

WORLD TRADE ORGANIZATION

WT/CTE/W/224
21 February 2003

(03-1115)

Committee on Trade and Environment

Original: English/
French

SUSTAINABILITY IMPACT ASSESSMENT OF TRADE AGREEMENTS: MAKING TRADE SUSTAINABLE?

DG Trade Seminar in Brussels, 6-7 February 2003
Submission by European Communities under Paragraph 33¹

I. PRESS RELEASE (BRUSSELS, 6 FEBRUARY 2003)	2
A. LAMY HOSTS SEMINAR ON NEW APPROACH TO ASSESSING IMPACT OF TRADE ACCORDS	2
B. BACKGROUND	2
C. FOR MORE DETAILS	3
II. AGENDA	3
A. THURSDAY 6 FEBRUARY	3
B. FRIDAY 7 FEBRUARY: WORKING GROUPS, FOLLOW-UP	4
C. MORNING WORKING GROUPS.....	4
D. AFTERNOON WORKING GROUPS.....	5
III. SPEECH BY PASCAL LAMY	6
IV. HIGHLIGHTS (STATEMENT BY DIANNA RIENSTRA, RAPPORTEUR)	10
V. SYNOPSIS.....	12
A. ISSUES RAISED IN Q&A FOLLOWING SPEECH BY COMMISSIONER LAMY	12
B. HOW IS SIA HELPING TO MAKE TRADE POLICY MORE SUSTAINABLE?	12
1. Erika Mann MEP (replacing Eryl McNally MEP).....	12
2. Mireille Perrin, WWF International	13
3. Reinhard Quick – UNICE	13
4. Everton Vieira Vargas – Ministry of the Environment – Brazil	13
5. Kirk Hamilton - Environment Department of the World Bank.....	14
6. Issues raised in Q&A	14
C. TO WHAT EXTENT IS SIA CATCHING ON OUTSIDE THE EU?	14
1. Sarah Richardson – Consultant	14
2. David Brooks – USTR.....	15
3. Eddy Lee, International Policy Group (ILO)	15
4. Charles Arden-Clarke – UNEP (UNEP experience).....	15
5. Dr Ruqiu Ye – Chinese state environmental protection experience	16
6. Issues raised in Q&A	16
D. HOW DOES SIA FIT INTO THE EU’S NEGOTIATIONS?	16
1. Robert Madeline – DG Trade, Director	16
2. Clive George –IDPM Manchester - consortium for SIA of WTO negotiations	17
3. Jochen Krimmshoff – PriceWaterhouseCoopers (EU-ACP)	17
4. Jacques Serrure – PriceWaterhouseCoopers (EU-GCC)	17
5. Mehran Kafai, SIA consortium (EU-Mercosur/EU-Chile).....	17
6. Clive George –IDPM (WTO negotiations).....	17
7. Issues raised in Q&A	18
E. WORKING GROUPS SESSIONS:	18
1. Session 1: SIA in practice	18
2. Session 2: What is needed for effective SIA outcomes	21

¹ Under the patronage of the UNEP with the support of the ILO.

I. PRESS RELEASE (BRUSSELS, 6 FEBRUARY 2003)

A. LAMY HOSTS SEMINAR ON NEW APPROACH TO ASSESSING IMPACT OF TRADE ACCORDS

1. EU Trade Commissioner Pascal Lamy today opened a two-day seminar in Brussels examining means to assess the impact, good and bad, of trade accords. The event is entitled 'Sustainability Impact Assessment (SIA) of trade agreements Making trade sustainable?' Mr. Lamy said : "If trade is to be a tool for development, we need to ensure that it is compatible with sensitive management of the environment and social development. SIAs are an essential means to help us achieve these challenges."

2. Participants invited include SIA practitioners from different countries, trade policy makers from developed and developing countries, non-governmental organisations focusing on social, development and environment issues, and representatives of employers, including those fostering Corporate Social Responsibility schemes.

3. This invitation-only event is being held under the patronage of United Nations Environment Programme (UNEP) and with the support of the International Labour Organization (ILO). Meetings open to all organisations with an interest in the process are held regularly as part of the Civil Society Dialogue process to accompany all assessments.

B. BACKGROUND

4. A Sustainability Impact Assessment is a process undertaken during a trade negotiation with the idea of identifying the possible economic, social and environmental impacts of a trade agreement. It should help to inform negotiators of the possible consequences of a trade agreement on all three fronts. Assessments may also provide guidelines for the design of possible measures to maximise positive impacts and to reduce any negative impacts of the accords being negotiated. Such measures could include strategies for internal policy or regulation, or capacity building. The assessments are carried out by independent consultants who report to the Commission.

5. The EU has been committed to carrying out such assessments since 1999 as part of its trade policy-making process. The first step was developing a methodology (1999-2002). Since then, the EU has launched several multi-year projects to assess current trade negotiations.

6. Now the EU wants to take stock of recent methodological improvements. The seminar is an opportunity to share experiences, views and approaches on SIA with other practitioners. It should help to create the best possible conditions for implementing SIAs by associating developing countries and by encouraging linkages with private self-regulation initiatives (e.g. Corporate Social Responsibility, fair trade).

7. The trade negotiation framework and SIA methodology, process and content will be examined, as will the role and added value of SIA in trade policy. Consultation is a crucial part of the process.

8. This will be an opportunity to review what has been done so far, and to sketch out ways of improving dialogue with governmental and non-governmental actors of third countries when developing SIAs. Participants will also discuss how to implement results of SIAs, for instance, through building capacity and through exploiting synergies between private and public initiatives.

9. Example of a recently concluded SIA is the one on the EU-Chile Association Agreement. On-going SIAs include that on the World Trade Organisation (WTO) negotiations, EU-African,

Caribbean, Pacific country negotiations for Economic and Partnership Agreements and EU-Gulf Cooperation Council negotiations.

