal chain analysis. More detailed tool box, indicators. Consultation of developing countries. Development of <em>ex-post</em> assessments.</td>
<td>Methodological proposals to be implemented in subsequent Trade SIAs</td>
<td></td>
</tr>
<tr>
<td>WTO</td>
<td>Food crops</td>
<td>2001</td>
<td>40,000</td>
<td>First sectoral Trade SIA. Use of case studies, literature review including CGE. Need to intensify developing countries’ consultation. Need to develop specific indicators. Linkages between macro policies and micro and highly localised impacts.</td>
<td>Highly localised environmental and social impacts on geographical hot spots and weak social groups. Negative economic, social and environmental impacts for LDCs net food importers. Women may suffer. Potential negative impacts on deforestation in Indonesia, and on the environment in Australia.</td>
<td>Implementation of the WTO Marrakesh declaration for LDCs. Development of food security programmes for net food importing LDCs. Development and implementation of forest regulation in DCs</td>
</tr>
<tr>
<td>Preliminary</td>
<td>2002-2004</td>
<td>125,000</td>
<td>Preliminary assessment of the whole DDA negotiation. High level of generality. Weakness of consultant expertise in some trade issues.</td>
<td>Proposed sectors to be further studied: agriculture, services, forest, FDI, impact on biodiversity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sectoral Trade SIAs:</td>
<td>2002-2004</td>
<td>125,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------------</td>
<td>-----------</td>
<td>---------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>market access, textiles, pharmaceutical non-ferrous metals, competition, environmental services</td>
<td>2004-2005</td>
<td>250,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Textiles:</td>
<td>2002</td>
<td>60,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sectoral Trade SIAs:</th>
</tr>
</thead>
<tbody>
<tr>
<td>agriculture, forest, distribution</td>
</tr>
</tbody>
</table>

| Lack of data and tools available for services. Lack of credibility of results linked to some expertise weakness (services). Market access: analysis and consultation succeeded in building consensus in the case of market access. Academic result in the difficult case of competition. |
| Non-ferrous metals: increase in transport leads to environmental risks. Textiles: Negative impacts in DCs and LDCs which are not able to compete with China and India; negative impacts on the environment in China. Some social negative impacts in the EU due to adjustment costs. |
| Forest: limited impact of tariff reduction in general, important role of Non-Tariff Measures; positive economic impact of south-south liberalisation; negative impact of a unilateral ban to fight illegal logging; importance of domestic regulation (studied in detail in some countries (Ecuador, Mexico, Indonesia, Brazil). |
| Overall positive but limited positive economic impacts both for Chile and EU. Environmental risks in sectors such as mining, chemicals, forest, transport, tourism. Overall social benefits but adjustment costs identified in some geographical areas (Mapuche tribes) and some sectors (fisheries) |
| Monitoring the agreement’s implementation Develop cooperation on sustainable development Ensure effective enforcement of fishery rights Promotion of Corporate Social |

| Chile |
| 2002 | 60,000 |

| Use of economic modelling and sector studies. Need to involve third countries as soon as possible in the Trade SIA process. Association with local experts is highly positive. Disappointing results for FDI and services (lack of data, expertise and tools). |
|Overall positive but limited positive economic impacts both for Chile and EU. Environmental risks in sectors such as mining, chemicals, forest, transport, tourism. Overall social benefits but adjustment costs identified in some geographical areas (Mapuche tribes) and some sectors (fisheries) |
| Develop cooperation to help countries to develop local governance and manage their forests, negotiate NTM with a view to reducing export restrictions, encourage South-South liberalisation in the DDA, implement the FLEGT action plan |

<p>| Textiles: | grant trade preferences to non-competitive DCs. Cooperation for improving labour conditions in competing countries. Fine tune intra-EU impacts (social, economic) and develop adjustment programmes with the support of structural funds, develop monitoring systems |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Overall positive effect of the negotiation on both the EU and GCC</td>
<td>Need to develop a sustainable development agenda in the negotiations</td>
</tr>
<tr>
<td>GCC</td>
<td>Gulf Cooperation Council - GCC</td>
<td>2002-2003</td>
<td>250,000</td>
<td>Effects on the business environment will depend on domestic reforms (institutional and regulatory framework) and regional integration. Investment decisions of economic operators are particularly sensitive in some sectors, such as environmental services – waste and waste water management.</td>
</tr>
<tr>
<td>ACP</td>
<td>ACP Phase I</td>
<td>2002-2003</td>
<td>250,000</td>
<td>Identification of key trade-related sustainable development issues (standards, trade facilitation, lack of local processing, gender issue and role of informal sector) Selection of key sectors: agro-industry in West Africa, fisheries in Pacific, tourism in Caribbean</td>
</tr>
<tr>
<td></td>
<td>ACP Phase II</td>
<td>2004-2005</td>
<td>250,000</td>
<td>Use of economic modelling for services, case studies, local experts</td>
</tr>
</tbody>
</table>

