

# WORLD TRADE ORGANIZATION

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Committee on Trade and Development  
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## SUSTAINABILITY IMPACT ASSESSMENT

### Communication from the European Communities

The following communication was received from the EC. It contains a letter on progress on Sustainability Impact Assessment (SIA) to Mike Moore (Annex I); the summary of a report outlining the methodology to be applied (Annex II); the summary of a pilot case study applying broadly that same methodology to certain food crops (Annex III). While Annex II and III contain the full table of contents of these two studies, only the summaries are reproduced to indicate their scope and detail. An information sheet outlining the case studies to be launched and carried out during the coming years is contained in Annex IV. Additional information and the full documentation are available on the WTO Website, and on the site (<http://idpm.man.ac.uk/sia-trade>).

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## ANNEX I



**EUROPEAN COMMISSION**  
Permanent Delegation  
to the International Organizations in Geneva  
  
Head of Delegation

Geneva, 16 May 2002  
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Dear Director-General,

As is already well known, the European Union is committed to carrying out independent and publicly available assessments of the impact on sustainability objectives arising from trade liberalisation. We have just launched a multi-year programme to conduct such SIAs in respect of work under the Doha Development Agenda.

The consortium working under contract for the Commission on this matter are running an independent website (<http://idpm.man.ac.uk/sia-trade/>) and are seeking to establish as broad as possible a network of experts and interested officials working on SIA issues in the trade field.

As an indication of the framework for this exercise, I enclose the following documents:

- A report outlining the methodology to be applied;
- A pilot case study applying broadly that same methodology to certain food crops;
- An information sheet outlining the case studies to be launched and carried out during the coming years.

We hope that the WTO can arrange for the fullest possible dissemination of these papers, and of this letter, so that all interested parties are able to establish contact with those carrying out this work in Europe. In addition, I would request that at the next appropriate occasion, the CTE and CTD take opportunities to look at the work under way, and to exchange views on other similar exercises underway elsewhere.

In the spirit of the DDA, we are open to assisting others who are interested in more detailed discussion of SIA methodology or of specific case studies. It is also our hope that the WTO, both on its own initiative and in co-operation with UNEP, will contribute to the development of capacity for SIA approaches to policy-making as set out in the Doha declaration.

I am also sending a copy of these documents to Mr. Toepfer, Director, UNEP and to the Chairmen of the Committee on Trade and Environment and of the Committee on Trade and Development.

Yours sincerely,

(Authorised by signature)

**Carlo TROJAN**  
Ambassador

**ANNEX II**

**FURTHER DEVELOPMENT OF THE METHODOLOGY FOR  
A SUSTAINABILITY IMPACT ASSESSMENT OF PROPOSED  
WTO NEGOTIATIONS**

**FINAL REPORT TO THE EUROPEAN COMMISSION**

**Prepared by Colin Kirkpatrick and Norman Lee,  
assisted by Johanna Curran, Jamie Franklin,  
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**Institute for Development Policy and Management  
University of Manchester**

**5 April 2002**

This report was prepared with financial assistance from the Commission of the European Communities. The views expressed herein are those of the Contractor, and do not represent any official view of the Commission.

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### **REFERENCES**

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<sup>1</sup> As noted on the cover page, Annex II contains the full table of contents to indicate scope and detail of the study while only the Summary is reproduced here. The study in its entirety is available on the WTO Web site, and on the site (<http://idpm.man.ac.uk/sia-trade>).

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## SUMMARY

The main objective of this contract is to develop a methodology for use in Phase Three SIA studies of ongoing and projected WTO trade negotiations, by building upon the findings of previously completed (Phase One and Phase Two) studies for the European Commission (Kirkpatrick, Lee and Morrissey, 1999; Kirkpatrick and Lee, 1999). This is to be undertaken in ways that involve effective dialogue with interested stakeholders and which help to strengthen the existing international network of SIA experts and their involvement in the SIA debate.

Three reports are to be delivered, of which the first (an **Inception** report) was submitted to the Commission at the beginning of October 2001 (Lee, Kirkpatrick et al, 2001). The **Mid-Term Report** was submitted at the beginning of February, 2002 (Kirkpatrick, Lee et al, 2002). This **Final Report** is the third report. Following an **Introduction**, it is divided into two main sections – **B. Progress Report** and **C. SIA Methodology** – followed by a list of references and supporting annexes.