C. FOR MORE DETAILS ...

- http://europa.eu.int/comm/trade/sia/seminar/index_en.htm
- Background paper : <http://europa.eu.int/comm/trade/sia/seminar/bgp.pdf>
- More on SIA process : http://europa.eu.int/comm/trade/sia/index_en.htm
- To receive seminar proceedings, please register by sending an e-mail to : trade-sia-seminar@cec.eu.int

II. AGENDA

A. THURSDAY 6 FEBRUARY

- 08.15-09.00 **Registration**
- 09.00-10.00 **Welcome and Introduction**
 Speaker: European Trade Commissioner Pascal Lamy
 Rapporteur: Dianna Rienstra, Phoenix Ink Communications
- 10.00 – 10.30 *Coffee break*
- 10.30-12.30 **Can SIA help make trade policy more sustainable?**
 Moderator: Laurence Tubiana, Institute of Sustainable Development
 Speakers: European Parliament: Eryl McNally, MEP, ITRE
 NGO perspective: Mireille Perrin, WWF International
 Private sector perspective: Reinhard Quick, UNICE
 Developing country perspective: Everton Vieira Vargas, MRE Brazil
 World Bank experience: Kirk Hamilton, Policy & Economics Environment Department
 Rapporteur: Dianna Rienstra, Phoenix Ink Communications
- 12.30–14.00 *Lunch organised by European Commission*
- 14.00-16.00 To what extent is SIA catching on outside the EU?
 Moderator: Scott Vaughan, Carnegie Endowment
 Speakers: Overview and state of play: Sarah Richardson, Consultant
 US experience: David Brooks, USTR
 ILO experience: Eddy Lee, International Policy Group
 UNEP experience: Charles Arden-Clarke, Economics & Trade Branch
 Chinese experience: Ruqiu Ye, State Environmental Protection Administration
 Rapporteur: Dianna Rienstra, Phoenix Ink Communications
- 16.00-16.30 *Coffee break*
- 16.30-18.00 How does SIA fit into the EU's negotiations?
 Moderator: Robert Teh, WTO Secretariat
 Speakers: European Commission: Robert Madelin, DG Trade, Director
 SIA Consultant: Clive George, IDPM Manchester
 Round table: Robert Madelin, DG Trade, Director

Jochen Krimphoff, Consortium for SIA of EU-ACP negotiations
Jacques Serrure, Consortium for SIA of EU-GCC negotiations
Mehran Kafaï, Consortium for SIA of EU-MERCOSUR/EU-Chile negotiations
Clive George, Consortium for SIA of WTO negotiations
Rapporteur: Dianna Rienstra, Phoenix Ink Communications

19.00 *Dinner organised by European Commission, Hotel Crowne Plaza Europa*

B. FRIDAY 7 FEBRUARY: WORKING GROUPS, FOLLOW-UP

For working groups sessions, discussions will be organised in geographical working groups on the basis of the different negotiation processes.

09.00-12.00 **Session 1: SIA in practice**

10.00- 10.15 *Coffee Break*

12.00–13.30 *Lunch organised by European Commission*

13.30-16.00 **Session 2: What is needed for effective SIA outcomes?**

16.30-17.30 **Closing Plenary**

Moderator: Gilbert Lenssen, Dean of the European Academy of Business in Society

Reports from working groups

Working group rapporteurs

17.30-18.00 **General conclusions**

Dianna Rienstra, Phoenix Ink Communications

18.00

Closing

Pierre Defraigne, Deputy Director General, DG Trade

C. MORNING WORKING GROUPS

1. EU-ACP

Moderator: David F. Luke, UNDP

Speakers: Consortium for EU-ACP SIA: Jochen Krimphoff, PricewaterhouseCoopers
Developing country perspective: Godfrey Bahiigwa, EPRC, Uganda
caribbean perspective: Gillian Guthrie, Ministry of Land & Environment, Jamaica
ACP NGO point of view: Karim Dahou, ENDA Senegal
Dominique Njinkeu, African Economic Research Consortium
Rapporteur: Majella Anning, Phoenix Ink Communications

2. EU-MEDA and EU-GCC

Moderator: Andrea Amato, IMED

Speakers: Consortium for EU-GCC SIA: Ali Bayar, EcoMod
Representative of a gulf region: Abdel Aziz Aluwaisheg, Gulf Cooperation Council
Representative of MEDA region: Hazem Kawasmi, Palestinian Ministry of Economy, Trade and Industry
NGO points of view: Hannan Awad, Friends of the Earth Middle East, Carmen de la Cruz, Wide

Private sector point of view: Loufti Mazhar, FEI
 Rapporteur: Nigel Griffiths, Phoenix Ink Communications

3. EU-MERCOSUR and EU-Chile

Moderator: Maria Onestini, CEDEA Argentina
 Speakers: Consortium for EU-MERCOSUR and EU-Chile SIA: Neil Dourmashkin, Planistat
 Chilean perspective: Augusto Castillo, Mission of Chile to the EU
 oAS project: Eric Dannenmaier, Tulane Institute for Environmental Law and Policy
 NGO points of view: Irene van Staveren, Institute of Social Studies, Nicola Borregaard, RIDES (Chile)
 Private sector point of view: Manuel Avendaño, EU-Mercosur Business Forum
 Rapporteur: Robert Taylor, Phoenix Ink Communications

3. WTO

Moderator: Her Excellency Yolande Biké, Ambassador of Gabon to the WTO
 Speakers: Consortium for WTO SIA: Colin Kirkpatrick, IDPM
 Representative of developing countries: Margarita Songco, Philippines
 Trade union point of view: Collin Harker, ICFTU
 NGO point of view: Giampiero Alhadeff, Solidar
 Private sector point of view: William Lakin, Euratex, Monique Jones, Eurométaux
 Rapporteur: Dianna Rienstra, Phoenix Ink Communications

D. AFTERNOON WORKING GROUPS

1. EU-ACP

Moderator: Theo Yasause, Pacific Island Forum Secretariat
 Speakers: European Commission: Martin Dihm, DG Trade
 Representative of developing countries: Edward C. Sefuke, Embassy of Zambia
 NGO perspective: Guggi Laryea, Eurostep
 Gender dimension: Karin Ulmer, Aprodev
 Links with Fair Trade: Perry Gollo, Michael Gidney, Traidcraft, Malawi
 Private sector perspective: Elena Bonfiglioli, Microsoft EMEA
 Rapporteur: Majella Anning, Phoenix Ink Communications

2. EU-MEDA and EU-GCC

Moderator: Carol Chouchani Cherfane, UNESCWA
 Speakers: European Commission: Basile Papadopoulos, DG AIDCO
 Representative of MEDA country: Khadija Chahloul, Tunisia
 Representative of Yemen: Helal Al-Riashi, Env. Protection Authority
 NGO perspective: Emad Adly, RAED Egypt
 Private sector perspective: Alexandre Le Dantec, Group Accor
 Rapporteur: Nigel Griffiths, Phoenix Ink Communications

3. EU-MERCOSUR and EU-Chile

Moderator: Lawrence Pratt, CLACOS/INCAE
 Representative of MERCOSUR country: Ariel Carbajal, Argentina
 Representative of Paraguay: His Excellency Emilio Gimenez Franco, Ambassador to the EU
 NGO points of view: Sheila Abed Zabala, IDEA Paraguay,