Table 11
5.4 Standard Guidelines for Consultation of Civil society

5.4.1 Clarity of the Trade SIA process and related consultations

All communication by the consultants relating to the Trade SIA process and consultation of civil society should be clear, concise and include all necessary information.

The information in consultation documents circulated by the consultants should include:

- A summary of the context, scope and objectives of consultation, including a description of the specific issues open for discussion or questions of particular importance;
- Details of any upcoming hearings, meetings or conferences, where relevant;
- Consultants’ contact details and deadlines for submissions;
- Explanation of the consultants’ processes for dealing with contributions, what feedback to expect, and details of the next stages involved in the Trade SIA;
- References to related and supporting documents where these are not actually included.

Consultants should send an edited version of each of their own interim reports (or executive summary: maximum twenty pages) to the civil society representatives. Civil society representatives then have at least ten working days to submit their comments. The complete report should also be published on a dedicated website.

5.4.2 Civil Society groups targeted for consultation

When identifying civil society groups for consultation during the Trade SIA consultants should ensure all relevant parties have an opportunity to express their opinions.

For consultation to be equitable, the consultants should ensure adequate participation by:

- those affected by the negotiations;
- those who will be involved in implementation of the negotiation results, or;
- bodies which have objectives giving them a direct interest in the negotiation results.

In determining the relevant parties for consultation, the consultants should, if possible, select civil society representatives from each of the following constituencies:

- Agricultural Producers
- Commerce
- Consumers
- Development
- Education and Research
- Employers
- Environment
- Health
- Indigenous People
- Industries
- Trade Unions
- Women Groups
In addition to civil society representatives, government experts of the respective countries should also be part of consulted experts.

The recommendations described in section 3.3 should also be borne in mind.

For studies which have a broad country coverage the consultant should ensure the best civil society coverage (origins and levels) possible.

For country specific case studies the consultants should ensure that each of the above-mentioned civil society constituencies is represented on an international, regional, national and local level. Where representation at each level is not possible, the consultants must provide the Commission with a written explanation as to why this is the case.

One organisation or individual should not be assigned to more than one civil society constituency at the same time.

The consultants should identify one key representative per civil society constituency at each geographic level. The task of these key representatives is to facilitate communication between the consultants, the Commission and civil society groups in general, as well as to help structure civil society input. Furthermore, the consultants should sound out the key representatives for new relevant civil society groups in their constituency on a monthly basis. If a civil society representative cannot be identified on one geographic level, the consultants should make efforts to find another one that is competent and willing to represent the respective constituency on a different level.

The consultants should publish a list containing the key representatives of the consultation network on a dedicated website. This list should be included in interim reports.

5.4.3 Publication of details of consultation

The consultants should contribute to fostering public awareness about the Trade SIA. Details of open public consultations should be published on a dedicated website.

Consultants have to operate a Trade SIA-related website, which has to contain a section where questions are posted from the consultants to the civil society representatives consulted. In order to give other interested stakeholders the opportunity to send comments to the consultants, these questions must be online ten working days in advance of the respective consultation interview.

In order to inform civil society representatives about the consultation process in particular and the Trade SIA in general, the website should contain a “Questions and Answers” list. This list must be updated by the consultants regularly.

Where appropriate and feasible, the consultants should provide consultation documents in alternative formats so as to make them more accessible to the disabled.
5.4.4 Time limits and general conditions for participation

The main aim is to give those participating in Trade SIA-related consultations sufficient time for preparation and planning.

For this purpose, the following guidelines should be followed by the consultants:

- The consultants must take into account the main or official language in their entire communication and documentation of the civil society consultation process.

- Civil society representatives which the consultants want to consult must be informed by telephone at least ten working days in advance of the interview. They must be notified of the precise questions on this occasion either by e-mail or by fax.

- Where the consultants and a civil society representative agree to hold a telephone interview, the consultant must agree in advance with civil society representatives a precise time and day for the interview to take place.

- If the consultants require a written report from the civil society representatives on a specific topic, the latter should have at least twenty working days to produce it.