The **Progress Report** summarises the work that has been undertaken on the contract, and its principal outcomes, between the beginning of September 2001, when the project commenced, and the end of March 2002 (see Sections B1-B4). Progress is summarised, according to each of the constituent objectives of the contract, under the following headings:

- **Development of the Phase Three methodology:** this SIA methodology is presented in the second part of this report.
- **Participation in dialogue with stakeholders:** the planned meetings have taken place, the dedicated SIA website has been established and updated. Approximately 200 site visits per month have been recorded. Comments received on the inception and mid-term reports have been taken into consideration in the preparation of this final report.
- **International network of experts and publications:** this network has been substantially expanded over the period of review and currently contains 180 experts. Further development of the network, and its activities, including the contractor's participation in four conferences / workshops are presented. Also, seven related publications, authored by the contractors, are listed.

The **SIA Methodology** is described in Sections C1 – C3, supported by Annexes 1 – 10. As required by the contract, it is:

- refined and developed from the SIA methodology described in the Phase One and Phase Two reports;
- prepared in a concise form appropriate for use by a contractor for the Phase Three SIA study; and
- written in a form which is accessible to both trade and non-trade specialists.

Additionally, it has been prepared, taking into consideration such likely practical constraints as: the limited availability of appropriate 'on the shelf' assessment tools; of appropriate, reliable data for use with these tools; and likely limitations in time and resources for delivering assessments within the relatively tight schedules of the trade negotiation process.

The main components of the Phase Three SIA methodology are outlined below but, before this, two important features of the methodology as a whole are highlighted.

- The proposed methodology for *full* SIAs during Phase Three, and the existing methodology for *preliminary* SIAs during Phases One and Two, share the same underlying principles. However, they differ in their detailed requirements because they are applied at different stages in the assessment and negotiation process (see Table 1 in Section C.2.1). The main similarities and

differences between the proposed Phase Three methodology and the earlier Phase One and Two methodology are indicated at various stages in Section C of this report.

- No single, standardised methodology is applicable in all circumstances, because of the diversity of situations in which full SIAs will be applied. The methodology package which is to be used – that is, the preferred combination of *particular* methods, data and consultations – is likely to be *case-specific*. A simple ‘decision-tree’ analysis is proposed to assist in determining the most appropriate methodology package in each case (see Figure 3 and section C.3.6).

The main components of the methodology are described and explained in two inter-related sections – C2 and C3 – as indicated below.

**C.2 Main Stages in the Assessment Process** This contains a summary of the purpose and main tasks to be undertaken at each of the stages in the full assessment process. These stages are: screening and scoping update, detailed assessment, assessment of alternative mitigation and enhancing (M and E) measures, and the formulation of monitoring and post-evaluation proposals. These are explained for both global and sectoral SIAs. Cross references are also made to checklists, assessment methods, data requirements and consultation arrangements, which are covered in more detail in Section C.3.

**C.3 Assessment Tools** This section covers:

- Checklists: these relate to definitions or descriptions of: the trade measures to be assessed; the scenarios and scenario analyses to be used; the country groupings and country analyses to be undertaken; and the sustainability indicators and significance criteria to be used (see section C.3.2)
- Assessment methods: these include brief descriptions of different types of assessment methods and guidance on their selection and use. They include: causal chain analyses, analytic methods, modelling, statistical estimation, descriptive methods and use of expert opinions (see section C.3.3)
- Data sources: this includes brief guidance on identifying data and information needs, different sources of quantitative and qualitative information (international, national, local) and on accessing, using and interpreting data (see section C.3.4)
- Consultation arrangements: this provides guidance on the role of consultation, both as an assessment method and source of information, and as an integral component in different stages of the SIA process (see section C.3.5)

As previously mentioned, Section C.6 also provides guidance on assembling methodologies, comprising different elements of the above, on a case-specific basis (see Section C.3.6). Additional supporting information, relating to the proposed methodology, is contained in Annexes 4 to 9.

The SIA methodology which has been developed is intended to assist negotiators and other interested stakeholders in the post-Doha, WTO trade negotiations. Annex 10 provides a brief *aide memoire* for trade negotiators, which summarises the key purposes and uses of SIA in the negotiating process.

