

Sustainability Impact Assessments (SIA) in support of FTA negotiations between the EU and New Zealand and the EU and Australia

(TRADE2018/Co2/Co7)

CSD Meeting Presentation

Brussels, 4th of April 2019

Structure of presentation

1. Introduction
2. Preliminary findings
 - a) Economic analysis
 - b) Social analysis
 - c) Human rights analysis
 - d) Environmental analysis
3. Sectors and case studies
4. Consultations
5. Study schedule/time plan

1. Introduction

About the SIAs

- **Two components:**
 - A robust analysis of the potential economic, social, human rights and environmental impacts;
 - A continuous and wide-ranging consultation process with high degrees of transparency and engagement of stakeholders.
- **Duration:** January – October 2019 (main report: July 2019)
- **Objective for consultations:** get as much input from key stakeholders in the EU, AUS and NZ as possible
- <http://trade-sia-australia.eu/en/> and <http://trade-sia-new-zealand.eu/en/>

Proposed final report structure

Chapter 1: Introduction

- Objectives, key features, Structure of the report
- Summary of EU-AUS EU-NZ relationship + LitRev IA work

Chapter 2: Methodological approach

Chapter 3: Overall impact analysis

- Economic, social, human rights, environmental state of play + overall impact
- SME, gender equality

Chapter 4: Sectoral impact analysis

- 5 sectors: state of play, economics + sustainability impacts
- SME, women, competitiveness, third countries

Chapter 5: Consultations

- Consultation activities, including digital communication
- Summary of inputs from stakeholders

Chapter 6: Policy recommendations & flanking measures

2. Preliminary findings – state of play

a. Economic analysis



EU-Australia (2017)

AUS 18th largest trade in goods for EU
EU 2nd largest trade in goods for AUS
Goods trade EU-AUS: US\$ 53.1 bn
Services trade EU-AUS: US\$ 37.2 bn
EU largest FDI partner for AUS















EU-New Zealand (2017)

NZ 50th largest trade in goods for EU
EU 3rd largest trade in goods for NZ
Goods trade EU-NZ: US\$ 10.1 bn
Services trade EU-NZ: US\$ 5.4 bn
EU 2nd largest FDI partner

- **Tariffs:** generally low (higher in EU than NZ or AU). Peaks EU: some agricultural goods, garments; AU: none; NZ: garments
- **NTBs** (esp. affecting SMEs): AU/NZ customs procedures, product requirements
- **Services restrictions:** comparable. Peaks EU: air transport, professional services; AU: courier, air transport; NZ: air transport & aux. logistics.

b. Social analysis

Main topics:

- **Increasing employment rates**, but challenges remain for certain groups of workers:   
- **Wage increase lags behind** the productivity growth:   
- **Gaps between men and women:** employment rates, wages, hours worked, and types and levels of occupation:   
- **Different sectoral preferences** for men & women in employment & entrepreneurship:   

- **Decreasing number of people living below poverty line**, but some groups at risk:   
- **Accidents at work:** agriculture, transport & construction:   
- **Cases of migrant workers' exploitation & low trade union density** in services (retail trade, hospitality) & agriculture:  
- **Companies implementing CSR practices**, but no Business and HR Action Plans:  

c. Human rights analysis

Indicators

Freedom House Democracy Index
Corruption Perception Index
Human Development Index

EU 

72 – 100

42 – 88

High/Very high

Australia 

77

77

Very high

New Zealand 

98

87

Very high

European Union

- High level HR overall
- Divergence EU MS (e.g. migrants)
- Women, Roma, LGBTI
- Anti-terror vs freedom
- EU strong global promotor of HR

Australia

- High level HR overall but not federal level
- Independent HR Com
- No HR trade agenda
- Migrant/asylum issues
- Women, labour rights
- Indigenous peoples
- Right to work
- GHG: clean envi

New Zealand

- High level HR overall
- Independent HR Com
- Treaty of Waitangi
- Labour, environment
- Right to work
- Right to water
- Rights of children, violence women, and Maori incarceration

d. Environmental analysis

Australia Impact Areas



- **Climate change:** Gross GHG emissions at 530 MtCO₂ e/year.
- **Land use & soil quality:** 55% land used for grazing. 50% agricultural land exhibits pH value below 5.5.
- **Water quality & quantity:** Decreasing streamflow in 35% of sites surveyed. Inland water quality status 'poor' in most regions.