- The maximum size of such a report by civil society representatives should not exceed twenty pages (Standard configuration: Times New Roman, Font size 12, 1.5 line spacing). The consultants have to take this into account when requesting the report.

Contributions submitted by civil society representatives after the expiration of deadlines shall be published in the same way. The consultants should make reasonable efforts to take these comments into consideration.

Besides individual consultation requests made by the consultants, general round-table meetings (or videoconferences) with civil society representatives should be organised on a regular basis in order to facilitate information exchange between the consultants and interested parties. Relevant dates for these events should be announced on the dedicated website.

5.4.5 Acknowledgement and feedback

Receipt of contributions should be acknowledged. Results of open public consultation should be displayed on the dedicated website.

Depending on the number of comments received and the resources available, acknowledgement can take the form of an individual response (by e-mail or acknowledgement slip), or a collective response (by e-mail or on the website).

Contributions should be analysed carefully by the consultants to see whether and to what extent the views expressed can be accommodated in the Trade SIA findings. This feedback analysis should distinguish clearly between issues where consensus was reached and those where different opinions persisted. Furthermore, this analysis should differentiate between technical questions regarding the assessment and topics related more specifically to political integration issues.

Contributions to open public consultations will be made public on the website and results of other forms of consultation will also, as far as possible, be subject to public scrutiny. Constituency representatives should be informed in advance that their correspondence will be published.
### 5.5 List of indicators/data

There are various themes that can be used in a Trade SIA study. Tables 12 to 15 on the following pages list the most probable themes to be found and used in a Trade SIA study. Other themes can be added on a case-by-case basis.

**Proposed themes of Sustainable Development and related internationally agreed objectives:**

### ECONOMIC

<table>
<thead>
<tr>
<th>Theme</th>
<th>Sub-theme</th>
<th>Goals, Targets and Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Structure</td>
<td>Economic Performance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Trade</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Financial Status</td>
<td>i) Total ODA from developed countries should be at least 0.7% of GNP <em>(United Nations)</em></td>
</tr>
<tr>
<td></td>
<td></td>
<td>ii) Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term <em>(Millennium Developments Goals)</em></td>
</tr>
<tr>
<td></td>
<td>Material consumption</td>
<td></td>
</tr>
<tr>
<td>Consumption and</td>
<td>Energy Use</td>
<td></td>
</tr>
<tr>
<td>Production Patterns</td>
<td>Waste Generation and</td>
<td>i) National targets may apply for solid waste reduction and recycling</td>
</tr>
<tr>
<td></td>
<td>Management</td>
<td>ii) Prevent and minimize the generation of hazardous wastes <em>(Agenda 21)</em></td>
</tr>
<tr>
<td></td>
<td>Transportation</td>
<td></td>
</tr>
<tr>
<td>National accounts</td>
<td>Derived national accounts</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dependency on overseas aid</td>
<td></td>
</tr>
<tr>
<td>Government Finance</td>
<td>Government resources</td>
<td></td>
</tr>
<tr>
<td></td>
<td>External Debt</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Balance of Payments</td>
<td></td>
</tr>
</tbody>
</table>