The main tasks that have been undertaken, during the period from the mid-term report review meeting with Commission staff on 22 February up to the end of March 2002, are:

- finalisation of the Phase Three SIA methodology, taking into consideration the comments received on the draft SIA methodology contained in the mid-term report;

- continuation of the other activities which are integral to this project i.e. participation in dialogue with stakeholders, updating of the SIA web-site, and further strengthening of the international network of SIA experts and other activities associated with this.

The mid-term report was made available on the IDPM website, following the meeting with the European Commission on 22 February, and comments were invited upon it from civil society and other stakeholders, by mid-March. This has allowed their comments to be taken into consideration in preparing this report.

A meeting will be held with the Commission's Steering Committee on 24 April to discuss the contents of the final report. Also, a meeting with representatives of civil society and other interested stakeholders, to discuss and comment upon the final report, will be held on 25 April 2002.

A number of the activities associated with the dissemination of findings and the promotion of the international network of SIA experts will be continued as part of the Phase Three programme, which commences with the completion of this final report. It is proposed, however, that the Commission should consider whether certain other activities, which cannot be secured within the Phase Three Framework Contract, should continue under separate provision. These might include continued participation in international meetings and discussions on issues relating to trade policy and development, impact assessment and sustainable development; consultations with non-EU negotiators and WTO personnel, particularly in Geneva; dissemination of results in CD-Rom format; and preparation of a SIA Guide, which would provide an easy to use manual on the use of the SIA methodology.



**ANNEX III**



**SUSTAINABILITY IMPACT ASSESSMENT OF WTO NEGOTIATIONS  
IN THE MAJOR FOOD CROPS SECTOR**

**Final Report**

May 2002

Aaron Maltais, Måns Nilsson, Åsa Persson.

*This report was prepared with financial assistance from the Commission of the European Communities. The views expressed herein are those of the Contractor, and do not represent any official view of the Commission.*

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<sup>2</sup> As noted on the cover page, Annex III contains the full table of contents to indicate scope and detail of the study while only the Executive Summary is reproduced here. The study in its entirety is available on the WTO Web site, and on the site (<http://idpm.man.ac.uk/sia-trade>).

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## **APPENDIX 1**



## EXECUTIVE SUMMARY

### Introduction

This final report for the *Sustainability Impact Assessment of WTO negotiations on major food crops* provides the completed Sustainability Impact Assessment (SIA) results for the scenarios selected by the Commission for this study. The main objective of this study is to apply SIA methodology in a sectoral assessment of liberalisation of the food crops sector in WTO negotiations. In this study the Stockholm Environment Institute (SEI) has applied SIA methodology in an assessment of 8 country case studies for two specific food crops (wheat and edible oils crops) in three different scenarios. In addition to the sectoral application of already developed SIA methodology, this study further develops the SIA methodology with specific consideration of additions supportive of more context specific sectoral SIAs.

This report consists of two parts. Part I begins with a description of the methodological additions developed for this study, and a description of the scenarios analysed. Three additional results are included in Part I: an overview of world trade in both the wheat and edible oils sub-sectors, predictions of future trade patterns in the sub-sectors given current market conditions, and an analysis of (strictly) economic modelling-based predictions on the effects of trade liberalisation on the food crops sector. The analysis in Part I of this report provides the economic assessment and world market related impact assessments, which act as initial drivers of change in the SIA methodological framework developed by SEI for this study.

Part II of the final report provides analyses of each of the country case studies selected by the Commission for this SIA study. For each country case study the report establishes the trade conditions and the sustainability conditions relevant to the agricultural sector in general and the food crop sub-sectors selected. Completed SIAs are presented at the end of each country case study. Finally, concluding remarks are made in regards to the country case studies, challenges encountered by the Consultant in applying SIA methodology in country specific sectoral analysis, further methodological suggestions, and advice on sector specific indicators for future studies.

