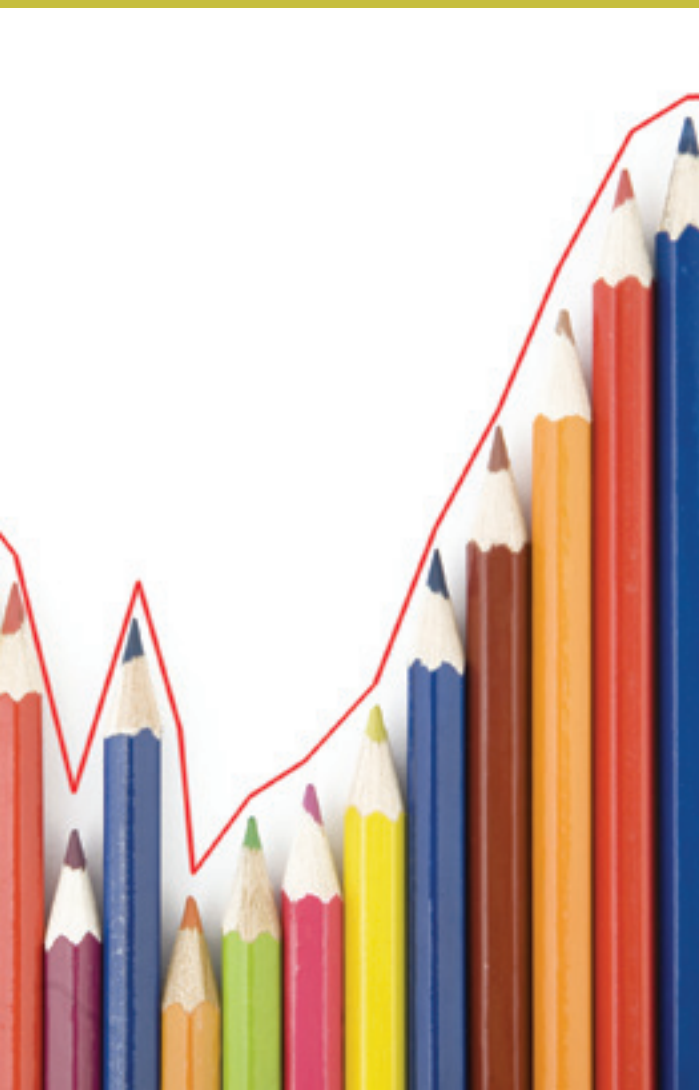




Handbook for **trade** sustainability impact assessment

2nd edition



Trade

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Handbook for trade sustainability impact assessment

second edition

April 2016

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Foreword by Commissioner Malmström

The European Commission's trade policy has two goals: creating prosperity and furthering the common, universal values that underpin the European Union. Achieving these goals is a complex task and one that must start from a deep understanding of all the implications of each and every policy initiative.

I have committed in the *Trade for All* Communication, adopted in October 2015, to a more responsible trade and investment policy. In particular, I have made a number of commitments in relation to assessing the impacts of our policy to ensure that trade delivers results for consumers, workers and companies small and large, without compromising our core values such as human rights.

Since 1999, the Commission has been carrying out Sustainability Impact Assessments (SIA) on all negotiated trade agreements. The SIAs take place during the negotiations and feed into the work of the negotiators as the negotiations evolve. They assess the economic, social, environmental and now human rights impacts of trade agreements in the EU, the partner country and in developing countries. They include wide-ranging consultations involving all interested stakeholders in partner countries and in the EU. This complements the initial impact assessment that the Commission carries out before starting the negotiations, contributes to the Commission's decision-making process and enables it to make facts-based policy choices as the negotiations progress. Since 1999, we have concluded 22 SIAs in support of major EU trade negotiations and, as of March 2016, another six are underway.

This handbook offers a primer for officials, external experts and stakeholders on how the EU's current framework for sustainability impact assessments works. The first edition was published in 2006. This new edition incorporates a number of important lessons drawn from both the Commission's own experience and the views and requests of stakeholders.

For instance, it makes clear that SIAs must provide analysis in more dimensions and based on more evidence than was foreseen ten years ago. It also calls for the systematic integration of the important strides forward made by the Commission in its impact assessment practices with the adoption of the Better Regulation Agenda.

In addition, the handbook underlines the importance of close dialogue with all relevant stakeholders, including the more vulnerable ones. These exchanges are essential to capture the wider implications of our policy choices and to prevent unintended side-effects. With this prevention-driven approach, we can ensure that our trade policy genuinely works for all.

The handbook should however not be seen as an exhaustive guide, but as a methodological basis on which future SIAs should build. It is now up to all of us – stakeholders, external experts and Commission – to work together to ensure that SIAs help produce a more responsible trade and investment policy for the EU.



A handwritten signature in black ink, reading "Cecilia Malmström".

Introduction

Background

Sustainability impact assessment (SIA) is a trade-specific tool developed for supporting major trade negotiations conducted under the aegis of the EU Commissioner for Trade. SIAs are a key tool for the conduct of sound, evidence-based and transparent trade negotiations. They were first developed by the European Commission's Directorate-General for Trade (DG Trade) in 1999 for the World Trade Organization Doha Development Agenda (DDA) negotiations. At the beginning of 2016, 22 SIAs had been conducted in support of all major EU trade negotiations, and six were ongoing ⁽¹⁾.

A first edition of the SIA handbook was published in 2006. It detailed DG Trade's experience to date in carrying out SIAs and described their methodological framework. 10 years later, many of the principles outlined in the first edition of the handbook are still relevant. However, methods for conducting impact analyses have evolved and improved over time and the experience of conducting SIAs over the years has led to improvements in the approach.

The way SIAs are conducted has significantly evolved since 2006. For example, since 2012 SIAs systematically assess the potential human rights consequences of the trade agreement under negotiation, although the SIA handbook, published in 2006, did not provide any guidance to consultants on the expected approach in this respect. The handbook therefore needed to be revised to reflect the various improvements introduced in the conduct of SIAs in the light of experience; the recommendations made by stakeholders over the years ⁽²⁾; and the commitments made by the Commission in its *Trade for all* communication ⁽³⁾ to further reinforce the analysis carried out in SIAs in its various dimensions. This second edition also reflects the feedback received from stakeholders that resulted from the public consultation ⁽⁴⁾ on a draft of the revised text, as well as the views exchanged at a civil society dialogue (CSD) meeting in July 2015 ⁽⁵⁾.

The second edition of the handbook sets out the main characteristics, objectives and principles of the new generation of SIAs, set against the new international framework for sustainable development which follows the adoption of the *2030 Agenda for Sustainable Development*, including the Sustainable Development Goals (SDGs) ⁽⁶⁾. It will be the main reference point for consultants, civil society and all potentially involved stakeholders on how to carry out an SIA.

⁽¹⁾ Please refer to the DG Trade section on the Europa website for more information on conducted and ongoing SIAs: <http://ec.europa.eu/trade/policy/policy-making/analysis/sustainability-impact-assessments/>

⁽²⁾ In particular the opinion of the European Economic and Social Committee on sustainability impact assessments (SIA) and EU trade policy, REX/313 - CESE 818/2011, 5.5.2011, and the European Court of Auditors' *Special Report No 2/2014: Are preferential trade arrangements appropriately managed?*, 22.5.2014.

⁽³⁾ *Trade for all: towards a more responsible trade and investment policy*. COM(2015)0497 of 14 October 2015: http://trade.ec.europa.eu/doclib/docs/2015/october/tradoc_153846.pdf

⁽⁴⁾ Held between 30 April and 14 August 2015; the summary of responses to the public consultation can be accessed on: <http://trade.ec.europa.eu/doclib/html/154357.htm>

⁽⁵⁾ Minutes of the CSD meeting of 8 July 2015: http://trade.ec.europa.eu/doclib/docs/2015/july/tradoc_153658.pdf

⁽⁶⁾ <https://sustainabledevelopment.un.org/sdgs>

SIAs and EU policy

As highlighted in the *Trade for all* communication, SIAs are a key instrument in the formulation of sound, transparent and evidence-based trade policies. They contribute to fulfilling the commitments for better regulation embodied in the *Better Regulation* agenda adopted on 19 May 2015.

Transparency is a central element of SIAs. By relying on a genuine, wide-ranging and continuous consultation of stakeholders, SIAs contribute to fulfilling the Commission's commitment to ensure transparent trade negotiations. They are a prime opportunity for stakeholders to inform EU negotiators of their views on the potential economic, social, human rights and environmental consequences of ongoing trade negotiations.