*Table 12* Source: World Bank Development Indicators and CSD Theme Indicator Framework
<table>
<thead>
<tr>
<th>Theme</th>
<th>Sub-theme</th>
<th>Goals, Targets, and Standards</th>
</tr>
</thead>
</table>
| Social Theme               | Poverty   | i) Reduce proportion of people living in extreme poverty in developing countries by at least one-half by 2015 compared to 1990 (*Copenhagen 95*)  
ii) Universal access to paid employment (*Copenhagen 95*)  
iii) Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day (*Millennium Development Goals*)  
iv) By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers (*Millennium Development Goals*) |
|                            | Equity     | i) Eliminate discriminatory practices in employment (*Beijing*)  
ii) Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015 (*Millennium Development Goals*) |
|                            | Gender Equality | i) Reduce severe and moderate malnutrition among under 5 year old children by 50% from 1990 to 2000 (*New York 90, Copenhagen 95, Beijing 95, Rome 96*)  
ii) Halve, between 1990 and 2015, the proportion of people who suffer from hunger (*Millennium Development Goals*) |
|                            | Access to services of general interest | i) Reduce mortality rate for children under 5 years old by two-thirds of 1990 levels by 2015 (*Cairo 94, New York 90*)  
ii) Reduce by two thirds, between 1990 and 2015, the under-five mortality rate (*Millennium Development Goals*)  
iii) Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio (*Millennium Development Goals*) |
|                            | Nutrition Status | Universal access to sanitary waste disposal (*Rio de Janeiro 92, Copenhagen 95, Beijing 95*) |
|                            | Mortality | Universal access to safe drinking water supply by 2025 (*Rio de Janeiro 92, Copenhagen 95, Beijing 95*) |
|                            | Health | i) Have halted by 2015 and begun to reverse the spread of HIV/AIDS (*Millennium Development Goals*)  
ii) Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases (*Millennium Development Goals*) |
|                            | HIV/AIDS, Malaria and other diseases | i) Universal access to primary health care and reproductive health services by 2015 (*Cairo 94, Copenhagen 95, Beijing 95*)  
ii) Universal immunization against measles (*New York 90*)  
iii) Universal access to safe and reliable contraceptive methods (*Cairo 94*)  
iv) In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries (*Millennium Development Goals*) |
| Education | Education Level | i) Universal access to and completion of primary education by 2015 *(Jomtien 90, Cairo 94, Beijing 95)*  
|           |                | ii) Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling *(Millennium Development Goals)*  
|           | Literacy       | Adult literacy reduced by half of the 1990 level by 2000 *(Jomtien 90, Copenhagen 95, Beijing 95)*  
| Housing   | Living Conditions | Provision of sufficient living space and avoidance of overcrowding *(Habitat II)*  
|           | Human settlement |  
| Security  | Crime          | Significantly reduce violence and crime *(Cairo 95)*  
| Population| Population Change | Stabilize world population *(Cairo 94)*  
|           | Youth & Elderly Populations |  
|           | Child Bearing age |  
| Labour    | Unemployment    |  
|           | Income Distribution |  
|           | Employment Opportunities |  
|           | Unacceptable Work |  
|           | Adequate Earnings and Productive Work |  
|           | Decent Hours |  
|           | Stability & Security of Work |  
|           | Balancing work and family life |  
|           | Fair treatment in employment |  
|           | Safe Work |  
|           | Socio Economic Context |  
|           | Social Dialogue and Workplace Relations |  
| Social protection | Social protection | In cooperation with developing countries, develop and implement strategies for decent and productive work for youth *(Millennium Development Goals)*  

*Table 13*  
Sources: CSD Theme Indicator Framework, UN Statistics Division - Social Indicators, ILO - Measuring Decent Work with Statistical Indicators
<table>
<thead>
<tr>
<th>Theme</th>
<th>Sub-theme</th>
<th>Goals, Targets, and Standards</th>
</tr>
</thead>
</table>
| Atmosphere             | Climate Change             | i) Reduce overall developed country emissions of CO2 equivalents by 5% of 1990 levels by 2008-2012 *(Kyoto 97)*  
ii) Stabilize GHG concentrations in the atmosphere at a level that prevents dangerous anthropogenic interference with the climate system *(FCCC)* |
|                        | Ozone Layer Depletion      | ODS consumption elimination schedule: halons by 1994; CFC, carbon tetrachloride, HBFC, and methyl chloroform by 1996; methyl bromide by 2010; and HCFC by 2030 *(Montreal Protocol and Amendments and Adjustments)* |
|                        | Air Quality                | National air quality standards based on WHO air quality guidelines                                                                                                                                                         |
| Land                   | Agriculture                | Reduce the number of undernourished people to half their present level no later than 2015 *(Rome96)*                                                                                                                                 |
|                        | Forest                     | i) All tropical timber products traded internationally shall originate from sustainable managed forest by 2000 *(International Tropical Timber Organization)*  
ii) National targets set under the sustained yield principle |
|                        | Desertification            |                                                                                                                                                                                                                         |
|                        | Urbanization               |                                                                                                                                                                                                                         |
| Oceans, Seas and Coasts| Coastal Zone               |                                                                                                                                                                                                                         |
|                        | Fisheries                  |                                                                                                                                                                                                                         |
| Fresh Water            | Water Use Quantity         | Withdrawal limits may apply to specific international treaties between countries                                                                                                                                          |
|                        | Water Quality              | i) National water quality standards based on WHO guidelines for drinking water quality  
ii) Halve, by 2015, the proportion of people without sustainable access to safe drinking water and sanitation *(Millennium Development Goals)*                                |
|                        | Water Supply               |                                                                                                                                                                                                                         |
| Biodiversity           | Ecosystem                  |                                                                                                                                                                                                                         |
|                        | Protected areas            | 10% protected area for each major ecosystem type by 2000 *(caracas92)*                                                                                                                                                  |
|                        | Species                    |                                                                                                                                                                                                                         |
| Mode of productions and consumption | Urban areas |                                                                                                                                                                                                                         |
|                        | Energy resources           |                                                                                                                                                                                                                         |
|                        | Waste                      |                                                                                                                                                                                                                         |
|                        | Transport                  |                                                                                                                                                                                                                         |

