

FTA-Position regarding Sustainability Impact Assessment – SIA

Since 1999, the European Commission assesses the economic, social and environmental impact of international trade agreements through independent consultants, who are asked to provide “Sustainability Impact Assessments – SIA”. These studies do not only estimate the impact of liberalization in EU-member-states but assess the consequences in the regions of all negotiating partners involved. This concerns also the WTO-negotiations with 146 negotiating partners.

So far, the studies had no influence on the negotiating process, i.e. the process of liberalization. In future, the studies shall be concluded before the start of negotiations and influence decisions, taken by European negotiators.

The Foreign Trade Association considers SIA a helpful instrument for sustainable trade, provided it puts the same emphasis on the economic impact as on the social and environmental impact.

But **SIA must not become the source for new barriers to trade.** They should serve as reference books, describing possible impacts of liberalization and flanking measures. They should not be a “conditio sine qua non” for start and process of international negotiations. The USA has no such instrument and may conclude earlier results with their trading partners and impose less restrictions on trade. This can lead to a competitive disadvantage for European companies.

The methodology of SIA needs to be improved. Most important aspect: **Political decisions must in no case be transferred from the Commission-level to the consultant-level.**

Already the choice of liberalization-scenarios, assessed countries and sectors is a political decision, that should be exclusively taken by the Commission. The qualification of an impact as 'negative' should also be made by the Commission.

The scenarios, studied in the SIA, should always include one of complete liberalization. This will enable the Commission to qualify any liberalization offer from their negotiation partners.

The threshold of tolerance (when is a negative impact unbearable and when can it be tolerated) should not be too high, in order to meet the development needs of third countries.

The FTA promotes a general preference for flanking measures as development aid rather than the closing up of individual sectors.

In any case LDCs should be granted waivers and appropriate schedules for the implementation of flanking measures.

Lö, May 2003