SIAs are an important instrument for integrating issues of sustainable development into trade policy. Sustainable development is a principle enshrined in the EU treaties ⁽⁷⁾, which stands on three interdependent and mutually reinforcing pillars: economic development, social development and environmental protection. As highlighted in its Sustainable Development Strategy (SDS) of 2006, the European Union is committed to stepping up efforts to see that international trade and investment are used as a tool to achieve genuine global sustainable development. SIAs contribute to this objective by assessing in depth the potential economic, social and environmental impacts of a proposed trade agreement whilst its negotiation is ongoing; as well as by providing recommendations on the accompanying measures that should be put in place (if a deal is agreed and implemented) in order to maximise likely benefits or mitigate possible negative impacts. SIAs also provide the opportunity for an analysis of the impact of the trade agreement on developing countries, in line with commitments stemming from the EU treaties ⁽⁸⁾ on policy coherence for development, and particularly in relation to least developed countries (LDCs) as announced in the *Trade for all* communication ⁽⁹⁾.

In addition, since 2012, all SIAs systematically include an analysis of the potential human rights impacts of the trade agreement under negotiation. This is in line with Article 21 of the *Treaty on European Union*, which reaffirms the EU's determination to promote human rights and democracy through all its external actions, as well as with the *EU Strategic Framework and Action Plan on Human Rights and Democracy*, which reiterates the EU's commitment to the promotion and protection of all human rights, whether civil and political, or economic, social and cultural.

SIAs' characteristics and purpose

SIAs are independent *ex ante* assessments carried out by external consultants during major trade negotiations. They feed into and steer the negotiations, assessing the changes that are likely to be caused by the trade agreement, helping to identify possible trade-offs, and ensuring that the related policy choices are optimised.

SIAs consist of two equally important and complementary components:

- (i) a **robust analysis** of the potential economic, social, human rights and environmental impacts that the trade agreement under negotiation could have, in the EU, in the partner country(ies) and in other relevant countries;

⁽⁷⁾ Article 3 TUE and Article 11 TFUE.

⁽⁸⁾ Article 208 TFUE.

⁽⁹⁾ *Trade for all* communication, p. 23.

- (ii) a **continuous and wide-ranging consultation** process which ensures a high degree of transparency and the engagement of all relevant stakeholders in the conduct of the SIA inside and outside the EU.



Picture 1: SIA key principles

SIA key principles

SIAs are:

- **Integrated:** SIAs are based on a comprehensive approach which looks at both benefits and costs; and covers economic, social, human rights and environmental considerations all in a single document.
- **Independent:** SIAs are carried out by external consultants in a neutral and unbiased manner, under strict rules on the absence of conflicts of interest.
- **Evidence-based:** SIAs should be based on the best available research, information and data presented in a transparent manner.
- **Transparent:** SIAs contribute to the transparency of the analysis and of the ongoing trade negotiations by providing stakeholders with comprehensive information on the possible impacts of the agreement.
- **Participatory:** SIAs work as a platform for systematic dialogue between stakeholders and trade negotiators, through in-depth consultation in which all stakeholders are given an opportunity to participate.
- **Proportionate:** The scope and the depth of each SIA should be calibrated to the importance and the type of trade measures being negotiated, as well as to the magnitude of the expected impacts.

Chapter I — The European Commission's evidence-based policymaking for trade agreements

The Commission employs a wide set of evidence-based policy tools covering the full policymaking cycle, from when a policy is designed to when it is implemented, evaluated and revised. SIAs, which are specific to major trade negotiations conducted by DG Trade, are one such tool, operating during the course of the underlying negotiations.

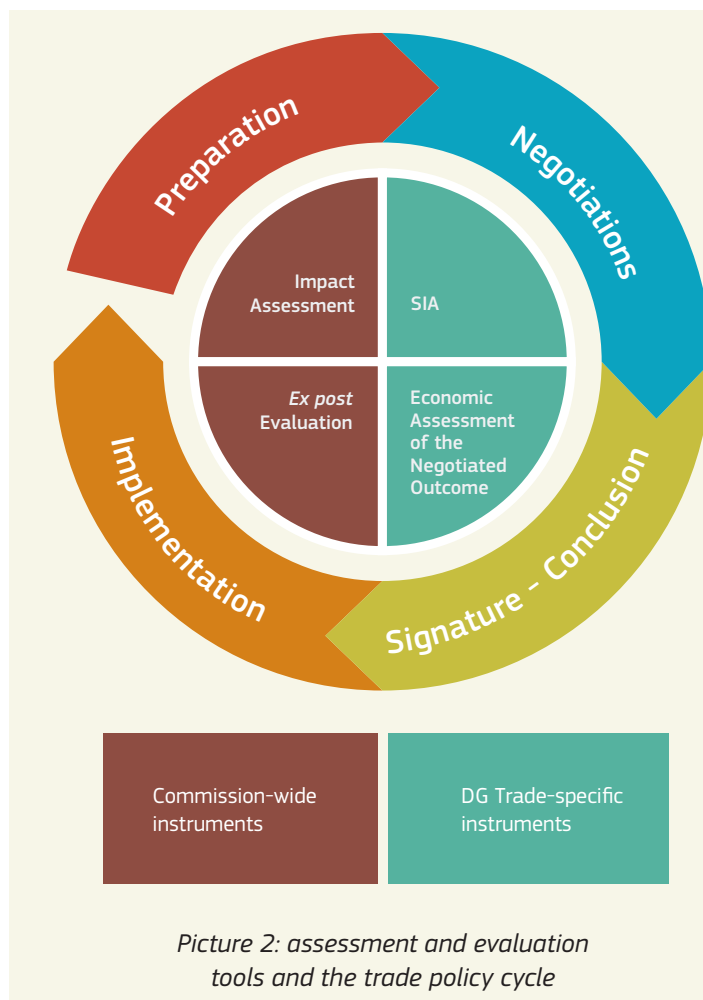
In line with the commitment made in the 2010 communication *Trade, Growth and World Affairs*, four major types of assessments and evaluations will be conducted during the life of a proposed new trade agreement: an **impact assessment** at the initial design stage; an **SIA** during the negotiations; an **economic assessment of the negotiated outcome** after the conclusion of the negotiations and before the signature of the agreement; and finally, an **ex post evaluation**, after implementation.

Key features of major trade impact assessments and evaluations

Impact assessments (IAs)

The European Commission's impact assessment system was first established in 2002 and has undergone continuous strengthening over the years. IAs are Commission-wide analytical tools which are prepared for Commission initiatives that are likely to have significant and clearly identifiable economic, environmental or social impacts. IAs are prepared by Commission services in accordance with the related Commission guidelines and tools ⁽¹⁰⁾.

With respect to trade agreements, IAs accompany the decision by the College of Commissioners to request a negotiating authorisation from the Council of the EU, together with the draft negotiating directives to be issued by the Council of the EU. They aim to provide answers to such questions as 'Is a trade negotiation the best course of action for our trade relations with partner X, Y, Z?', 'Which issues should be covered in the negotiations?', 'What potential impacts could a trade agreement have?'



Picture 2: assessment and evaluation tools and the trade policy cycle

⁽¹⁰⁾ For more details please visit the 'Better regulation' webpage: http://ec.europa.eu/smart-regulation/index_en.htm

IAs are about gathering and analysing evidence to support decision-making. In this process, an IA verifies the existence of a problem, identifies its underlying causes, assesses whether EU action is needed and analyses the advantages and disadvantages of available solutions and their impacts. On this basis, the IA identifies the best course of action and accompanies the proposal when it is sent to the other EU institutions, such as the European Parliament and the Council.

Sustainability impact assessments (SIAs)

SIAs, for which this handbook provides methodological guidance, are specific to major trade negotiations. SIAs were first developed in 1999 and have been carried out for all major EU trade negotiations ever since ⁽¹¹⁾.

They help to answer the question: ‘How should we run these negotiations?’

SIAs are independent studies taking place hand-in-hand with the negotiations. They complement IAs by allowing a more in-depth analysis of the potential economic, social, human rights and environmental impacts of the trade agreement under negotiation, as well as by facilitating a wider outreach to stakeholders in both the EU and partner countries.

For further information on the key features of an SIA, please refer to Chapter II.

