



CIVIL SOCIETY DIALOGUE

MEETING ON AN UPDATED HANDBOOK FOR SUSTAINABILITY IMPACT ASSESSMENTS OF EU TRADE NEGOTIATIONS

Date: 08/07/2015

Time: 10:00 - 12:00

Location: Lord Jenkins room, Charlemagne Building, Rue de la Loi 170, Brussels

Lead speakers

Ms Delphine Sallard, Head of Unit, Evaluation, Directorate-General for Trade

Ms Monika Hencsey, Head of Unit, Trade and Sustainable Development, Generalised System of Preferences, Directorate-General for Trade

Mr Lars Nilsson, Deputy Head of Unit, Chief Economist and Trade Analysis, Directorate-General for Trade

Mr João Pereira, Evaluation Coordinator, Directorate-General for Trade

Panel Presentation

DG Trade (DS) explained that Sustainability Impact Assessments (SIAs) are a trade-specific analytical tool conducted by external experts. They form part of the trade policy evaluation cycle together with Commission impact assessments, economic assessments of the negotiated outcome and ex-post evaluations. They provide negotiators with an in-depth analysis of the potential economic, social, human rights, and environmental consequences of trade negotiations and give the opportunity to stakeholders, both in the EU and in partner countries, to express their views.

DG Trade gave an overview of the new edition of the Handbook, which sets out the main characteristics, objectives, and principles of the new generation of SIAs. The Handbook is the main reference point for consultants and all stakeholders on how to carry out an SIA. This revision should be seen in the wider context of adoption by the Commission of the Better Regulation agenda which includes specific new guidelines on impact assessment, evaluation and stakeholder consultation.

The revised Handbook is more concise and practical than the previous version, increases the focus on consultation of stakeholders, and incorporates an in-depth analysis of potential impacts of trade agreements on human rights. It takes into account proposals from the European Court of Auditors, the European Economic and Social Committee and civil society organisations. It also builds on the experience with more than twenty SIAs. An [online public consultation](#) on the revised Handbook is ongoing and will be open until 14 August 2015.

For details, please see the [attached presentation](#).

Discussion Highlights / Questions and Replies

International Alliance of Catholic development agencies (CIDSE) welcomed the improvements with regard to transparency and notably the assessment of human rights (HR) impacts in the revised SIA Handbook as called for by civil society. However, they pointed out that the emphasis was more on the benefits of trade agreements than on their negative effects. CIDSE recommended merging the section of the Handbook on HR analysis with the section on social analysis and considered that since the "the devil is on the detail", they would need to have a closer look at the [guidelines](#) on the analysis of human rights impacts in impact assessments for trade-related policy initiatives published by DG Trade. They welcomed the present opportunity to discuss these issues although considering that, HR being a quite technical issue, additional expert input on the methodology (e.g. by means of an expert hearing) might be of use to DG Trade. They also saw as a challenge the fact that the SIA process runs parallel to the trade negotiation instead of before its launch and that the SIA recommendations might not to be fed on time into the negotiation process.

DG Trade (DS) emphasised the interdependence of the assessment of HR aspects with the economic and social impacts while explaining that the specific section on HR was justified by the cross-cutting character of HR. The HR guidelines have been drafted on the basis of studies and findings of a number of external experts and existing academic literature, including the FIDH report on building trade consistency with human rights. Further engagement with experts could be useful in 2-3 years to exchange on the experience with using the guidelines. Commission impact assessments already include HR aspects before the launch of the negotiation; SIAs are then the tool to address HR in greater detail.

With regard to the possibility of an expert hearing on the HR guidelines, **DG Trade (MH)** pointed out that training on how to apply them might prove more useful at the present stage. On the parallel tracks of SIAs and trade negotiations, experience shows that having sustainable development provisions which are already on the negotiating table can help the consultants to address concrete elements in their analysis. DG Trade recalled that SIA recommendations are also taken into consideration during the implementation phase of trade agreements.

Free Trade Association emphasised the relevance of sustainability issues in trade policy and informed that the organisation is promoting two important initiatives on corporate social responsibility (CSR). They welcomed the inclusion of HR in SIAs, in belief that evidence will show positive impacts of trade liberalisation on HR. On timing, the association considers that trade agreements should be implemented as swiftly as possible and that adding other ex-ante impact assessment layers would only protract the process; they concluded therefore that the current trade policy evaluation cycle is appropriate. On the sector analysis, they suggested that the retail sector could be given more prominence in SIAs (e.g. by prescribing the systematic analysis of the retail sector in the SIA Handbook) since it is an exceptionally encompassing sector.