Rapporteur: Miguel Pellerano, IUCN
Private sector point of view: Simon Worthington, BP Europe
Robert Taylor, Phoenix Ink Communications

4. WTO

Moderator: Hugo Cameron, ICTSD
Speakers: Capacity Building Task Force perspective: Rene Vossenaar, UNCTAD
Developing country perspective: Miosotis Rivas Peña, Dominican Republic
NGO perspective: Chien Yen Goh, Third World Network
Economic and Social Committee perspective: Bruno Vever
Private sector perspective: Cameron Rennie, WBCSD
Links with CSR: Etienne Davignon, CSR Europe, President
Rapporteur: Dianna Rienstra, Phoenix Ink Communications

III. SPEECH BY PASCAL LAMY

Your Excellencies,

Ladies and Gentlemen,

Allow me to start by thanking all of you for taking part in this seminar and making a contribution to what I am sure will be a valuable event.

I should also like to extend special thanks to the United Nations Environment Programme, under whose patronage we are meeting, and the International Labour Office, which has actively supported this initiative.

These gestures of support are doubly important to us.

First, because it is important to have the support of key actors in global governance and sustainable development.

Second, because this is a thorny subject which stirs up strong emotions and remains very controversial, as I myself have found out in discussions with the public.

So, before going any further, let me explain how innovatory and ambitious this seminar is.

It offers us an opportunity to set up an effective international network of experts working in the field. And the number of countries represented here today show how international it is. We want to capitalise on your knowledge and experience and on the range of views on offer.

It enables us to bring together and consult a wide range of actors, from NGOs to multinationals, not to mention trade unions, consultants and experts from both the developed and developing worlds.

We hope to maximise the impact of this seminar by disseminating its conclusions widely and we shall also take account of them in our future work. The care we have taken over the reporting of the debate by bringing in independent professional rapporteurs is one gauge of this. The presence tomorrow of Pierre Defraigne, deputy Director-General, is a second.

The holding of this seminar was prompted by a deeply-felt need, namely to tackle the difficulties inherent in sustainability impact assessment. Indeed, it was awareness of these difficulties that led me to launch this programme just a few weeks before the setback in Seattle.

There were three grounds for this decision.

- The EU was in the process of opening its markets, not as an end in itself, but as a way of stimulating global economic growth and underpinning global political stability.

- The EU had attached a sustainable development criterion to its policy objectives in an effort to ensure that economic development reduced inequality without damaging the environment.
- I felt the need for better governance in the area of trade policy and greater dialogue between policy-makers and civil society as a whole, from NGOs to private-interest lobbies.

These three strands need to be woven together: trade policy, the true engine of economic development, has to be made compatible with the management of natural resources, the quality of the environment and social development, and how this is done must be discussed with civil society. SIA studies were conceived as a key component of the machinery that would enable us to do this.

I would like to end my outline of the general situation by making a few remarks on the double constraint on trade policy.

I want to take the time to do this because some of our trade partners and members of civil society accuse us of using this double constraint as a pretext for protecting our market or camouflaging a secret agenda. So, in the interests of dispelling any ambiguity, allow me to explain our approach.

The Treaties require the EU to place sustainable development at the centre of its objectives and integrate it into the formulation of its policies. European citizens have asked us to do this because they are worried about the environmental and social impact of EU policies, globally as well as in Europe. European citizens want to be reassured that what we are doing will help to improve the state of the world sustainably. They are concerned about the impact of industrial and agricultural restructuring on vulnerable social groups, about equality between women and men, about the Amazonian and boreal forests, and about fish stocks off Mauritania.

These concerns reflect a collective preference that is rooted in our history, our culture and our environment, in all senses of the term.

That is one aspect. Another European collective preference is for good governance, governance that reflects multipolar balances and a decision-making process based on negotiation.

These collective preferences place restraints on our negotiating positions (seeing the environment as integral to trade issues, reducing inequalities) and on our objectives (the desire to find sustainable balances, the negotiation of win-win agreements). Let me give you an example. When we extend our SIA studies to all the countries where there is a potential impact, some of these countries see it as an "intrusion", whereas we are simply trying to ensure that our negotiators are as well-informed as possible so that they can take account of these collective preferences when adopting a position.

The SIA programme that brings us here today has been designed as a vehicle for these collective European preferences. Its objective is to improve governance and ensure that sustainable development is taken into account.

Having clarified what the general approach of sustainability impact assessment is, I should like to return to the background to the setting-up of this programme.

A deliberate decision was taken in 1999 to set up the SIA programme in response to the enormous methodological problems at the time. Indeed, there was no methodology: the most advanced attempts were confined to environmental impact studies that usually concerned a single geographical entity such as a country.

The Commission, starting off alone, found itself at the vanguard of European initiatives in this field. The use of SIA in all European policies is a very recent development (2002).

It is not by chance that SIA was first applied in trade policy.

- One, because, as I said earlier, trade policy is clearly linked to sustainable development.
- Two, because trade negotiations are increasingly a forum for the confrontation of national and regional collective preferences.

I see SIAs as a way of rationally analysing the impact of trade policy and catalysing the fruits of our exchanges with partners and civil society.

Once launched, the programme grew rapidly: it now accounts for 10% of DG Trade's annual budget, an average of €1 000 000 a year.

It covers all the major trade negotiations, whether they be bilateral (Chile, the MEDA countries), regional (Mercosur, the ACP Group, the Gulf Cooperation Council) or multilateral (WTO).

These studies are carried out by external consultants with the main aim of identifying the economic, environmental and social impact of the agreements under negotiation, regardless of geography. They should also propose flanking measures to mitigate the adverse effects and amplify the benefits of any agreement.

The only conditions we impose on our consultants is that they make a rigorous analysis, take a balanced approach to problems and work transparently.

In addition to impact studies as such, we have set up machinery for consultation and dialogue in order to enhance the credibility of the analysis, take on board a range of views and ensure a constant improvement in the quality of the methodology and the findings. I am sure that a number of you present today are regular collaborators and have done a great deal to improve SIAs through your comments and constructive criticism.

Now that we have a methodological framework that is the product of studies and of our exchanges with civil society, we should take stock of the programme and identify future tasks. I should like to start by outlining the progress made in integrating some of these principles and methodology into our work. We have already laid some of the foundations of SIA theory.