Economic assessment of the negotiated outcome ⁽¹²⁾

Once the negotiations are concluded, and before the trade agreement is signed, an economic analysis of the proposed agreement for the EU is prepared by Commission services for the European Parliament and the Council. The analysis assesses the impact of the actual outcome of the negotiations in terms of reduction of trade barriers (as distinct from IAs or SIAs, where estimation of the likely impact of a proposed trade agreement is based on assumptions about the level of such reductions that will be achieved).

The economic assessment of the negotiated outcome is a trade-specific instrument and relates only to negotiations conducted by DG Trade.

Ex post evaluations

Finally, after the trade agreement has entered into force, commitments have been phased in and sufficient time has passed to gather a robust body of data and evidence, an *ex post* evaluation is conducted to analyse the observed economic, social, human rights and environmental impacts. Evaluations are prepared by Commission services in accordance with the related Commission guidelines and tools ⁽¹³⁾.

Ex post evaluations are Commission-wide tools that use evidence to assess whether a specific intervention was justified and whether it worked (or is working) as expected in achieving its objectives and why. *Ex post* evaluations also look for unintended effects (i.e. those which were not anticipated at the time of the IA or SIA) and look for evidence of causality.

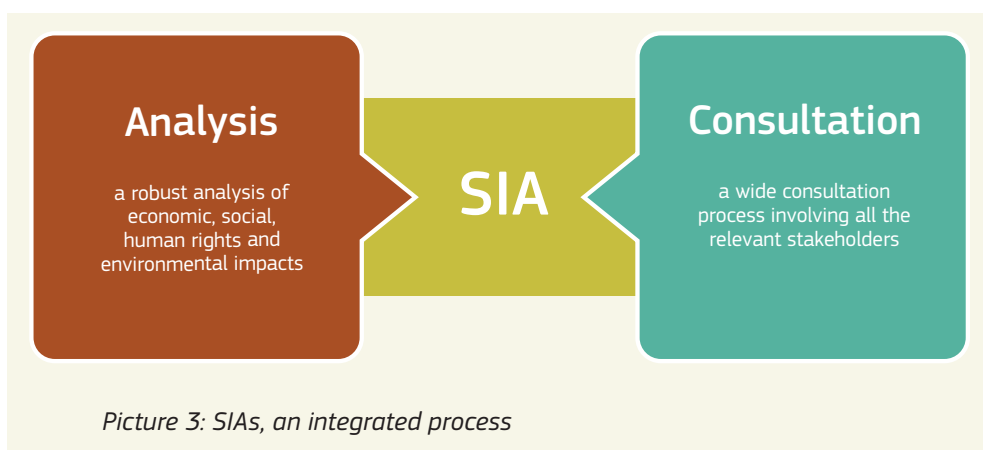
⁽¹¹⁾ Please refer to the DG Trade section on the Europa website for the full list of SIAs conducted: <http://ec.europa.eu/trade/policy/policy-making/analysis/sustainability-impact-assessments/>

⁽¹²⁾ The economic assessment of the negotiated outcome is referred in the 2010 *Trade, Growth and World Affairs* communication as ‘an analysis of the consequences of the proposed deal’, which should be prepared for the Parliament and Council once negotiations are concluded and before the signature of the agreement’.

⁽¹³⁾ For more details please visit the ‘Better regulation’ webpage: http://ec.europa.eu/smart-regulation/index_en.htm

Chapter II — SIAs: an integrated process

SIAs are trade-specific and independent *ex ante* assessments carried out by external consultants simultaneously with major trade negotiations. They assess in depth the potential economic, social, human rights and environmental impacts of the agreement under negotiation. SIAs help to steer the trade negotiations by feeding them with evidence on an ongoing basis.



Trade SIAs consist of two complementary components of equal importance:

- (i) a robust analysis of economic, social, human rights and environmental impacts, using, among other methods, modelling techniques and causal chain analysis. This component is undertaken in a clear and objective manner using state-of-the-art techniques;
- (ii) a wide consultation process involving stakeholders both in the EU and in the partner country, which provides opportunities for information-gathering and dissemination of results.

For more detail on the analysis, please refer to Chapter III.

For more detail on stakeholder consultation, please refer to Chapter IV.

The SIA methodological framework ⁽¹⁴⁾ is in line with the Commission's impact assessment guidelines ⁽¹⁵⁾, though several elements of the process are specific to SIAs ⁽¹⁶⁾.

The conduct of an SIA is an integrated process that includes several steps and different players.

⁽¹⁴⁾ A certain set of elements which are spelled out in this handbook as the **methodological framework** should be common to all SIAs (e.g. consultation features). They should be distinguished from the particular mix of techniques that will be proposed by the contractors (the **methodological approach**) to analyse a specific agreement (e.g. type of economic modelling).

⁽¹⁵⁾ For more details please visit the *Better Regulation* webpage: http://ec.europa.eu/smart-regulation/index_en.htm

⁽¹⁶⁾ For instance, an SIA should not repeat the IA, but complement it. While an IA will verify the existence of a problem, identify its underlying causes, assesses whether EU action is needed, and analyse the advantages and disadvantages of available solutions, the SIA will focus on the in-depth analysis of the potential economic, social, human rights and environmental impacts of the trade agreement under negotiation, as defined by the negotiating directives.

1. SIAs: main players

Three main players are involved in the conduct of an SIA: the consultants, stakeholders and the Commission's services. Their cooperation and regular interactions are key in ensuring the quality of the SIA findings and their effective feeding into the trade negotiation.

SIA consultants

SIAs are carried out by independent consultants selected through a competitive tendering procedure.

The consultants are responsible for carrying out the work in a transparent and independent manner. In particular, they are expected to analyse the likely impacts of the trade agreement under negotiation, conduct open and far-reaching stakeholder consultations and liaise with the Commission services as appropriate.

To ensure the accuracy and quality of the SIA analytical exercise and process, the consultants are required to have proven expertise and knowledge in economic, social, human rights and environmental impact analyses. In particular, this covers areas such as international trade policy and trade negotiations, quantitative analysis and modelling in economics and social sciences, quantitative and qualitative analysis of complex matters such as trade rules, competitiveness and environmental, social, consumer and human rights issues.

In addition, consultants are expected to have experience in conducting consultations with stakeholders, including in carrying out surveys or roundtables and organising other forms of activities that engage with civil society representatives.



SIA stakeholders

Stakeholders both in the EU and in the partner country(ies) are key SIA players. They include non-governmental organisations, businesses, social partners (including trade unions), academia and national administrations. Stakeholders in developing countries, in particular LDCs should also be considered whenever relevant.

Stakeholders provide additional and constructive perspectives at each and every stage of the study. In particular, their input on SIAs' specific methodological approaches and

the potential sustainability consequences of the trade agreement under negotiation, as well as their help in identifying priority areas and key issues in the trade negotiation, are essential for the SIA analysis.

The involvement of stakeholders is paramount in ensuring both the transparency of the SIA itself and that their opinions and concerns are taken into account.

The European Commission

While the SIA is an independent study, Commission services should provide relevant information and guidance for the conduct of the SIA and be regularly informed of the progress of the study so that it can feed into the negotiation.

In particular, the SIA inter-service steering group (ISG) must ensure systematic coordination between the consultants and the Commission services and mobilise the relevant expertise of Commission services. The ISG is set up at the beginning of the SIA and involved in all key phases of the SIA; providing input and information to the consultants and ensuring the quality, impartiality and usefulness of the final product. All interested Commission services and the European External Action Service (EEAS) are invited to participate in the ISG. This encourages a pooling of knowledge and brings together a range of different perspectives. Depending on the specificities of the negotiations, the exact composition of the ISG may vary. To ensure full transparency of the SIA process, consultants must provide a list of the departments represented on the SIA ISG in the inception report.

In addition to the meetings with the ISG, interaction between the consultants and EU officials should take place regularly. In order to help shape better-informed EU positions, the consultants should provide EU negotiators with frequent updates on their findings; in return, they should receive regular feedback from EU officials on developments in the negotiations, and on specific sectors or cross-cutting issues which should be analysed more closely. EU delegations in the partner country(ies) may also provide the consultants with relevant information, in particular regarding the consultation of stakeholders outside the EU.

2. The launch of an SIA

SIAs are launched soon after the Council of the European Union has formally authorised the Commission to enter into trade negotiations; in general not later than 6 months after the start of negotiations, to ensure that the analysis can usefully feed into the negotiating process at a useful stage.

The SIA process can usually ⁽¹⁷⁾ be divided into three main phases which lead to the publication for comments of draft reports by the consultants.