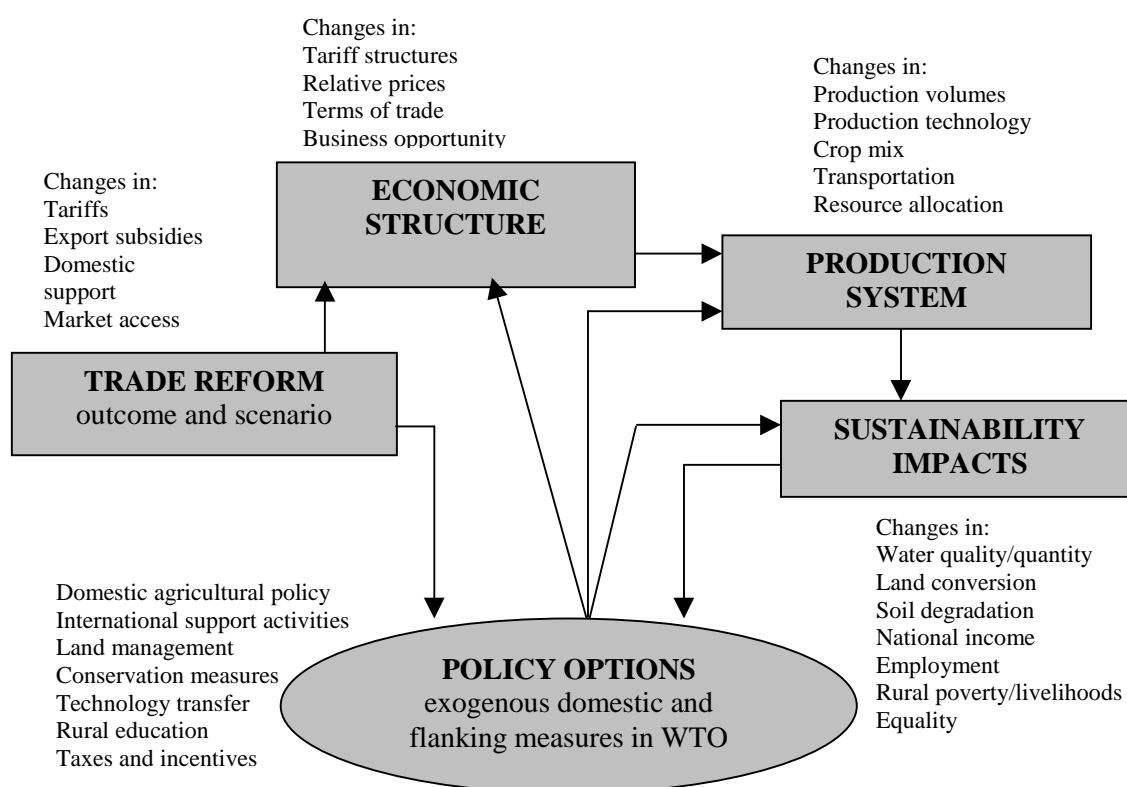
The reader should keep in mind the scope and purpose of this report as laid out in the Terms of Reference (see the Terms of Reference in Appendix 1 of this study). In depth SIAs for each country case study would require partnerships with local experts and extensive consultations with local stakeholders. However, the resources dedicated to this study are limited and a main purpose of the study is to perform a pilot sectoral SIA to test and further develop the SIA methodology already developed for the Commission. As such this report is a desk study of the potential sustainability impacts and policy implications in each country case study. As is shown in this study, a more in-depth analysis is required in many cases in order to adequately establish the complex relationships entailed in SIA analysis. In particular, country case analyses will require local partnerships and participation in future studies more extensive studies.

## KEY RESULTS FROM PART I

### Methodology

The main methodological development in this study was the use of a conceptual framework (see **Figure 1**) to organize information and enhances our understanding of the generic cause-effect relationships as we go from the proposed changes in the trade policy scenario to its sustainability impacts. Following this conceptual framework the study deploys a transparent narrative of these sets of issues and linkages and how they fit together in each case, based on expert interpretation of existing country and sector studies from various sources, and supported to the extent available by empirical data and modelling results.

**Figure 1: Conceptual Framework for Sustainability Impact Assessment of Trade Negotiations in the Agricultural Sector**



The elements noted at each stage of the causal chain analysis are only examples and other issues may be significant in each case. In order to ensure that SIAs for each country capture important sustainability impacts, an overview of sustainability conditions in the sector including economic, social and environmental considerations is performed at the outset of each case study. Combining this approach with the original SIA methodology developed for the Commission by Colin Kirkpatrick and

Norman Lee<sup>3</sup> and SEI's conceptual framework, a standardised layout for analysis was established for each country case.