On the sector analysis, **DG Trade (JP)** replied that the retail sector is no doubt an important one but that the SIA Handbook should not pre-empt the choice of sectors for in-depth analysis. Each SIA establishes in the inception report a set of criteria for sector selection adapted to the negotiation at hand; the selection is then made according to those criteria and in close consultation with stakeholders – this is where stakeholders can contribute to the SIA and make the case for the choice of the sectors they represent for an in-depth analysis. **DG Trade (DS)** added that each SIA is tailored to specific needs but always according to the same set of principles.

European Economic and Social Committee (EESC) welcomed the references to the EESC's recommendations and the revision process in general. They considered that the current draft SIA Handbook is of the right length, easy to read and practical, and hoped that it would be followed by the consultants. On the SIA practice itself, they pointed out that the length of SIA reports should be reasonable (the ones carried out were considered long) and that they should be published early enough to allow civil society to process them before dialogues take place and wondered whether the Commission could be more specific about this issue in the Handbook. On the languages used, they pointed out that a summary should be available in all EU languages besides the language of the trading partner in question, in order to increase awareness to the importance of SIAs. With regard to training, they were supportive and referred to a recent study mission to Japan, where a good part of the members of Japanese civil society they met was not aware of the provisions on the monitoring of the sustainable development chapter by EU and Japanese civil society. The EESC expressed its readiness to contribute to raising awareness for SIAs.

DG Trade (DS) thanked the EESC for their continued support in the stakeholder consultation process in SIAs through the contacts with their counterpart organisations in third countries. On the length of reports, this issue is specified in the SIA terms of reference. On the languages, the executive summary is normally provided in English and in the language(s) of the partner country and it is currently not envisaged to increase the number of languages.

Bureau Européen de l'Agriculture Française enquired about the calendar for the publication of the final version of the revised SIA Handbook and the link with the new trade strategy.

DG Trade (DS) replied that both documents would be published before the end of the year and that the revised SIA Handbook reflects the trade strategy, but does not feed into it.

European Trade Union Committee for Education asked for clarification on the use of SIAs when conducting negotiations, their timing in relation to the negotiation process and the methodology used for SIAs in plurilateral negotiations such as trade in services (TiSA) or green goods (EGA).

DG Trade (DS) clarified that SIAs are launched no later than six months after a negotiation starts and that dialogue between negotiators and consultants should be initiated as soon as possible in that process. On plurilateral negotiations, SIAs cannot go into same level of detail as when negotiating with a third country. **DG Trade (JP)** added that in plurilateral negotiations, the economic analysis allows to obtain disaggregated results for all partners to the negotiation; the subsequent social, HR and environmental analysis will then focus on the most relevant impacts identified. **DG Trade (MH)** observed that in this type of negotiations, it is useful for SIAs to use case studies.

EESC asked for information about the tendering procedure for the selection of consultants to carry out SIAs.

DG Trade (DS) replied that external consultants were selected through a competitive tendering procedure, in strict observance of the EU's public procurement rules. A call for tender was launched at the beginning of the year to establish a list with a minimum of three and a maximum of five consultants. Nine consultants tendered, of which five were selected. In April 2015 a framework contract with re-opening of competition was established. This process ensures that conditions are met for SIAs to be conducted in an open and unbiased way and for the best experts to be retained for each contract.

CIDSE highlighted the challenge for civil society in certain partner countries to engage in the SIA stakeholder consultation process and of the need to include them depending of the nature of each process. They also expressed their concern on the lack of transparency on the HR guidelines, which are not open to consultation. They stated that the new EU trade strategy should have the objective of a better trade agenda in terms of sustainability and proposed the inclusion of a HR clause in trade agreements.

DG Trade (JP) agreed that in certain cases it can be challenging for vulnerable groups to make their voice heard; that is why the SIA methodological framework foresees different tools to ensure that their views are reflected in the analysis such as local workshops with financed travel and accommodation expenses, interviews in the partner country. These are complemented by consultation activities in the EU where civil society organisations can work with the Commission and help make those voices heard. **DG Trade (DS)** indicated that stakeholders are welcome to comment on the HR guidelines in the context of the SIA Handbook consultation and added that if stakeholders have comments on how to better consult locally they should submit them and the Commission will take them into due consideration in the Handbook. On the inclusion of a HR clause in trade agreements, **DG Trade (MH)** recalled that trade agreements are institutionally linked with the overall political and cooperation agreements with third countries (or Association Agreements depending on the country) and that these political level agreements include HR provisions. There may be certain exceptions such as the FTA with Colombia and Peru where there were specific HR clauses in the trade agreement, but that is because there was no political and cooperation agreement in place.

EESC enquired whether SIAs were envisaged for investment agreements being currently negotiated.

DG Trade (DS) informed that indeed SIAs were foreseen to be launched soon for the investment agreement negotiations with Myanmar and China.