3. First phase — inception report: development of the methodological approach and identification of key sustainability issues

The inception phase lays the foundation for the entire SIA: it describes the methodological approach that the consultants propose in order to ensure an in-depth and comprehensive

⁽¹⁷⁾ This will typically include an inception, an interim and a final report, although in some cases, depending on the scope of the SIA, only two phases/reports may be necessary.

analysis of economic, social, human rights and environmental impacts of the potential trade agreement. It further outlines a draft consultation plan, including a preliminary list of key stakeholders.

A preliminary screening and scoping ⁽¹⁸⁾ is carried out already in the inception phase in order to identify the elements being negotiated which are likely to have a significant impact ⁽¹⁹⁾.

This phase is also meant to identify a selected number of sectors which should be subject to further detailed analysis, in order to provide deeper insights into the effects of the trade negotiations on the given sectors, and in particular the effects on their functioning and competitiveness.

The draft inception report, which is made public for comments, is subsequently presented to the SIA ISG and discussed with civil society stakeholders in the framework of DG Trade's CSD ⁽²⁰⁾.

Taking stakeholders' contributions into account, the consultants then finalise the inception report which is published on the SIA dedicated website ⁽²¹⁾ as well as on DG Trade's SIA webpage ⁽²²⁾.

The inception phase is a prime opportunity for stakeholders to comment on the methodological approach proposed by the consultants for the conduct of a specific SIA. It is a crucial phase where interested parties can contribute to the SIA in its early stages.

4. Second phase — interim report: overall and sectoral assessment of identified sustainable impacts

The interim phase implements the methodological approach proposed in the inception report. The interim report presents the preliminary findings of the in-depth economic, social, human rights and environmental impacts of the expected outcome of the trade negotiation. The analysis is further detailed for the selected sectors identified in the inception report ⁽²³⁾.

Throughout this phase the consultants ensure consultation and dialogue with stakeholders through the various channels established for this purpose, such as the dedicated SIA website, digital media, specific questionnaire(s), targeted interviews, meetings or workshops, which may take place in the EU and/or partner countries (see Chapter IV).

As in the first phase, the draft interim report is publicly released for comments, subsequently presented to the SIA ISG and discussed with civil society stakeholders in the framework of DG Trade's CSD.

After taking stakeholders' contributions into account, the consultants finalise the interim report which is published on the dedicated website as well as on DG Trade's SIA webpage.

⁽¹⁸⁾ For more details on the screening and scoping process, please refer to Chapter III — Section 2.

⁽¹⁹⁾ The SIA focuses on the analysis of the impact of the trade agreement under negotiation as defined by the negotiating directives.

⁽²⁰⁾ For further detail on the CSD, please refer to Chapter IV, number 3.

⁽²¹⁾ For more detail on the SIA dedicated website, please refer to Chapter IV.

⁽²²⁾ All finalised SIA reports can be found in: <http://ec.europa.eu/trade/policy/policy-making/analysis/sustainability-impact-assessments/assessments/>

⁽²³⁾ The way the overall and sectoral analyses are performed is detailed in Chapter III.

5. Third phase — final report: completion of the SIA process

Building on the previous phases, the consultants refine the overall and sectoral analyses performed so far and produce a final report which must be clear and understandable, taking into account the need to address both expert and non-expert readers.

The final report recapitulates the outcomes and findings of the assessment, together with a summary of the methodological approach adopted to arrive at those outcomes. It must summarise and exploit stakeholders' comments in a transparent manner.

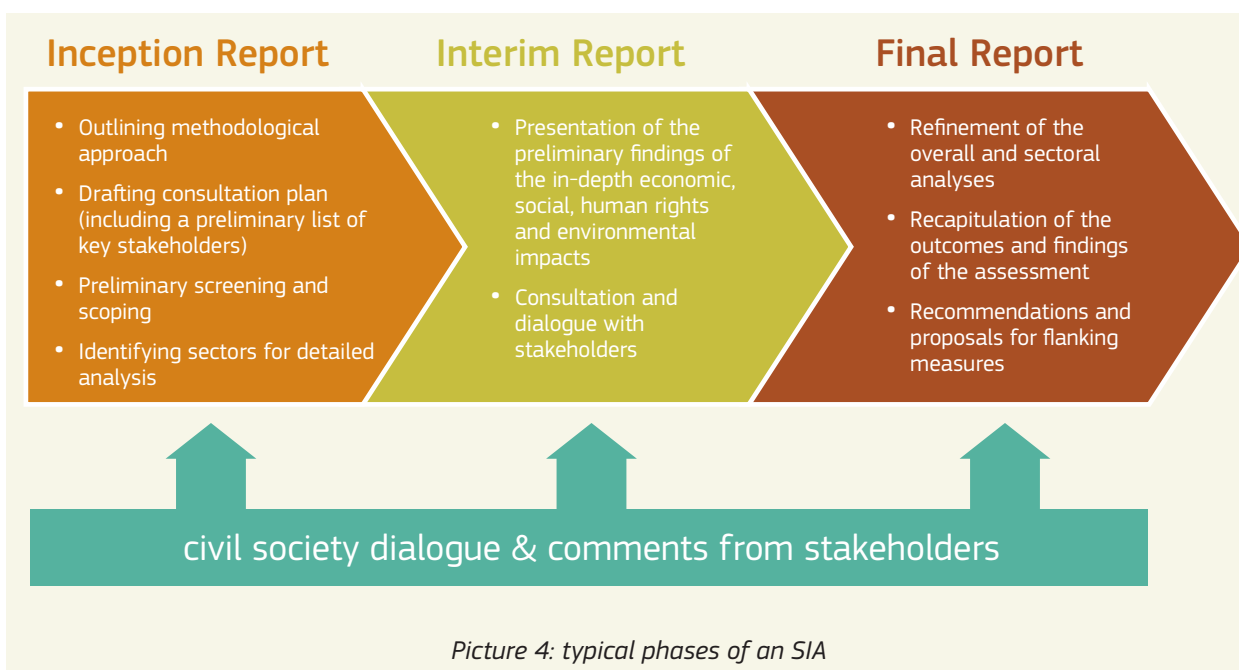
In the final report, consultants should also make recommendations and proposals for flanking measures to maximise the benefits of the proposed agreement and prevent or minimise potential negative impacts. When making those recommendations the consultants should also analyse their feasibility and estimate their cost and possible impact.

The findings will have already been widely disseminated and discussed among all stakeholders as well as with Commission services and negotiators throughout the SIA process in order to fuel the negotiations and make sure that the SIA findings are appropriately taken into account.

As in the previous phases, a draft final report is publicly released for comments, subsequently presented to the SIA ISG and discussed with civil society stakeholders within the framework of DG Trade's Civil Society Dialogue.

After incorporating any further comments received, the consultants conclude the final report which is published on the dedicated website as well as on DG Trade's SIA webpage.

This concludes the work of the consultants, but not of the Commission: following the completion of the SIA, Commission services explain in a **position paper** how the SIA findings have or will contribute to decision-making. In particular, taking into account the specifics of the negotiation and the actual progress made in it, the Commission sets out in the position paper its own views on the identified impacts and the policy measures proposed to address them. Finally, the Commission publishes the position paper on DG Trade's SIA webpage, bringing the SIA process to an end.



Chapter III — SIAs: the analytical exercise

SIAs complement IAs by providing an in-depth analysis of the economic, social, human rights and environmental impacts of the trade agreement under negotiation.

The analysis starts with a screening and scoping exercise, and is then followed by overall and sectoral impact analyses which lead to conclusions and recommendations.

While the methodological approach should be tailored for each trade negotiation, this chapter spells out the common elements to be complied with in order to ensure the relevance and coherence of the analytical exercise (the methodological *framework*). However, an appropriate degree of flexibility is maintained in order to allow for further developments of the methodological *approach*.

1. General approach

The sustainability impact assessment of the trade agreement under negotiation should be undertaken in a clear, objective, proportionate and evidence-based manner. ‘Proportionate’ means that the level of depth and detail of the analysis should be adapted to the likely significance of the trade measure and impact as well as to possible analytical constraints.

As a matter of principle, the consultants should take into account relevant Commission guidelines and tools on impact assessments ⁽²⁴⁾.

The consultants should ensure that the following elements are reflected in their methodological approach.

Causal chain analysis and baseline scenario

SIAs are based upon causal chain analysis that identifies the significant cause-effect links between a proposed change in trade policy and its economic, social, human rights and environmental impacts.