Each country case includes:

- **Significance of the case-study**
- **Introduction of the country**
- **Trade Conditions**
- **Sustainability Conditions**
  - Economic Considerations
  - Social Considerations
  - Environmental Considerations
  - Key sustainability issues
- **Sustainability Impact Assessment**
  - **Structure of economic incentives and opportunities**
    - Baseline scenario
    - Liberalisation scenario
    - Intermediate scenario
  - **Production System Characteristics**
    - Baseline scenario
    - Liberalisation scenario
    - Intermediate scenario
  - **Impacts on sustainability aspects**
    - Baseline scenario
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  - **Policy response / implications**
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### **Scenarios for the SIA food crops study**

This study (as determined by the Commission) performs an SIA of liberalisation in the wheat/wheat flour and edible oil crops (oilseeds and tropical oils) through WTO negotiations. Specific country case studies were identified by the Commission and include:

- i. EU and US;
- ii. Australia / Argentina and Indonesia / Malaysia
- iii. Net Food Importer Developing countries; Egypt and Senegal;
- iv. India.

The Commission also determined the specific scenarios to be assessed in applying the SIA methodology. These scenarios are represented in Table 1.

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<sup>3</sup> Kirkpatrick Colin, Lee Norman. *WTO New Round Sustainability Impact Assessment Study: Phase One*. Manchester: Institute for Development Policy and Management and Environmental Impact Assessment Centre, University of Manchester, 1999. Kirkpatrick Colin, Lee Norman. *WTO New Round Sustainability Impact Assessment Study: Phase Two*. Manchester: Institute for Development Policy and Management and Environmental Impact Assessment Centre, University of Manchester, 1999.

**Table 1: Original Scenarios**

	Baseline UR	Scenario 1	Scenario 2	Scenario 3
Tariff	-36%	-10 %	-30%	-50%
Minimum (market) access	5%	+2.5%	+5%	+7.5%
Domestic support (AMS)	-20%	-10%	-20%	-30%
Exp. Subsidies	-21% volume	-10%	-20%	-30 %

--/+ % changes are related to the final UR agreement

Early on in the performance of this sectoral SIA it became apparent that it would not be possible to implement the more detailed scenarios developed by the Commission for this study. Current broad modelling efforts assessing the economic impacts of liberalisation do not provide accurate enough results to make meaningful distinctions between the percentage changes noted in the original scenario formulation. Nor do modelling exercises exist that are closely correlated to the selected food crop sub-sectors and country case parameters. As a result, the Consultant reverted back to the original scenario formulations established in the Phase Two SIA report, with some minor modifications:

- The *baseline scenario* entails no new agreement on agriculture but now assumes that the URAA is fully implemented.
- The *intermediate scenario* is interpreted as comprising a more gradual approach to liberalisation in the sector entailing less significant impacts than in the full liberalisation scenario, and as incorporating the EU negotiation objectives. The objectives include:
  - retention of blue and green boxes, possibly with some updating.
  - improvements in market access through ongoing process of reducing trade barriers, support for exports and for domestic agriculture subject to retention of boxes above.
  - support for various non-trade concerns including the multifunctional role of agriculture, food safety and quality, protection of the environment and animal welfare.
  - support for special and differential treatment of agriculture in developing countries, including increased (duty-free) market access for the least developed countries.<sup>4</sup>
- The *liberalisation scenario* assumes "general acceptance, within all country groups, of comprehensive trade liberalisation in agricultural products and the removal of discriminatory market practices in domestic markets. This would require elimination of all forms of export subsidies, domestic support measures and import duties"<sup>5</sup> and "that very limited, future changes are made to mitigate adverse environmental and social impacts."<sup>6</sup>

<sup>4</sup> Kirkpatrick & Lee, 1999.

<sup>5</sup> Kirkpatrick & Lee, 1999.

<sup>6</sup> Kirkpatrick & Lee, 1999.

## **KEY RESULTS FROM PART II**

### **Case study results**

#### **Net food-importing developing countries**

In Senegal and Egypt we see similar sustainability impacts with negative economic and social impacts due to increasing wheat import bills. Food security problems for vulnerable groups, such as rural women in the agricultural sector, stand out most prominently as negative social impacts. Small-scale farmers are potentially impacted on several fronts including increased competition from international markets, an inability to adequately improve productivity in an increasingly competitive domestic market, and commodity price/food security impacts. These multiple stresses are better addressed in the Egypt case because domestic wheat production is an important feature of the country. As rice is not included in the scenarios the food security impacts are not as strongly causally linked in the Senegal case. In Senegal we see some negative environmental impacts due to increases of production in the groundnut sector, as there is no indication that currently unsustainable farming practices will be significantly affected by liberalisation. Conversely, negative environmental impacts are not causally linked in the Egyptian case.