*Table 14* Source: European Environmental Agency, UNEP & CSD Theme Indicator Framework
<table>
<thead>
<tr>
<th>Theme</th>
<th>Sub-theme</th>
<th>Goals, Targets and Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process</td>
<td>Implementation of SD principles</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Contribution to international commitments</td>
<td></td>
</tr>
</tbody>
</table>
|                        | Strategic Implementation of Sustainable development objectives            | i) National Sustainable Development strategies that reflect all interests formulated by all countries by 2002 *(United Nations General Assembly97)*  
   |                        |                                                                           | ii) Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources *(Millennium Development Goals)* |
| Institutional          | International Cooperation                                                 | i) Develop further an open, rule-based, predictable, non-discriminatory trading and financial system.  
   | Framework               |                                                                           | Includes a commitment to good governance, development and poverty reduction - both nationally and internationally *(Millennium Development Goals)*  
   |                        |                                                                           | ii) Address the special needs of the least developed countries.  
   |                        |                                                                           | Includes: tariff and quota-free access for least developed countries' exports; enhanced programme of debt relief for heavily indebted poor countries (HIPC) and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction *(Millennium Development Goals)*  
   |                        |                                                                           | iii) Address the special needs of landlocked developing countries and small island developing States (through the Programme of Action for the Sustainable Development of Small Island Developing States and the outcome of the twenty-second special session of the General Assembly) *(Millennium Development Goals)* |
| Institutional Capacity  | Information Access                                                        | i) One researcher engaged in R&D per 1000 population [for Africa] *(UNESCO95)*                 |
|                        | Communications Infrastructure                                             |                                                                                               |
|                        | Science and Technology                                                    | i) In cooperation with the private sector, make available the benefits of new technologies, especially information and communications *(Millennium Development Goals)*  
   |                        |                                                                   |                                                                                               |
|                        | Disaster Preparedness and Response                                        | Improve the capacity of each country to mitigate the effects of natural disasters expeditiously and effectively *(United Nations General Assembly89)* |
| Governance             | Recognition and enforcement of citizens rights                             |                                                                                               |
|                        | Balance of power and resources between national, regional and local authorities |                                                                                               |
|                        | Representation of civil, social and economic actors and organisations      |                                                                                               |
|                        | International governance                                                  |                                                                                               |

*Table 15* Source: CSD Theme Indicator Framework
## 5.6 List of studies, reports, key websites and contacts

### 5.6.1 Studies and Reports

<table>
<thead>
<tr>
<th>Negotiations</th>
<th>Year</th>
<th>Name</th>
<th>Related Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Final report (<a href="http://trade-info.cec.eu.int/doclib/docs/2003/april/tradoc_112356.pdf">http://trade-info.cec.eu.int/doclib/docs/2003/april/tradoc_112356.pdf</a>)</td>
</tr>
<tr>
<td></td>
<td>2002</td>
<td>Call for tender</td>
<td>TOR (<a href="http://trade-info.cec.eu.int/doclib/docs/2003/april/tradoc_112351.pdf">http://trade-info.cec.eu.int/doclib/docs/2003/april/tradoc_112351.pdf</a>)</td>
</tr>
<tr>
<td>Preliminary DDA</td>
<td></td>
<td></td>
<td>Final report (<a href="http://www.TradeSIA-trade.org/wto/Phase3A/OverviewFinal2.pdf">http://www.TradeSIA-trade.org/wto/Phase3A/OverviewFinal2.pdf</a>)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Position paper (<a href="http://trade-info.cec.eu.int/doclib/docs/2003/september/tradoc_113697.pdf">http://trade-info.cec.eu.int/doclib/docs/2003/september/tradoc_113697.pdf</a>)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Competition</td>
<td>Final report (<a href="http://www.TradeSIA-trade.org/wto/Phase3A/CompetitionFinal.pdf">http://www.TradeSIA-trade.org/wto/Phase3A/CompetitionFinal.pdf</a>)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Position paper (<a href="http://trade-info.cec.eu.int/doclib/docs/2003/september/tradoc_113695.pdf">http://trade-info.cec.eu.int/doclib/docs/2003/september/tradoc_113695.pdf</a>)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Environmental services</td>
<td>Final report (<a href="http://www.TradeSIA-trade.org/wto/Phase3A/EnvironFinal.pdf">http://www.TradeSIA-trade.org/wto/Phase3A/EnvironFinal.pdf</a>)</td>
</tr>
<tr>
<td>Country</td>
<td>Year</td>
<td>Description</td>
<td>Final Report</td>
</tr>
<tr>
<td>---------</td>
<td>------</td>
<td>-------------</td>
<td>--------------</td>
</tr>
<tr>
<td>Chile</td>
<td>2002</td>
<td>Full Trade SIA including sector studies on agriculture, forestry, processed food, chemicals, fisheries, electricity, tourism</td>
<td>Final report (<a href="http://www.sia-trade.org/wto/">http://www.sia-trade.org/wto/</a>)</td>
</tr>
<tr>
<td></td>
<td>Tourism in Caribbean</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fisheries in Pacific</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Methodology</td>
<td>1999</td>
<td>Phase I</td>
<td>Final report (<a href="http://trade-info.cec.eu.int/doclib/docs/2003/april/tradoc_112366.pdf">http://trade-info.cec.eu.int/doclib/docs/2003/april/tradoc_112366.pdf</a>)</td>
</tr>
</tbody>
</table>