These are:

- a transparent and open process conducted by consultants and involving members of European civil society and - what is more difficult - civil society outside Europe;
- a clear and rigorous methodology, which must be accessible to anyone wishing to use it and which stands out as a model among the methods available;
- the automatic application of SIAs to all significant future trade negotiations;
- the use of networking, whereby consortia of experts from different backgrounds (consultants, academics, NGOs) work and communicate with each other across the world.

Other, more recent givens result from the publication of the early results (in particular studies on agriculture and the EU-Chile Agreement). They include:

- a procedure whereby the findings of studies are incorporated into an official Commission position setting out both the official follow-up to an SIA's findings and their impact on the Commission's policy-making. The range of possible positions is obviously very broad: a finding might cause us to stiffen a position or shift the emphasis, a negative finding might give rise to aid and cooperation programmes, and an unclear finding might lead to further research.
- the principle of monitoring the implementation of agreements and flanking measures and tracking the impact on sustainable development by means of ex-post studies.

These givens must not, however, blind us to the practical problems and difficulties:

- There are methodological problems posed by the difficulties of modelling the sector under regulation (services, competition, investment), the lack of data or the inconsistency of data. These problems detract from the credibility of results and leave us in the dark until there has been significant progress in the matter of research and development.
- Consultations and networking can pose problems: wanting to consult is one thing, actually setting up operational systems to gather information quickly from the relevant experts is quite

another matter. This seems to be a widespread problem, since even the most organised NGOs have difficulty following our work and delivering their observations on time.

- Credibility in the eyes of our trading partners is also a problem, since they do not always understand what we are doing and suspect us of protectionism.
- Lastly - and I hope it is no more than a teething problem - the decision-making tool has yet to be applied to the comprehensive analysis and monitoring of a real operation, since the first usable findings have only recently been published.

These difficulties bring me to the last point of my speech, which concerns this seminar's objectives and my hopes for the next two days' discussions:

I must disappoint those of you who thought this workshop had been organised simply to enable the Commission to parade its experience in the assessment of its trade policy. Rather than providing answers, I am going to formulate the many questions currently raised by the SIAs.

The first question I would like to pose concerns **how the SIAs are to made truly operational**. We have to avoid an excessively technocratic approach to method. We need to find ways of tackling some of the methodological difficulties (lack of data, modelling limitations) while effectively involving experts from our trading partners (especially the developing countries), from international institutions, from the private sector (especially in the domain of corporate social responsibility) and, of course, from NGOs.

My second question concerns **how SIAs can be effectively fed into international negotiations**. SIAs could usefully be connected to the sphere of trade negotiations and inform discussions outside the European Commission. In this way they could help countries reach positions at negotiations, clarify the issues and put these issues on the international agenda. We need to consider the limits of such an extension, just as we need to consider the benefits and the potential dangers.

The third question is **how best to create synergies between institutional action and private-sector initiatives in the context of SIAs**.

What is important in the sphere of sustainable development is that institutional measures should be backed up and echoed by voluntary measures and private partnerships (between corporations or between corporations and NGOs) or public-private partnerships. The implementation of SIAs, the use of their findings and institutional support schemes must pursue such synergies. We need to consider how we are to identify such synergies and apply them effectively.

The fourth question is **how best to disseminate the findings and maximise their use and incorporation into trade policy**.

We now have the experience of the EU-Chile report, which has been the subject of internal and external meetings, has been published on the web, is being translated and is the subject of a preliminary position paper. Whether that is enough remains to be seen. We need to find ways to make these final reports count, to get business to feed SIAs' findings into their corporate social responsibility measures.

I will wrap up with one last question, that of **how we are to ensure effective implementation of practical measures to support developing countries identified by SIAs (the famous "flanking measures")**. Involving developing countries in the studies is obviously a first step. But beyond that, we have to identify factors determining the success or failure of SIAs so that they can play a constructive part in identifying and implementing priority aid measures.

Well, I have done my bit. You know my fears, my ambitions, my questions. Now it is for you to suggest constructive and realistic answers that will take me forward. As I have told you, I will be following closely the results of these two days.

Before the seminar gets under way, I would be happy to answer any questions aimed at clarifying the issue.

IV. HIGHLIGHTS (STATEMENT BY DIANNA RIENSTRA, RAPPORTEUR)

10. You have had an interesting and controversial two days exploring the various issues surrounding the relatively nascent concept and implementation of SIAs. As several participants have pointed out, the road to ensuring the long term sustainability of trade agreements and the negotiating process that will lead to them is indeed a WORK in progress.

11. I cannot possibly hope to synthesize and capture every stakeholders' point of view in this brief overview. However, we are preparing a thematic, comprehensive report of this seminar that will cover the plenary sessions and parallel workshops. I'll try to highlight what I have captured as the main issues and concerns. I am sure there are issues that I have not touched upon in the spectrum of interests that are at stake here. I have a list of questions, which outnumber the answers, but hopefully they will provide an overview of the dialogue.

12. After trying to absorb the volume of information and the questions raised, one thing is certain - the road ahead is challenging . . . first and foremost is the issue of trust . . . there is a fear that the EC is "greenwashing" or extending the long arm of protectionism under the guise of mitigating the negative effects of a "prefixed agenda". Before moving forward, there must be a solid foundation of trust. But how to build it?

13. The issue of flanking measures is one of the most controversial. Should they be conceived and implemented after the fact or should they be built in? Perhaps the concept of flanking measures should be replaced by the concept of coherence. Otherwise the focus will be on mitigating and enhancing rather than improving trade policies themselves.

14. Many said "no" to flanking measures if they are going to be the only solution to making trade more sustainable and pointed out that trade policy alone can never address all of the issues that are sure to arise during an impact assessment.

15. A gap is perceived to exist between the well-intentioned SIA process and how stakeholders perceive it will be implemented. Where are the linkages between what has been identified as potential problem areas and policy initiatives? And what about delivery systems and capacity building to strengthen them?

16. How are stakeholders to be assured that in the light of subsidies and market access restrictions, SIAs aren't merely a smoke screen? How can the methodologies outlined be more deeply rooted in decision-making? How to best move from assessment to policy design through to implementation?

17. Robert Madelin told us that this is a learning experience and the operational proof will be in trade policies that will be implemented via, among other things, a quicker delivery of better-designed technical assistance, capacity building and a convergence with other initiatives such as DG Development projects.

18. You asked whether this initiative is a Lamy baby and will it disappear if Commissioner Lamy disappears? To this, the Commissioner pointed out that this initiative belongs primarily to the stakeholders involved and it is up to them to work together with the Commission to improve it. In other words, if you find SIAs can be developed in the years ahead to be a good tool, relevant to your objectives, ensure it does not disappear before we get there.