#### **Net food-exporting developing countries**

In Indonesia and Argentina we see positive economic impacts for both liberalisation scenarios. For India the economic impacts are not conclusive. Importantly, economic impacts in India may depend on India's ability to meet domestic wheat demand in the future. The Indian case study shows that there is some debate on this issue and that it is not currently known if India will meet these domestic needs over the longer term.

Social impact results were somewhat more ambiguous for all net exporting developing countries. In Indonesia this result is due to clear conflicts between social groups associated with the palm oil sector. An ambiguous result is thus due to some social groups gaining while others, particularly forest dwelling indigenous groups, incur negative impacts. In all three cases it is also suggested that vulnerable groups especially small-scale farmers and the rural poor in general may be negatively affected by liberalisation. These negative impacts may be more severe in the liberalisation scenario due to problems in adjusting to more significant economic changes. Specific causal links were more difficult to establish in the Argentina and Indian cases. India in particular demonstrates a great deal of diversity between regions, although the potential for negative gender impacts is clear.

In terms of environmental impacts we see wide diversity in the results for these three country cases. Indonesia demonstrates clear negative impacts on forests, especially in the liberalisation scenario, that are directly causally linked in the assessment. Argentina shows no significant negative environmental impacts in the short term and only potential impacts in the longer term due to increases of input use. However, actual impacts will depend to a large extent on how domestic policy develops. In the Indian case the environmental impacts are poorly causally linked, resulting in more ambiguous results.

#### **Net food exporting developed countries**

In Australia, the USA and the EU there are positive economic impacts for all country case studies in both liberalisation scenarios. In Australia positive impacts entail both positive overall welfare impacts and positive impacts on producers. In the US and EU cases there are more divergent economic impacts depending on context, as it noted below.

In Australia we see positive short-term social impacts due to positive economic impacts in the sub-sectors. However, over the long-term there are risks of potential negative social impacts associated

with the adjustments needed to manage land degradation problems, particularly associated with dry-land salinity issues. As a result, social impacts in the long run are more dependent on emerging circumstances. Negative environmental impacts are associated with production increases and problems with dry-land salinity, and tend to also be more significant over the long run.

In the US, large farm households are expected to gain while intermediate farm households may face some adjustment problems in an increasingly competitive market. As a result social impacts are shown to be positive in the intermediate scenario and more ambiguous in the liberalisation scenario. The intermediate scenario entails more opportunities to use domestic support measure to mitigate negative impacts on intermediate farmers and to deal with environmental impacts of the sector.

In the EU we see similar impacts as in the US with positive economic impacts from liberalisation in terms of general welfare and budgetary expenses, but in the EU there are clear negative impacts on producers, particularly in the liberalisation scenario. This results in more context specific economic impacts. Social impacts are expected to be more positive in the intermediate scenario as there is some indication that the EU has a better-established agenda to address social and environmental impacts in the agricultural sector. Ambiguous environmental impacts are shown in the liberalisation scenario due to predictions of production decreases. As has been noted in the EU case study, there are environmental impacts associated with decreases in production and more regionally specific analysis is required to establish the environmental effects of these production decreases.

### **Challenges encountered in performance of the sectoral SIA**

In this sectoral application of SIA methodology some important difficulties were encountered that should be considered in future sectoral SIAs. Two types of issues seem most prevalent. First, issues associated with the specific parameters chosen for assessment, and second, methodological issues will be addressed.

The choice of two crop sub-sectors for analysis in this study made it difficult in some country case studies to adequately address key sustainability impacts effectively. For example, in both the Senegal and Indonesia cases an adequate assessment of food security would have to also include the rice sector. In order to appropriately address sustainability impacts in country case studies it may be more useful to examine the sector as a whole in a fewer number of cases than to only examine parts of a sector in a greater number of cases.