This requires the development of a baseline scenario outlining what the likely economic, social, human rights and environmental developments are in the absence of the trade agreement and against which the likely impacts of the trade agreement under negotiation will be measured and compared. The baseline scenario should have a strong factual basis, be expressed as far as possible in quantitative terms, and be set for an appropriate time horizon. The baseline takes into account recent trends and implementation of existing policy including agreements already concluded even if not in force yet and, when relevant, agreements that are being finalised.

⁽²⁴⁾ For more details please visit the ‘Better regulation’ webpage: http://ec.europa.eu/smart-regulation/index_en.htm

Quantitative and qualitative analysis

The analysis should combine both quantitative and qualitative approaches covering potential impacts in the EU as well as in the negotiating partner's country and in relevant non-EU countries, including Turkey (which is linked to the EU by a customs union agreement) and LDCs.

Quantitative analyses aim to estimate the expected costs and benefits of identified individual elements under negotiation. They should use state-of-the-art methods of quantification ⁽²⁵⁾.

Qualitative analysis, including case studies, complements the quantitative assessment and is an essential element of the analysis — in particular, whenever quantitative approaches are constrained by data limitations. It should be rigorous, thorough and rely on available evidence and on illustrative examples.



The systematic use of indicators is strongly encouraged so as to ensure that the conclusions and recommendations of the SIA are based, to the extent possible, on measurable and easily comprehensible information. The analysis should be based on state-of-the-art available indicators, in particular for the main themes provided in the annex. The indicators may be quantitative in nature (e.g. GDP increase) or partially/fully qualitative (e.g. health and safety effects).

Data

The analysis should be based upon the most up-to-date economic, social, human rights and environmental data available (including at the firm-level). The main source should be Eurostat ⁽²⁶⁾. This can be complemented whenever necessary by Eurobarometer ⁽²⁷⁾, the

⁽²⁵⁾ For more detail on the economic, social, human rights and environmental analyses please refer to Section 3 of this chapter.

⁽²⁶⁾ <http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/>

⁽²⁷⁾ http://ec.europa.eu/public_opinion/index_en.htm

EU open data portal ⁽²⁸⁾, other pertinent EU data collections ⁽²⁹⁾, relevant international organisations (e.g. United Nations ⁽³⁰⁾, World Trade Organization ⁽³¹⁾, World Bank ⁽³²⁾, Organisation for Economic Co-operation and Development ⁽³³⁾, International Labour Office ⁽³⁴⁾) and other available reliable sources.

Any limitations in collecting or analysing the data (e.g. measurement errors, aggregation bias) should be acknowledged in the SIA report. It should be clearly indicated if the evidence is limited or inconclusive.

Case studies

Well-designed case studies can provide empirical material on wider policy questions and be used to shed light on complex situations and key sustainability issues, as a complement to other analytical methods. When other analytical methods cannot provide reliable and robust findings, case studies may sometimes be used as the main analytical input.

The selection and the design of case studies should allow for more general conclusions to be drawn on the likely sustainability impacts of the trade negotiations.

Stakeholder inputs

Inputs from stakeholders are highly valued throughout the SIA process; they constitute a key pool of expertise in many areas, thereby contributing to the identification of potential impacts and sectors or cross-cutting issues for detailed analysis ⁽³⁵⁾.

2. Screening and scoping

Screening and scoping constitute the initial steps of the analytical exercise. They aim at identifying (by means of causal chain analysis) significant sustainability impacts associated with the individual elements under negotiation. They should build on findings from the impact assessment.

Screening

Screening aims at identifying which trade measures under negotiation, (according to the instructions given in the negotiating directives) are likely to have significant positive or negative impacts, in the EU, in the partner country/ies or in developing countries, in particular LDCs.

⁽²⁸⁾ www.open-data.europa.eu

⁽²⁹⁾ Such as consumer scoreboards and market studies available at http://ec.europa.eu/consumers/consumer_evidence/index_en.htm

⁽³⁰⁾ <http://data.un.org>

⁽³¹⁾ www.wto.org

⁽³²⁾ <http://data.worldbank.org>

⁽³³⁾ www.oecd.org

⁽³⁴⁾ <http://www.ilo.org/global/statistics-and-databases/lang--en/index.htm>

⁽³⁵⁾ Please refer to Chapter IV on the conduct of stakeholder consultations.

Screening is a means to select the key sustainability issues that will be assessed in further detail and to explain why a particular focus should be put on those elements. Several criteria should be used including the following.

- The current economic, social, human rights or environmental conditions in the EU and in the partner country(ies).
- The characteristics and specificities of the trade agreement under negotiation.
- The magnitude of the expected economic, social, human rights and environmental impacts. Their nature, geographical scope and duration, as well as their potential cumulative effect should be taken into account.
- The relevance of the issue for specific stakeholders (e.g. businesses and in particular SMEs, NGOs, trading partners) and in the ongoing trade negotiations.

In doing so, careful consideration should be given to the many linkages between the economic, social, human rights and environmental impacts, and to the fact that many of the key sustainability issues to be analysed are cross-cutting.

Scoping

Scoping aims at identifying which components of the trade measures, identified and narrowed down during the screening exercise, are likely to be the main drivers of the predicted impact. These components should be described in detail, explaining how they would operate and which particular elements are likely to be potentially significant to the sustainability impacts.

Screening and scoping should also identify the sectors which should be subject to further detailed analysis ⁽³⁶⁾.

3. Overall economic, social, human rights and environmental analysis

Further to the screening and scoping exercise, a robust and informative in-depth analysis is then undertaken to produce an estimate of the most significant sustainability impacts, taking as reference the Sustainable Development Goals, with an enhanced focus on social, human rights and environmental impact analyses. When doing so, the SIA should also examine the capacity of the parties to ensure proper implementation of rules of origin issues of the trade agreement under negotiation.

Key impacts on non-EU countries may also be considered. In line with the commitment made in the *Trade for all* communication, SIAs in support of a new free trade agreement should analyse in-depth the impact which the agreement may have on LDCs, with a view to proposing flanking measures when necessary.

⁽³⁶⁾ For further information see Section 4 on sectoral analysis.

Economic analysis

The SIA should include a quantitative assessment of the likely effects of the agreement under negotiation on the EU ⁽³⁷⁾, partner country/ies and other relevant countries (including Turkey), especially LDCs, using state-of-the-art economic tools to provide aggregated effects as well as a general overview of sectors impacted ⁽³⁸⁾.



Economic modelling should be used to assess the likely consequences of the policy changes on variables such as output, trade flows, prices, fiscal revenues (including revenues foregone), income and welfare. Attention should also be paid to expected impacts on competitiveness and impact on SMEs, making use of the respective Commission guidance ⁽³⁹⁾.

In cases where economic modelling has already been conducted (i.e. in support of an IA), the SIA economic analysis should make full use of the available material and complement the analysis with other relevant information of qualitative or quantitative nature, including results from case studies and other modelling exercises available in the recent economic literature. The consultants will be expected to complement the existing analysis, notably on employment, and examine more in-depth issues such as the impact of the trade agreement under negotiation (including compliance costs) on specific sectors, and on their functioning and competitiveness.

Efforts should be made to take into consideration the informal economy, particularly in cases where this may make up a substantial portion of the partner country's total economy. Although data on the informal economy may not be sufficiently reliable to be used in a quantitative analysis, a best attempt should be made at estimating the effect that the trade agreement may have on it in both the EU and in the trading partner. Efforts should also be made to determine the impact that the trade agreement under negotiation may have on the fight against corruption and promotion of good governance, particularly in sensitive areas (e.g. public procurement). Consideration could also be given to assessing the potential impact of the trade agreement under negotiation on possible tax avoidance strategies.

In developing the economic analysis for an SIA, particular attention should be given to identifying and assessing where the impacts could be particularly significant and/or

⁽³⁷⁾ Including the EU's outermost regions when relevant.

⁽³⁸⁾ Specific sectors will also be singled out for in-depth analysis (see Section 4).

⁽³⁹⁾ 'Better regulation' tool #17: impacts on sectoral competitiveness (http://ec.europa.eu/smart-regulation/guidelines/tool_17_en.htm) and #19: the SME test (http://ec.europa.eu/smart-regulation/guidelines/tool_19_en.htm).

potentially disproportionate; and/or could specifically affect (positively or negatively) particular individuals or groups.