19. There is no doubt that the process is difficult, particularly in light of the international expectations it has provoked. Challenges include complex and challenging methodological issues and

criticisms levelled at trade negotiations themselves. However, it was pointed out that SIAs could serve as possible tools for improving transparency and efficiency during such negotiations.

20. I am sure stakeholders were appreciative of the support of the European Parliament, as extended by Erika Mann yesterday. But the question remains, how do we sell this to the international community? She predicted that the concept will never work unless it is part of the international agenda.

21. WWF and others pointed out the necessity to ensure that trade policies and agreements are shaped to be sustainable from the outset. How do we do this?

22. WWF and other civil society representatives said they are increasingly frustrated because in their view the process is failing to deliver. If it is too late to input findings into the decision making process, it would represent a failure of political will to implement findings into bilateral and multilateral trade negotiations. There is a perception that they should not disturb the process, something many found quite disturbing. However, experts agreed the results need to be analysed BEFORE trade negotiations. There is a serious miscommunication here.

23. Perhaps the way forward is to look at what is creating unsustainability in a sector or region and if it is linked to trade, address the question of how can it be fixed?

24. How to allay the scepticism over SIAs becoming a way to support already existing and sub-optimal negotiating positions – the "greenwashing" concern.

25. The importance of launching a political discussion about how to use the findings of SIAs is critical, particularly to analyse the root causes of environmental degradation and social problems. To this end it is important that governments do their part to address policy failure issues through regulation.

26. The discussion about SIAs and their potential contribution to governance has been launched but it needs to be further explored in the context of CSR as well.

27. It was pointed out that if we continue along the path of business as usual, we will all have to face the consequences of increased economic and social exclusion as well as environmental degradation . . . issues that affect everyone globally. Perhaps the way forward is to minimise the damage at the outset. Heading them off at the pass, so to speak.

28. Developing countries are asked to accept the burden of participating actively at government and NGO level in SIAs underway and to even consider EIAs and SIAs themselves. In response, they are calling for developed countries to live up to the commitments made both at Rio and Doha before expecting developing countries to move forward. Developed countries must also meet the calls from their developing neighbours to address the issues of market access and subsidies, particularly in the agricultural sector. Is there political will to do this? The Food Crops report could be part of the debate on that question when going forward.

29. Because SIAs are a complex, challenging and controversial task. Their implementation should be rooted in substance that can only rise up from the ground. But how can developing countries be expected to participate in SIAs? Most are still grappling with Environmental Impact Assessments. At the same time, many participants called for local ownership. How best facilitate this?

30. The constituents unanimously emphasise that they seek to work with project partners on the ground as well as reaching out to local civil society. But they also say they want advice on how to do better.

31. Do the institutions exist to respond to the methodologies being suggested here? How do we ensure the SIA methodology will work on the ground if there is no infrastructure to capture the necessary data on the ground? Flowing from this, how best assess the effect of potential trade agreements on poverty?

32. Participants called for a two-way assessment, lest SIAs turn out to be unsustainable agreements by definition. There must be more communication in local languages in more accessible language. This dialogue will require a more structured "user friendly" consultation process. Before SIAs can move forward, there should be a common understanding . . . but with which stakeholders, and how?

33. The issue of trust is paramount in the ongoing discussion of voluntary initiatives, that is, the discussion of hard versus soft law. Business appears to be pushing for voluntary issues, but other stakeholders appear to have a soft level of trust in this area. How do we resolve this dilemma?

34. I was surprised that there was such little mention of that famous "p" word yesterday – partnership. In view of the trust issue, this could be serious cause for concern.

35. This meeting has made significant inroads into identifying the fears, exposing the areas where the issue of trust is most vulnerable and where the daunting challenges lie. Hopefully we have given the Commission some concrete suggestions as to the road ahead.

V. SYNOPSIS

A. ISSUES RAISED IN Q&A FOLLOWING SPEECH BY COMMISSIONER LAMY

- (a) We need to develop better social impact assessments, better methodologies – especially in the arena of gender mainstreaming (women's issues - and this should cover health, education, etc.). There is a scarcity of methodologies to evaluate social indicators.
- (b) SIA is not an issue exclusive to Commissioner Lamy (this is not a "Lamy hobby"), and will continue – especially given that there is significant inter-service consultation with other DGs. SIAs have become much more horizontal, becoming more a rule of governance in the Commission. Further, it depends on you, the stakeholders, to ensure this.
- (c) DG Agriculture is very much involved in this process – with a couple of teams doing this. They are thus building up a capital base in agricultural WTO negotiations.

B. HOW IS SIA HELPING TO MAKE TRADE POLICY MORE SUSTAINABLE?

1. Erika Mann MEP (replacing Eryl McNally MEP)

- (a) The European Parliament is one of the driving forces in this inclusive process of bringing in all stakeholders
- (b) You can rely on the European Parliament to support the work of industry, NGOs, and other stakeholders. Please come to us and let us know where we can help.
- (c) The European Parliament has driven the creation of a Parliamentary assembly attached to the WTO – not to interfere – but help create a more accountable and democratic system.

2. Mireille Perrin, WWF International

- (a) If SIAs are conducted too late to input meaningfully into negotiations, then there is a failure of political will to implement their recommendations in the course of key bilateral and multilateral negotiations – such as those of the WTO. The Commission needs to bridge this “credibility gap” and provide adequate feedback mechanisms.
- (b) WWF remain sceptical of SIAs as they can be used for greenwashing or to support already made decisions (evidence, EU-Chile). We are therefore doubtful if there is a true political will to change the way trade policy is made and thereby ensure that it is more sustainable.
- (c) Change is required in the following areas:
 - (i) There needs to be real buy-in from the Commission as a whole and there should be engagement by Member States and Parliamentarians. It seems that currently, this has been dominated by trade officials.
 - (ii) There must be concrete EU action on EU policy in an EU context (and specifically, for there to be credibility, we need to look at the EU’s agricultural policy, instead of ‘blaming’ others).
 - (iii) We need specific reporting and feedback mechanisms, or are SIAs just a bureaucratic and expensive exercise?