New Zealand Impact Areas



- **Climate change:** Gross GHG emissions 80 MtCO₂ e/year. Roughly 50% from methane.
- **Land use & soil quality:** Heavy increase land used for dairy. Main issues: high levels of phosphorous and macroporosity.
- **Ecosystems & biodiversity:** main pressures from invasive species and land use change.

3. Sectors and Case Studies

Sector selection approach and proposal

Sector selection approach

- 2 x 5 sectors
- Clear sector definition
- **Selection process:**
 - Input ISG + **EU/AUS/NZ stakeholders**
 - Apply criteria (below)
 - Validate by ISG & **CSD**
- **Selection criteria:**
 - Economic importance
 - Economic impact
 - Social / HR /env. impact
 - **Inputs key stakeholders**
 - Relevance negotiations



Sectors EU-Australia



- Ruminant meats
- Motor vehicles & transport equip
- Machinery
- Dairy
- Comm and business services

Sectors EU-New Zealand



- Ruminant meats
- Dairy
- Machinery
- Motor vehicles & transport equip
- Comm and business services

Sector analysis approach

Content of each Sector analysis

- State of play – description + crucial sector issues in EU-AUS and EU-NZ;
- Market access issues (tariffs, TRQs, and NTMs);
- Impact analysis (quantitative, qualitative):
 - Economic, social, HR, environmental
- SME analysis;
- Third country analysis;
- Competitiveness analysis;
- Policy recommendations & flanking measures.

Case study selection approach and proposal

Case study selection

- 2 x 6 case studies (2-pagers)
- **Selection process:**
 - Input ISG + EU/AUS/NZ stakeholders
 - Apply criteria (below)
 - Validate by ISG & CSD
- **Selection criteria:**
 - Inputs key stakeholders
 - Relevance negotiations
 - Economic impact
 - Social / HR /envi impact



Case studies EU-Australia



- Wine
- Sugar and water quality
- ...
- ...
- ...
- ...

Case studies EU-New Zealand



- Biodiversity
- Children's rights and poverty
- Vegetables, fruits & nuts
- Aluminium or steel (iron-ore)
- ...
- ...

Case study approach

Content of each Case study analysis

- 2-page key summary of issues
- Short description of relevant issues for sector EU-AUS and EU-NZ;
- Impact analysis (quantitative/qualitative): economic, social, HR, environmental;
- Specific analyses: SME, third country, regional;
- Policy recommendations and accompanying measures.

4. Consultations

Consultation approach

Pillar 1: Website & electronic communication

- Two websites online;
- Use existing twitter accounts of DG Trade to spread information;
- Complementary email outreach.

Pillar 2: Interviews/meetings/questionnaires

- 10 one-to-one interviews and meetings with stakeholders;
- Develop and disseminate detailed survey (online)

Pillar 3: CSD meetings

- CSD meeting today: update and invitation to input;
- Final CSD meeting will be organized on the Draft Final Report.

Pillar 4: Meetings with Commission

Consultation inputs so far

- 25 submissions related to sector and/or case study selections following an invitation in January 2019 by the study team;
- Several first responses with respect to the published draft Inception Reports on EU-Australia and EU-New Zealand;
- Several submissions of stakeholder positions regarding the EU-Australia and EU-New Zealand FTA negotiations;
- First discussions held in Australia and New Zealand with stakeholders;
- **NOTE:** Detailed report on consultations will describe all stakeholder inputs in the final report annex, while summarising/using the stakeholders inputs across the main report.

Next Consultation steps

- **Until 12 April: submit reactions/comments** to the Draft Inception Reports EU-AUS and EU-NZ;
- **19 April – 14 June: surveys open for online input** from stakeholders – separate for EU-AUS and EU-NZ;
- **1 May – 31 May: in-depth interviews with key stakeholders** – depending on the final sector and case study selections. If based in AUS or NZ, please indicate your interest to be involved;
- **Any time:** you can submit comments by **email** to us or via the **website** contact form
- **Contacts:**
 - EU-Australia: <http://trade-sia-australia.eu>,
contact@trade-sia-australia.eu
 - EU-New Zealand: <http://trade-sia-new-zealand.eu>,
contact@trade-sia-new-zealand.eu

5. Study timeline

Main deadlines

- **Final reports**
 - Submit draft Final Reports: 5th of July 2019 (*subject to CGE results availability*);
 - Meeting with ISG + CSD: September 2019;
 - Final feedback EC on draft Final Report: September 2019;
 - Final Reports: September/October 2019

- **NOTE:** We will provide two separate final reports: one for the EU-Australia FTA and one for the EU-New Zealand FTA.

Questions, comments?