For example, due to their size and limited resources, SMEs are arguably more affected by regulatory costs than their larger competitors. With this in mind, the Commission made a commitment in the *Small Business Act* (2015) to implementing the ‘think small first’ principle in its policymaking; by assessing the impact of forthcoming legislation and administration on SMEs (the ‘SME test’), and by taking this into account when designing proposals. SIAs should reflect this commitment in each analytical step to the extent that data allows.

Open trade gives consumers access to a wider variety of goods and services, and consumers in the EU and worldwide have been the big beneficiaries of trade in past decades. But consumers must be confident in the products they buy in a global economy. SIAs should assess the likely effect of the agreement under negotiation on consumers, on their rights and protection; including impacts on consumer prices, quality, availability, choice and safety of goods and services, consumer information, knowledge and trust. In doing so, the consultants should make use of the relevant Commission guidance ⁽⁴⁰⁾.

Social analysis

SIAs should provide a detailed assessment of the likely significant social impacts of the trade agreement under negotiation and identify which groups of people or actors will be affected, using a mix of quantitative and qualitative approaches as well as the relevant Commission guidance ⁽⁴¹⁾.

Particular attention should be given to the assessment of the impacts on employment (overall job creation or losses, job creation or losses for specific sectors, professions or skill levels), on working conditions (wage level, work standards, health and safety at work,



⁽⁴⁰⁾ See ‘Better regulation’ tool #28: impacts on consumers (http://ec.europa.eu/smart-regulation/guidelines/tool_28_en.htm).

⁽⁴¹⁾ See ‘Better regulation’ tool #25: employment, working conditions, income distribution and inequality (http://ec.europa.eu/smart-regulation/guidelines/tool_25_en.htm).

See also: http://ec.europa.eu/smart-regulation/impact/key_docs/docs/guidance_for_assessing_social_impacts.pdf

social dialogue) as well as distributional impacts (poverty, income inequalities, disposable income, vulnerable consumer groups). Potential impacts on the health and safety of individuals or populations should also be considered ⁽⁴²⁾. The SIA should explain how these effects might be measured or quantified with reference to labour market analysis, decent work indicators, International Labour Office (ILO) sources, information on labour standards and other relevant sources.

In conducting the social impact analysis, the interaction between the potential trade agreement and the effective implementation of ILO conventions on core labour standards and the promotion of the ILO *Decent Work Agenda* should also be considered, taking into account the proportionality principle, in the EU as well as in the trade partners, under consideration. Other conventions from ILO and UN bodies should also be taken into consideration, where relevant. The consultants should also assess how the trade agreement under negotiation could contribute to the uptake of internationally agreed principles and guidelines on corporate social responsibility (CSR) and on responsible business conduct (RBC), such as the Organisation for Economic Co-operation and Development (OECD) *Guidelines for Multinational Enterprises* ⁽⁴³⁾, the UN's *Global Compact* ⁽⁴⁴⁾ and its *Guiding Principles on Business and Human Rights* ⁽⁴⁵⁾, as well as the ILO *Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy* ⁽⁴⁶⁾.

The assessment should, whenever possible, be based on quantitative research, which will be complemented by case studies whenever relevant and by a detailed qualitative assessment; and should include analysis of the impact on women and vulnerable groups (e.g. low income, children, people with disabilities, ethnic minorities, indigenous peoples, unskilled workers and older or less educated consumers) ⁽⁴⁷⁾.

Consultations with stakeholders, including consultations with social partners, are important sources of information on the social dimension (see Chapter IV).

⁽⁴²⁾ See 'Better Regulation': tool #27: impacts on health (http://ec.europa.eu/smart-regulation/guidelines/tool_27_en.htm)

⁽⁴³⁾ The *OECD Guidelines for Multinational Enterprises*: <http://www.oecd.org/corporate/mne>

⁽⁴⁴⁾ The *United Nations Global Compact*: www.unglobalcompact.org

⁽⁴⁵⁾ The United Nations *Guiding Principles on Business and Human Rights*: http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

⁽⁴⁶⁾ The ILO *Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy*: http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---multi/documents/publication/wcms_094386.pdf

⁽⁴⁷⁾ The concept of 'vulnerability' will depend on the specific context in which the trade agreement would be implemented.

Human rights ⁽⁴⁸⁾ analysis

The SIA should analyse the potential impact of the agreement under negotiation on human rights issues in the countries or territories concerned.

This analysis is not intended to pass judgement on the actual human rights situation in a country, nor to decide whether the country is eligible for the conclusion of trade negotiations; but rather to bring to the attention of negotiators the potential impacts of the trade measures under negotiation and thus to support sound policymaking.

The analysis undertaken in the SIA should complement the analysis already performed in the IA by analysing the possible impacts on human rights of the trade agreement under negotiation in greater depth, and by making full use of the expertise provided through extensive consultation of stakeholders, including in the partner country.

The consultants should use the guidance on the analysis of human rights impacts in IAs as developed by Commission services, in particular the *Guidelines on the analysis of human rights impacts in impact assessments for trade-related policy initiatives* ⁽⁴⁹⁾ as well as other relevant Commission guidance ⁽⁵⁰⁾.

Following a normative approach, the consultants should refer to human rights as set out in the Charter of Fundamental Rights of the European Union, the core UN treaties and conventions ⁽⁵¹⁾, ILO conventions on core labour standards ⁽⁵²⁾ and the European Convention on Human Rights and other regional human rights conventions as well as, where relevant, customary international law.

The consultants should keep in mind that human rights are interdependent and interrelated ⁽⁵³⁾. Consultants should therefore consider the likely multiple impacts of a particular measure. Some issues to be analysed may also pertain to more than one category and should be envisaged as cross-cutting. Indeed, the analysis of potential impacts on human

⁽⁴⁸⁾ The term 'fundamental rights' is used in the EU to express the concept of 'human rights' within a specific EU internal context. Traditionally, the term 'fundamental rights' is used in a constitutional setting whereas the term 'human rights' is used in international law. Indeed, the two terms refer to a similar substance as many parallels can be found when comparing the content of the *Charter of Fundamental Rights of the EU* (CFR) and the core UN conventions on human rights. Therefore, the SIA handbook refers to the term 'human rights'. Nevertheless, this should be understood as also encompassing fundamental rights as enshrined in the CFR.

⁽⁴⁹⁾ http://trade.ec.europa.eu/doclib/docs/2015/july/tradoc_153591.pdf

⁽⁵⁰⁾ See *Better Regulation Tool #24: Fundamental Rights and Human Rights* (http://ec.europa.eu/smart-regulation/guidelines/tool_24_en.htm) and *Operational Guidance on Fundamental Rights in Commission Impact Assessments* (SEC(2011) 567 final, 6.5.2011) (http://ec.europa.eu/justice/fundamental-rights/files/operational-guidance_en.pdf).

⁽⁵¹⁾ Core UN human rights treaties: *International Convention on the Elimination of All Forms of Racial Discrimination* (ICERD); *International Covenant on Economic, Social, and Cultural Rights* (ICESCR); *International Covenant on Civil and Political Rights* (ICCPR); *Convention on the Elimination of All Forms of Discrimination against Women* (CEDAW); *Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment* (CAT); *Convention on the Rights of the Child* (CRC); *International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families* (ICMW); *International Convention for the Protection of All Persons from Enforced Disappearance* (CPED); and *Convention on the Rights of Persons with Disabilities* (CRPD).

⁽⁵²⁾ *Freedom of Association and Protection of the Right to Organise Convention*, 1948 (No. 87); *Right to Organise and Collective Bargaining Convention*, 1949 (No. 98); *Forced Labour Convention*, 1930 (No. 29); *Abolition of Forced Labour Convention*, 1957 (No. 105); *Minimum Age Convention*, 1973 (No. 138); *Worst Forms of Child Labour Convention*, 1999 (No. 182); *Equal Remuneration Convention*, 1951 (No. 100); *Discrimination (Employment and Occupation) Convention*, 1958 (No. 111).

⁽⁵³⁾ Interdependent means that the enjoyment of one's right may require the enjoyment of other rights; interrelated is to say that several rights share common characteristics such as their provenance from UN bodies, legal character, etc.

rights might overlap with the analysis of impacts on certain social rights (e.g. as in the case, for example, of fundamental labour rights that are also considered to be human rights). In cases of this kind, findings related (eg.) to fundamental labour rights should be analysed together with other social impacts, while the impact on other human rights should be covered separately in the report and in the executive summary.