3. Reinhard Quick – UNICE

- (a) To achieve sustainability, we need to ensure that the three criteria in SIAs: economic, environmental and social, be taken into account in equal measure
- (b) Governments must regulate polluters and address the social issues according to their state of development.
- (c) Trade liberalisation needs to be coupled with flanking side agreements in bilateral negotiations.
- (d) Trade negotiations are not the best way to address environmental and social issues – in the WTO, should negotiate in “packages”
- (e) We should give more power to the WTO – it isn’t a pure trade agreement. Trade is already liberalised. Use WTO as a forum to address policy failures, particularly when trade liberalisation is responsible.
- (f) Voluntary initiatives – will only work if established in an atmosphere of trust. If there is no trust – then simply wait for the regulators. I strongly urge this approach.

4. Everton Vieira Vargas – Ministry of the Environment – Brazil

- (a) Developing countries don’t support SIAs while the use of EIAs are recognised as an important tool - sustainability is hard to assess in a global context.
- (b) There is a real fear that environmental concerns can be used as disguised trade barriers

- (c) The current situation (trade barriers, coupled by internal trade subsidies) represents a potential loss of \$20 billion per year. This forces developing countries to produce more commodities, which can have devastating effects on the environment
- (d) The very thrust of SIAs need to be altered, the ending of subsidies which distort production and widen the gap between north and south – concern that SIA's are being used as a smokescreen for protectionism.
- (e) SIAs should be a means to identify problems – and not serve to marginalise them!
- (f) SIAs should be used to open markets and not just quotas – improve market access.

5. Kirk Hamilton - Environment Department of the World Bank

- (a) Poverty and Social Impact Analysis (PSIA) can be a very useful tool to help identify risks to policy reform (currently, the World Bank has about 35 pilot PSIA projects underway).
- (b) Potential benefits of PSIA
 - (i) Country ownership of reforms
 - (ii) Sustainability of reforms
 - (iii) Increased attention to ex-ante analysis
 - (iv) Monitoring to validate ex-ante analysis
 - (v) More transparency in links between policy and poverty
 - (vi) Explicit consideration of measures to enhance gains or minimise losses
 - (vii) Building national capacity.

6. Issues raised in Q&A

- (a) We should seek (social/environment/economic) win-win policies – bearing in mind there will nearly always be a loser (i.e. when subsidies are dropped), which requires political will.
- (b) Greater, structured communication and in language which is accessible and two-way: SIAs are a learning process – especially at the national level – because they open up a discussion – if the communication channels are to be opened, it must be at the national level.
- (c) Need a transparent, user-friendly process. Need a clear notion of what is to be achieved in terms of trade policies. Market access, subsidies, etc., also need to be discussed. But more and more, we are looking for criteria – current indicators are not adequate.

C. TO WHAT EXTENT IS SIA CATCHING ON OUTSIDE THE EU?

1. Sarah Richardson – Consultant

- (a) SIAs have evolved into a tool to teach us lessons.

- (b) Scope of the assessments done in the 1990s was limited to regulatory measures, trading in goods, etc., and this has to change.
- (c) Data tends to be unavailable, frequently uneven and not always objective (rather anecdotal). This is compounded when social issues are introduced into the equation. We need to encourage the generation of good, worthwhile data.
- (d) Communication still remains a huge challenge (including participation in debate by stakeholders). Fortunately, there have been great leaps forward since 1992 thanks to the Internet.

2. David Brooks – USTR

- (a) The US has an obligation to consider environmental impacts that flow from negotiations.
- (b) The US does not simply look for ‘flanking’ or mitigating measures, but seek the opportunity to have a positive outcome.
 - (i) We are obliged to conduct reviews on all major trade negotiations. Our focus is on domestic effects, but do often consider transboundary effects, as well. The process we take to undertake these reviews complements inter-governmental and public consultation. Consultation is taken early in the process and interim and final reports are accessible to the public.
- (c) We first examine the environmental effects, then undertake a regulatory review – committed to quantitative analysis as part of our review. There is no uniform approach, learning and adapting as we go along. In general, quantitative tools are better at drawing us to problems but harder at coming to solutions.
- (d) In the US, success is measured more in terms of “process”.

3. Eddy Lee, International Policy Group (ILO)

- (a) ILO advocates use of ex-ante analysis of trade agreements.
- (b) ILO supports Commission’s initiative as it leads to better information on the social dimension of globalisation.
- (c) Exercises such as SIAs are a useful supplementary tool – what is important is how they are used. They should impact on the policy making process. However, deploying a tool like that should not preclude other policy tools or reforms.
- (d) We should be aware of the danger of weakening other fundamentals, such as core labour standards, etc.– flanking there doesn’t work.

4. Charles Arden-Clarke – UNEP (UNEP experience)

- (a) UNEP is trying to move from environmental to integrated assessments, from ex-post to ex-ante assessments. There needs more focus on poverty alleviation
- (b) SIA is not ‘catching on’ outside the EU. Why?

- (i) Trade liberalisation/economic development has increased – very often with negative environmental and social impacts
 - (ii) Minimising environmental damage from the outset when designing trade policies to avoid potentially high economic costs – need to work ex-ante
 - (iii) Participating countries show strong interest in conducting assessments and designing policy responses, but have limited technical and financial resources to do this.
- (c) Lessons learned
 - (i) Valuation and cost-benefit analysis are important elements in assessments
 - (ii) Assessment methodologies must be adapted to local conditions
 - (iii) There is no substitute to the ‘learning by doing’ approach in capacity building
 - (iv) An open, transparent and informed multi-stakeholder process
 - (v) Linking various methodologies
 - (vi) Capacity building is crucial
- (d) To move from assessment through to policy design to implementation, we need a commitment of more technical and financial resources, the engagement of more partners – from the outset. Then the SIA/integrated assessment will ‘catch on’.

5. Dr Ruqiu Ye – Chinese state environmental protection experience

- (a) Now that China has acceded to the WTO – there is a greater incentive to allocate resources, restructure industry, control pollution, greater respect for environment. For agriculture – better use of resources and better ecological conservation. On the social side, there will be less waste of valuable land and a decrease of agro employment.

6. Issues raised in Q&A

- (a) SIAs will not be successful unless all the social partners are included – but at this conference, the business sector is not adequately represented. Even trade unions are not represented. Must include all stakeholders.
- (b) Concern that Africa is not been adequately assessed. This should be done – but from an African perspective so that we can have a win-win situation.
- (c) The biggest challenge is coherence with social and environmental agendas and linking all this to poverty reduction strategies. Trade and financial policies must be mutually supportive or they could work against each other.