As well, already completed modelling studies of the economic impacts of liberalisation in the agricultural sector did not match the parameters and scenarios laid out by the Commission at the onset of this study. This is true not only for the differences between the various original scenarios, but in relation to the crop and country specific parameters. Unless significant resources are allocated to actually performing independent economic modelling efforts, SIAs will have to be responsive to existing research and this should be considered early on in the planning stage.

In general, the scope of sectoral SIAs needs to be carefully considered at the initial planning stages. The SIA methodology already developed for the Commission and used in this study acts well as a framework for incorporating a wide range of economic, social, and environmental issues. However, once sector and country-specific studies are attempted the data and analysis demands grow exponentially. This study has gone some way to develop further methodological tools within the SIA framework that can help to bridge the gap between macro-level policy analysis taking place in mainstream economic modelling exercises, and micro-level, field-type sustainability analysis at the local levels. Nonetheless, much more detailed analysis is required to perform complete SIAs than was possible in the scope of this study. Particularly for large countries/country groups with more complex relationships in the agricultural sector, such as the Indian, US and EU cases, the level of analysis possible in this study is not satisfactory.

### **Bridging the gap between macro-level and micro-level analysis**

At the methodological level, the key challenge for the next round of SIA assessments is to bridge the gap between macro-level policy analysis at the national and international levels that is taking place in mainstream economic modelling exercises, and the micro-level, field-type sustainability analysis at the local levels that is taking place in anthropological and ecological research and project impact studies.

This study has found that:

- Aggregated SIA studies tend to lose much critical information.
- Sustainability conditions and impacts are highly site-specific
- Economic assumptions underlying economic modelling of liberalisation impacts may not hold in reality.
- Macro-level modelling and aggregated prediction exercises can only provide a framework for discussion.
- There is a need for case-specific information to match with the production change estimates.
- Local and regional case studies could be used to represent certain type conditions in different parts of the world.
- A regional hot-spots analysis of areas of high value and risk may also be needed.

Given the level of detail required for country specific case studies the scope of SIAs and the resources allocated to such studies need to be well matched. Another option for consideration is to combine the more aggregated approach used in the Kirkpatrick and Lee SIA methodology with country specific cases. Agricultural SIAs could be performed on country groups aggregated to: LDCs, net food importing developing, net food exporting developing, net food importing developed (high and low domestic support), and net food exporting developed (high and low domestic support). Type case studies could then be used to support, compare and assess the more theoretical results from aggregated country groupings. It also seems feasible to aggregate country groups in similar ways for other sector assessments.

## ANNEX IV

### Main feature of the SIA phase III work programme

#### **Raw overall picture:**

2002-2003 : overall preliminary SIA and 3 sector studies

2003-2004 : other sector studies

2005 : Overall full SIA

#### **Work to be done in 2002-2003**

##### **Sectoral studies :**

Because of lack of "explicit consensus" on the scope of DDA negotiations (Singapore issues and implementation) and given the limited time available for the completion of the first set of sector SIA studies (to be completed during the first 9/12 months period, so as to make an effective contribution to ongoing negotiations), the Commission has decided to start the SIA of Phase III with sector studies.

For that purpose, the EU Commission in consultation with the Consultant decided to select the three first sectors which are the following:

1. **Environmental services** (with a special emphasis on water and waste treatment)
2. **Market Access** (with a special emphasis on pharmaceuticals, Non-Ferrous Metals, Textiles)
3. **Competition**

These three sectors should be studied during this specific agreement.

##### **Overall Preliminary Assessment :**

This qualified preliminary assessment will cover both DDA negotiation mandate and sectors which could be included in the negotiation mandate after the 5<sup>th</sup> Ministerial (in particular implementation and Singapore issues).

It should provide an overview of the potential major impacts on sustainability of *all* of the proposed sectoral measures, taking into account potential impacts associated with inter-sectoral linkages. This is intended to assist in determining the more detailed sectoral assessments to be undertaken in the further stages of the study (2003-2004).

##### **Timing and budget**

	Inception report	Midterm Report	Final report	Budget
Overall preliminary	15.07.2002	18.11.2002	17.03.2003	60.000 €
Environmental Services	17.06.2002	18.11.2002	17.03.2003	241.000 €
Market Access	17.06.2002	18.11.2002	17.03.2003	
Competition	17.06.2002	18.11.2002	17.03.2003	