As part of the analysis of human rights impacts, the consultants should:

- identify the specific human rights most likely to be affected by particular measures included in the agreement under negotiation;
- analyse the extent to which the particular measures foreseen in the agreement may enhance or impair the enjoyment of the relevant rights and/or may strengthen or weaken the ability of the EU and partner countries to fulfil or progressively realise their human rights obligations ⁽⁵⁴⁾;
- identify individuals or specific groups of people that are likely to be specifically affected by those impacts.

In doing so, attention should be given to the pre-existing legal situation in the EU and country(ies) concerned (e.g. in terms of the human rights arising either from the human rights treaties by which the parties have consented to be bound — taking into account any reservations expressed — or from constitutional or other domestic law); pre-existing conditions of stress or vulnerability should be highlighted, including in relation to particular vulnerable groups. Particular attention should also be paid to women's rights and the effect that the agreement under negotiation could have on gender equality ⁽⁵⁵⁾. Existing human rights dialogue mechanisms led by the EEAS (where human rights issues are discussed with the partner country(ies)) and issues discussed in the context of the stabilisation and association process or EU accession negotiations for relevant countries should also be taken into account, and the consultants should consider how these mechanisms could be used to contribute to the analysis.

The analysis should combine both quantitative and qualitative approaches. Figures generated by the economic modelling should be used, as well as qualitative analyses and, when relevant, case studies. To the extent possible, available quantitative information on affected individuals and/or groups of people or actors in relevant sectors should be presented.

In their work, consultants can use as sources the reports and recommendations of the European Union Agency for Fundamental Rights and of the Council of Europe; or refer to international work in this area, such as the output of UN human rights treaty bodies, the universal periodic review (UPR), or the work of the special rapporteurs on the various countries and/or themes.

Stakeholders' consultations are a particularly important source of information. They should ensure inclusive participation with a view to contributing to the identification of potential impacts as well as of individuals or groups of people likely to be affected. Consultants are given a wide mandate to conduct far-reaching consultations with all relevant stakeholders including women and vulnerable groups (e.g. low income, children, people with disabilities, ethnic minorities, indigenous peoples and unskilled workers) in the EU and the partner country(ies) ⁽⁵⁶⁾.

⁽⁵⁴⁾ The contractor may also refer to *Human rights indicators: a guide to measurement and implementation* (OCHCR, 2012).

⁽⁵⁵⁾ DG Employment, Social Affairs and Inclusion's manual for gender mainstreaming can provide guidance in this regard: <http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=70&type=2&furtherPubs=yes>

⁽⁵⁶⁾ For further detail on the SIA consultations, please refer to Chapter IV.

Environmental analysis

International trade can serve as an important catalyst for global climate action and environmental protection. SIAs should contain a detailed assessment of likely environmental impacts of the trade agreement under negotiation. The analysis should in principle include the impact of the potential agreement on aspects such as climate change, including the most important types of greenhouse gas (GHG) emissions, air quality, use of energy, water quality and resources, land use, soil quality, waste and waste management, biodiversity, ecosystem services and protected areas.

The study should also try to identify how the agreement under negotiation could contribute to greening the economy, to resource efficiency objectives, and to promoting sustainable consumption and production.

Building on the overall economic modelling, the environmental analysis is conducted using various supplementary economic models as well as qualitative analysis and case studies.

The consultants should, where appropriate, break down the impact of the trade agreement under negotiation into scale, structural, technology and product effects. Scale effects refer to environmental impacts resulting from trade-induced economic growth (e.g. increased resources for environmental protection, impacts on biodiversity); structural effects refer to changes in production or consumption patterns at the microeconomic level (e.g. changes in the cost of raw materials or labour); technology effects are those affecting the processes or production methods used in product supply (e.g. potential for facilitated access to environmental technologies); product effects refer to the changes in the use of specific goods and services following liberalisation⁽⁵⁷⁾. The analysis should be based on the most up-to-date and reliable decomposition techniques and complementary approaches.

In conducting the analysis, attention should be given to the interaction between the potential trade agreement and relevant multilateral environmental agreements.



⁽⁵⁷⁾ Mayrand and Paquin (2007), p. 21; http://unisfera.org/IMG/pdf/Unisfera_-_EAs_of_Services_Trade_Liberalisation_-_Literature_Review_19_April_2007.pdf

4. Sectoral analysis

Detailed sectoral analysis is conducted in order to provide deeper insight into the effects of trade negotiations on the key economic sectors identified at the screening and scoping phase (although the list of sectors could be adjusted based on the outcome of the overall economic, social and environmental impacts' analysis).

Sectors that will be subject to further detailed analysis in the SIA should be selected according to several criteria, such as their weight (e.g. GDP, share of employment, share of household consumption) in the EU, in partner country(ies) or developing countries, in particular LDCs ⁽⁵⁸⁾; the particularly significant (positive or negative) expected economic, social, human rights or environmental impacts of the agreement in these sectors; their integration in global value chains; and concerns and priorities raised by stakeholders. Indeed, stakeholder consultations are a vital element for identifying sectors for further detailed analysis.

The aim is to assess quantitatively and qualitatively the economic, social, human rights and environmental impacts of the agreement under negotiation on the selected sectors as well as knock-on effects on other indirectly affected sectors identified in the overall analysis.

The in-depth sectoral analyses should identify and highlight specific subsectors, activities, products, vulnerable social groups and geographical areas that are most likely to be affected, either positively or negatively, by the outcome of the negotiations. Particular attention should be given to a detailed analysis of the likely impact on the functioning of the market, competitiveness, job creation or losses, SMEs and consumers. Other potential economic, social, human rights and environmental impacts should also be analysed in depth at sectoral level. Sectoral analyses may also contribute to analysing the impact that the trade agreement under negotiation could have on corruption.

The methodology to be used for this purpose is likely to be multifaceted. It should be based as much as possible on the existing economic modelling results developed for the overall analysis, but should go beyond that in terms of the actual analysis. Case studies can be a particularly useful approach in this regard. The analysis should also rely on extensive stakeholders' feedback, technical experts' opinions, surveys, etc.

5. Conclusions and recommendations

The analytical exercise should lead to conclusions and recommendations which will help EU officials in the conduct of the trade negotiations. Conclusions should be substantiated with evidence and stakeholder views. The consultants should also make recommendations and proposals for flanking measures to maximise the benefits of the proposed agreement and prevent or minimise potential negative effects. When making those recommendations the consultants should also analyse their feasibility and estimate their cost and possible impact.

⁽⁵⁸⁾ The in-depth analysis of the selected sectors should then consider the impact in the LDCs concerned.

Chapter IV — Stakeholder consultation: a key component of the SIA analysis

SIAs are highly participatory; an open, transparent and wide-ranging consultation process is at the core of SIAs' analysis.

Stakeholder consultations are conducted by the consultants and should be tailored to the specific needs of each SIA. Nevertheless, some guidance on key elements and consultation activities is presented in order to ensure the consistency and quality of the dialogue.

1. Purpose

Consultations are key to ensuring the transparency, quality, credibility and legitimacy of SIAs by providing a dynamic and robust framework for interaction and dialogue with all relevant stakeholders.

By directly involving those affected by or interested in the envisaged trade measures, the SIA consultation provides additional and constructive perspectives on the potential sustainability consequences of the trade agreement under negotiation.

The main objectives of the consultation process are:

- to actively engage with all interested parties in order to reflect their experience, priorities and concerns;
- to contribute to the transparency of the SIA analysis;
- to help identify priority areas and key issues in the trade negotiations.

2. Key principles

The consultants must ensure a far-reaching, open and continuous consultation process. The consultants should take into account and refer to the Commission guidelines and tools for stakeholder consultation ⁽⁵⁹⁾. In particular, the consultants should make specific efforts to ensure that the consultation is the following.

- **Comprehensive:** all relevant stakeholders should be given the opportunity to express their views.
- **Balanced:** the consultants should ensure an adequate and balanced coverage of all relevant interested parties during the consultation in order to be representative and avoid capture of the process by specific constituencies.

⁽⁵⁹⁾ See *Better Regulation* Tool #50: Stakeholder Consultation Tools (http://ec.europa.eu/smart-regulation/guidelines/tool_50_en.htm).