D. HOW DOES SIA FIT INTO THE EU’S NEGOTIATIONS?

1. Robert Madeline – DG Trade, Director

- (a) Commission is carrying out SIAs because the trade community has realised that globalisation needs to be analysed if liberalisation is to achieve the objectives we

want (poverty alleviation, growth, jobs, protection of environment, etc.). Not trying to impose a single view – but trying to provide the basis for an informed debate.

- (b) We do look at flanking measures but this does not mean they are second in importance.
- (c) The timing is linked with the negotiation process. We coordinate “inter-service” MEPs, etc. and include civil society, the for-profit sector, thereby promoting transparency. Our aim is to get external consultation process right!
- (d) SIAs are done for each major trade negotiation. Whole process is carried out externally. We try to balance the approach on the three sustainability pillars (depends on the amount of data and if quantity of data is same for all three pillars) and set no geographical limits.

2. Clive George –IDPM² Manchester - consortium for SIA of WTO negotiations

- (a) The SIA methodology is to try to understand all the viewpoints and come up with a balanced judgement
- (b) Some principles to make it realistic – focus on small number of countries, case studies, look both short and long-term dynamic effects, and evaluate both quantitative and qualitative data and analysis

3. Jochen Krimmhoff – PriceWaterhouseCoopers (EU-ACP)

- (a) The EU-ACP SIA is still young – scenarios are still unclear.
- (b) One size fits all approach will clearly not work due to the economic, social, environmental and cultural diversity of ACP countries
- (c) Breadth of ACP regions makes it almost impossible to conduct fieldwork. Analysis will need to rely on existing work and stakeholder input.
- (d) The success of the project hinges on the active participation by stakeholders

4. Jacques Serrure – PriceWaterhouseCoopers (EU-GCC)

- (a) The customs union will give us the opportunity to look at standards and border procedures

5. Mehran Kafai, SIA consortium (EU-Mercosur/EU-Chile)

- (a) Difficulties and challenges: restricted resources, short time frames, but there was on-going consultations with stakeholders.

6. Clive George –IDPM (WTO negotiations)

- (a) Specific examples of flanking measures

² Institute for Development Policy and management.

7. Issues raised in Q&A

- (a) Fundamental comment regarding flanking measures, they doesn't convey the right message, implying that trade policy is above all other policies – the emphasis should be on coherence and not finding mitigating factors. Flanking measures are acceptable if part of a broader package – including trade reform, but not acceptable if it is just to make trade more sustainable.
- (b) One of the 10 commandments of SIA – they must be carried out without disrupting the negotiations process. This may not always have been the case.
- (c) There is concern regarding how key members of civil society are identified and selected for consultation.
- (d) Concern was also expressed as to why external consultants from countries where the SIA taking place aren't being invited (even as part of a consortia) to participate in SIAs.

E. WORKING GROUPS SESSIONS:

36. As a preliminary to both sessions, it is worth noting that the existence of the completed SIA for the EU-Chile economic partnership agreement provided an important specific focus for discussion and analysis.

1. Session 1: SIA in practice

(i) EU-ACP

- (a) There is a need for a longer period of sensitisation about SIA before the process begins.
- (b) Consultation – more concrete mechanisms are needed for involving SMEs and the informal sector, in particular, women.
- (c) Capacity building – scant resources available in many ACP countries; this is problematic.
- (d) The current bias towards environmental issues is viewed with suspicion.

(ii) EU-Mercosur and EU-Chile

- (a) Aims of the session were stated: assess impact of SIA on both sides; identify winners and losers, and examine criticisms in a serious manner
- (b) Consultant encountered difficulties in EU/Chile SIA, but is happy with results.
- (c) Difficulties of SIAs were discussed.
- (d) Language and communications is paramount.
- (e) There is a lack of information/data at this point.
- (f) Time constraints are critical.

- (g) It is too early to assess EU/Chile agreement as it is too new.
- (h) Questions raised:
 - (i) Should the European Commission alone carry out SIAs? Should end party do one?
 - (ii) Are they useful? Do parties really act on them?
 - (iii) Can we implement lessons learned for EU/Chile to allow trade agreements?
- (iii) *GCC and MEDA*
 - (a) The SIA relating to the Gulf Cooperation Council (GCC) is at a very early stage. The GCC customs union only came into force in January 2003, and the consultants are at the preliminary 'inception report' stage of their study.
 - (b) In the GCC there is concern that the SIA process may slow down the pace of negotiations between the EU and the GCC. This process is already slow and there is a need for speedy conclusion.
 - (c) There is concern among some that the SIA is a deliberate ploy to delay negotiations since the EU already has a very favourable export surplus with the GCC.
 - (d) The GCC currently uses only econometric models to assess the impacts of trade agreements (not a lot of analysis of environmental impacts). For the purposes of the SIA, the GCC zone could be regarded as a single (homogeneous) region regarding economic and social impacts. Environmental impacts should preferably be looked at on a regional basis since the disparities are significant.
 - (e) The SIA relating to the MEDA countries is similarly at an early stage. Unlike GCC, MEDA is not a 'bloc' but a group of individual countries. The consultants are expected to be appointed by May 2003. Most of the bilateral association agreements with MEDA states however have already been finalised.
 - (f) Since the bilateral association agreements are already in place, many ask what is the purpose or usefulness of the SIA. Is it the EU's intention to re-negotiate the original agreements ?
 - (g) The quality of data used for the SIA was raised as an issue. The quality of consultancy studies made over the years has been questioned. A proper methodology for getting information must be developed. It is vital, it was suggested, to establish contact points with individuals in the relevant authorities and with all the stakeholders (NGOs, trade unions, industry bodies etc.). The process can be improved by better interaction of stakeholders.
 - (h) It is very important that the SIA's are based on decent data and that this data is tested thoroughly. Indicators have to be properly defined afresh and be relevant and appropriate to the region.
 - (i) The private sector is deeply sceptical about free trade agreements, but their participation is essential as a stakeholder. Their involvement will also help educate these players and help gain their support.