Table 16
5.6.2 European Commission and other EU institution websites:

- Sustainable development website: http://europa.eu.int/comm/sustainable/welcome/index_en.htm
- European Environment Agency: http://www.eea.eu.int

5.6.3 Trade SIA Consultants:

- IDPM Manchester: http://www.sia-trade.org/index.shtml
  Sustainability Impact Assessment of Proposed WTO Multilateral negotiations

- Stockholm Environment Institute: http://www.sei.se/
  Midterm Report Sustainability Impact Assessment of WTO negotiations on the major food crops

  Sustainability Impact Assessment (Trade SIA) of the negotiations of the trade agreement between the European Community and the Countries of the Cooperation Council for the Arab States of the Gulf (GCC)

- PriceWaterhouseCoopers: http://www.sia-acp.org/acp/uk/news.php
  ACP-EU Trade SIA report (August 2004)
5.6.4 National Governments

  
  Section on environmental assessment of Trade agreements
  [http://www.ustr.gov/Trade_Sectors/Environment/Environmental_Reviews/Section_Index.html](http://www.ustr.gov/Trade_Sectors/Environment/Environmental_Reviews/Section_Index.html)

  USTR - Environmental assessment of Trade agreements guidelines
  [http://www.ustr.gov/Trade_Sectors/Environment/Guidelines_for_Environmental_Reviews/Section_Index.html](http://www.ustr.gov/Trade_Sectors/Environment/Guidelines_for_Environmental_Reviews/Section_Index.html)


5.6.5 Academic Institutions

- Global Trade Analysis Project, Purdue University: [https://www.gtap.agecon.purdue.edu/](https://www.gtap.agecon.purdue.edu/)
- International Association for Impact Assessment: [http://www.iaia.org/](http://www.iaia.org/)

5.6.6 International Institutions


5.6.7 Civil Society organisations

- Action Aid: [http://www.actionaid.org](http://www.actionaid.org)
- Centre for International Environmental Law: [http://www.ciel.org](http://www.ciel.org)
- Consumers International: [http://www.consumersinternational.org](http://www.consumersinternational.org)

60
Friends of the Earth International: http://www.foei.org
Global Environment and Trade Study: http://www.gets.org
Human Rights Watch: http://www.hwg.org
Institute for Agriculture and Trade Policy—United States: http://www.iatp.org
International Centre for Trade and Sustainable Development: http://www.ictsd.org
International Food Policy Research Institute: http://www.ifpri.org
International Gender and Trade Network: http://www.genderandtrade.net
International Institute for Environment and Development: http://www.iied.org
Overseas Development Institute: http://www.odi.org.uk
Oxfam International: http://www.oxfam.org/en
Oxfam UK: http://www.oxfam.org.uk/
WTO Watch: http://www.tradeobservatory.org

5.6.8 Civil Society – Impact assessment projects

Ecologic: http://www.ecologic.de
International Institute for Sustainable Development: http://www.iisd.org
Unisfera: http://www.unisfera.org
WWF Balanced trade: http://www.balancedtrade.panda.org/approachfiles/instappr.html