- (j) Flanking measures are required to tackle problems in the areas of education, corruption, social equality and low-cost health services.
 - (k) Friends of the Earth suggest that specific targets be adopted for sustainable resources used at regional and national levels. SIAs should be on a country-specific basis covering aspects such as industry, energy, transport, agriculture, tourism etc.. The SIA should be used by the policy-makers and not just be an academic exercise.
 - (l) 'Women in development Europe' think that FTA's should insist that women have access to export credits.
 - (m) RAED Egypt believe it is essential that the people involved must be viewed as partners so that ultimately they 'own' the decision which is essential to successful implementation. Local countries should perhaps carry out the SIA with financial support from the Commission. The process must however be carried out earlier.
 - (n) Some delegates discussed the relative importance of environmental considerations when poverty and education could be viewed as of greater importance.
 - (o) For effective participation and capacity building key factors are:
 - (i) Partnership – all stakeholders should be involved and on an equal footing – government, NGOs, private sector etc.
 - (ii) At the end of the day 'ownership' of the programme is key to successful implementation
 - (iii) There has to be adequate access to information to ensure understanding of the SIA process, understanding of its goals, its process and timetable of consultation
 - (iv) Key work for the consultants is identifying the key stakeholders and independent experts can be found to help in this.
- (iv) *WTO*
- (a) Many believe SIA can help achieve the Doha objectives, however, it is a process that is evolving and we are far from reaching a position of equilibrium. Proponents say it is an approach, not a tool kit.
 - (b) A case study from the Philippines is showing preliminary positive results in the Live Reef Fish for Food industry. It would be worth studying as it is indeed a "work in progress".
 - (c) From the trade union point of view, SIAs are not making trade sustainable but they are a step in the right direction. There are challenges in formulisation and conceptualisation. And there are problems with timing and the premise that SIAs should not disturb the negotiating process. Without integration into decision making structures, it is not making trade sustainable.
 - (d) This led to a discussion about trade and its positive or negative effect on core labour standards. How best to meet the challenge of countries competing on the diminishing ground of workers' rights and labour standards. Who is to say it is not a race to the bottom? EPZs are a good indication of this negative downward spiral.

- (e) Concerns over women, employment, and poverty were a leitmotif. How to measure the impacts? How to integrate the ‘flanking measures’ – a highly suspect concept to many – into actual trade policy?
- (f) Solidar pointed out that the debate of those for globalisation vs. those against is a false debate. The problem is corporate globalisation based on the notion that liberalisation is an unqualified good. This was particularly true in the European Commission under the previous trade commissioner, but is changing under Lamy who recognises that globalisation should be driven by a political process, not by trade. Do not leave this to the WTO!
- (g) We looked at two quite different sectors experiencing shifts and seismic changes in the wake of globalisation and trade liberalisation. Both hailed SIAs as a way forward.
- (h) In the textile sector, one must ask why the EU is stubbornly pursuing a policy in an industry vital to developing countries that we know to be dangerous to their existing levels of economic development. The industry views SIAs as a useful tool and an essential guide to policy that should be carried out in advance of all major decisions and its conclusion given a more attentive ear.
- (i) In the non ferrous metals sector, SIAs have an important role to play, particularly in light of competition from India and China. This was a revealing case study that merits further concern because of possible lessons. SIAs should be used to show that the elimination/reduction of tariffs and non-tariff barriers will:
 - (i) Help to correct market failures and to restore fair access to raw materials.
 - (ii) Cannot stand alone because they do not address policy failures that are at the root of market failures.
 - (iii) Policy failures must be addressed.

2. Session 2: What is needed for effective SIA outcomes

(i) *EU-ACP*

- (a) There must be a fundamental link between SIA and EPA negotiations.
- (b) The onus should be on both sides to respond to findings of the SIA.
- (c) Ownership of the process is paramount – ACP countries must be more involved.
- (d) Poverty eradication – of women in particular - should be targeted as part of the SIA.

(ii) *EU-MERCOSUR and EU-CHILE*

1. Speakers identified the following issues:

- (a) the difficulty of defining a standard SIA approach because of the different situations of individual countries or regions;
- (b) what might be appropriate instruments for monitoring and validating the results of SIAs;

- (c) whether SIAs as currently structured and operated are the correct instrument for the task;
- (d) to what extent SIAs are effective working tools for the future - in a perspective of perhaps 20 years

2. There was discussion of other criteria, including the need for the EU's partner governments to participate actively in the SIA process (and the associated problem of capacity-building), as well as the perceived one-sided nature of the SIA's - produced by the EU for both partners (and the linked issue of the asymmetry between partners).

3. Questions and issues raised:

- (a) Should SIAs should be carried out ex-ante or ex-post.
- (b) How can SIAs include the informal sector (black economy)
- (c) SIAs should be an instrument to guide trade negotiators.
- (d) They should identify - and therefore avoid – obstacles.
- (e) They should move away from a wholly trade-driven approach.

(iii) *GCC and MEDA*

- (a) Institutions in the region must be involved in the SIA that can follow up on SIA implementation. Ownership of the project is important for sustainability.
- (b) Should research access to other funds and financial resources to help finance implementation (eg EIB)
- (c) There needs to be proper appreciation of the social and cultural framework of the region to ensure differences are incorporated in the SIA analysis.
- (d) SIA should incorporate and understand national goals and development perceptions when formulating and implementing recommendations. Must make sure that the economies are compatible enough to fit into globalisation.
- (e) There is a need for harmonised standards, mutual recognition arrangements, accreditation systems to ensure MEDA exports are not impeded.
- (f) Consideration should be given to other initiatives, resources and other overlapping programmes in the region e.g; METAP, MCSA, ESCUA, Arab League – ADIMO, private sector initiatives.
- (g) The Commission pointed out that there is still scope for the SIA recommendations to be incorporated in agreements (e.g. annexes, financing) particularly as the agricultural and services aspects of association agreements with MEDA are yet to be finalised. The SIA can also highlight the need for mitigating measures. They should more be viewed in the context of future multilateral arrangements.
- (h) IMED suggested that even if there are no more negotiations, the SIA can still be useful. It should become a 'core body' of recommendations and its remit can subsequently be expanded into other areas. It will be a reference to help orient

decisions in the future as part of the Barcelona process (Euro-Mediterranean Partnership).

- (i) The condition of success for the SIA process is the greatest possible participation of the stakeholders. PwC pointed out that public participation is critical. Groups thereby get more used to working together. It brings expertise to the table from a wide range of people, builds capacity and encourages 'learning by doing', and, importantly, trust.
 - (iv) *WTO*
 - (a) The EU can do much for developing countries as they prepare for SIAs. In the Caribbean for example, it can support data collection as well as offer financial and technical assistance.
 - (b) Capacity building is a resonating theme.
 - (c) It was pointed out that SIAs have to be part of the EU's WTO negotiations, particularly if the cloud of suspicion is going to be lifted. In addition, the EU's positions on several issues of interest to developing countries flies in the face of its current push for SIAs, considering the resulting negative impacts.
 - (d) Codes of conduct were discussed as well as new business models where corporate profitability is married to national development. Business is showing a willingness to participate in its own flanking activities through investing in human capital, capacity building and infrastructure development.
-