- **Timely:** in order to maximise the usefulness of stakeholders' contributions, consultations should start at an early stage of the SIA process and be conducted throughout the SIA study. Participants should be informed without delay of consultation activities and given sufficient time to provide their input and contributions.
- **Tailored:** consultation activities and documents are adapted and tailored to meet the needs of all target audiences. In particular, SIA reports should be clear, concise and easily understandable, taking into account the need to address both experts and non-expert readers, as well as provide a clear executive summary of the findings.
- **Incorporated:** stakeholders' contributions are appropriately taken into account, responded to and exploited in the conduct of the SIA. All inputs received should be summarised in a dedicated section of the SIA website and, where relevant, integrated and addressed in the analysis. The SIA final report should summarise and refer to stakeholders' contributions in a transparent manner and include an analysis of the effectiveness of the consultation process.

3. The consultation process

Consultations ensure dynamic and continuous interaction with stakeholders. The consultants provide regular information to relevant stakeholders on the progress of the analysis and regularly seek their input. Stakeholders are also encouraged to proactively convey their views as soon as the dedicated SIA website is set up, and throughout the whole SIA process.

Definition of the consultation plan and identification of stakeholders

The consultants are responsible for establishing a consultation plan which describes how the SIA consultation will be carried out. In particular, the consultation plan should identify key stakeholders to be consulted in the EU and partner country(ies), describe the consultation objectives, map the nature and level of interests of the various categories of stakeholders, identify any risks (e.g. non-participation of major stakeholders, constraints on freedom of association, illiteracy, cultural obstacles) and how these risks will be addressed to ensure constructive dialogue and useful inputs from stakeholders. Consultation means and activities foreseen should also be described in detail.

Stakeholders to be consulted include non-governmental organisations, businesses, social partners (including trade unions), academia and national administrations. The consultants should seek to involve experts from the EU and partner countries as well as from appropriate international organisations such as the ILO.

Social partners, via the Sectoral Social Dialogue Committees (SSDC) ⁽⁶⁰⁾, but also expert groups such as the European consumer consultative group (ECCG) ⁽⁶¹⁾ or the EU Health Policy Forum ⁽⁶²⁾ may also usefully be consulted ⁽⁶³⁾. As highlighted in the *Trade for all*

⁽⁶⁰⁾ The European social dialogue: <http://ec.europa.eu/social/main.jsp?catId=480&langId=en>

⁽⁶¹⁾ The ECCG: http://ec.europa.eu/consumers/eu_consumer_policy/consumer_consultative_group/eccg/index_en.htm

⁽⁶²⁾ The EU Health Policy Forum: http://ec.europa.eu/health/interest_groups/eu_health_forum/policy_forum/index_en.htm

⁽⁶³⁾ The consultation of the abovementioned stakeholders can be organised by DG Trade with the help of DG Employment, Social Affairs and Inclusion, DG Justice and Consumers and DG Health and Food Safety, respectively.

communication, SIAs should contribute to enhancing the consultation of social partners on the possible impacts of trade and investment agreements on jobs.

The consultants should ensure a balanced coverage of all relevant interests among identified stakeholders and clearly explain how and why particular stakeholders have been invited to participate in the process.

The consultants should consult with the Commission, the European Economic and Social Committee and, through the Commission, the ECCG and SSDC in order to identify key stakeholders.

The consultants should also identify target groups that run the risk of being excluded. There might be differences between stakeholder groups regarding their access to consultations or in the availability of resources that they can dedicate to participation; this may be the case especially with vulnerable groups. To help identify these stakeholders, the consultants may consult national human rights institutions (NHRIs) ⁽⁶⁴⁾ through the respective regional network.

The consultation plan is presented to and discussed at the meeting of DG Trade's CSD and the meeting with the SIA ISG where the draft inception report will be discussed.

Consultation activities

Consultation is not a one-off event but a dynamic and systematic process that includes a wide range of complementary activities. These will typically include interviews, meetings, surveys of stakeholders and workshops, as well as dissemination of the findings at all the main stages of the analysis via digital media, and publication of the draft reports for comments and their discussion in meetings with civil society before they are finalised.

Dedicated website and electronic communications

To ensure dynamic and continuous interactions with civil society and all other relevant stakeholders throughout the conduct of the SIA, the consultants must set up a dedicated SIA website as well as use other digital channels.

SIA dedicated website

The dedicated website provides an essential channel for publicising the SIA, communicating with stakeholders and disseminating its findings. The website should be designed to facilitate regular interactions with stakeholders and serve as a discussion forum to further stimulate the involvement of stakeholders on the basis of SIA information made available online.

To this end, the SIA website includes a specific feedback mechanism, a home page with an easily accessible summary of the stages of the SIA process and all appropriate SIA-related information.

In particular, all reports — inception, interim and final — in their draft version as well as in their final forms are made publicly available on the website. Other relevant outputs, including regular updates on the SIA process, findings and documentation sources are also published on the SIA website.

⁽⁶⁴⁾ The UN OHCHR and NHRIs: <http://www.ohchr.org/EN/Countries/NHRI/Pages/NHRIMain.aspx>

All meetings with civil society should be appropriately advertised on the SIA website and through other channels such as SIA newsletters issued by the consultants and the EU trade newsletters (EUTN) ⁽⁶⁵⁾, etc. The dates, venues and other relevant information are clearly communicated well in advance of the events.

Finally, to ensure that the SIA consultation is open and transparent, the consultants should also publish all the inputs received from stakeholders together with the names of their authors in a section of the website specifically created to this end, unless respondents indicated that they do not wish their contributions to be made public.

The consultants should create the SIA dedicated website no later than the date of publication of the draft inception report; it should remain active for at least 2 years after the date of approval of the final report. In addition, all finalised reports are published on DG Trade's SIA webpage ⁽⁶⁶⁾.

Other electronic tools

The consultants are also expected to contact stakeholders by various means such as email, electronic newsletter, Twitter, etc. to inform them regularly and pro-actively about the SIA process including consultation activities and the main findings. In particular, at the beginning of the SIA consultation process and at each of the main stages of the analysis, the consultants should contact identified stakeholders to inform them about progress in the SIA study and to invite them to provide contributions via dedicated channels.

Interviews, meetings and questionnaires

Interviews, meetings, roundtables and questionnaires should be conducted as part of the consultation process.

Interviews, meetings and roundtables

The consultants should undertake a wide range of interviews and one-to-one meetings, particularly at an inter-professional level. These meetings should facilitate detailed discussions on the ongoing negotiations and their potential sustainability impacts. Consultants are also encouraged to organise roundtable discussions for specific issues.

The consultants should identify existing platforms for dialogue that they could use to enhance communication with stakeholders. In this respect, the consultants should consult with the Commission, the European Economic and Social Committee and, through the Commission, the Social Dialogue Committees to determine whether existing conferences or meetings that they should attend are taking place.

Questionnaires

The consultants should also make use of a general public consultation, and to that end must develop a questionnaire which can be understood by all stakeholders and is open to everyone. Targeted consultation of specific stakeholders or stakeholder groups should also be considered. In particular, use should be made whenever relevant of a questionnaire specifically directed to SMEs (the 'SME survey') and a detailed and targeted consumer survey.

⁽⁶⁵⁾ For detailed information on EUTN, please refer to the DG Trade section on the Europa website: <http://trade.ec.europa.eu/eutn/>

⁽⁶⁶⁾ All finalised SIA reports can be found in: <http://ec.europa.eu/trade/policy/policy-making/analysis/sustainability-impact-assessments/assessments/>

The consultants should make sure that the questionnaires are appropriately disseminated and that all relevant stakeholders can reply to them. With respect to the SME survey, the consultants should make full use of the Commission's SME panel consultations through the Enterprise Europe Network managed by DG Internal Market, Industry, Entrepreneurship and SMEs ⁽⁶⁷⁾, while consumers should be consulted via the European Consumer Consultative Group (ECCG) managed by DG Justice and Consumers ⁽⁶⁸⁾.

Civil society dialogue meetings and workshops

Consultants should present ongoing work to interested stakeholders, giving them the opportunity to provide direct input.

At least one meeting per draft report (inception, interim and final) should take place in Brussels with civil society as part of DG Trade's CSD ⁽⁶⁹⁾. These are regular meetings between civil society and the Commission held to discuss aspects of the EU's trade policy. The consultants are expected to participate in the meeting, to present the SIA methodological approach and findings as well as to hold an open discussion with interested stakeholders.

The consultants and the Commission undertake to make the draft reports public as soon as possible in advance of these meetings in order to allow for informed discussions; additional time for comments is provided as a follow-up to these meetings. The draft report is then finalised, taking into account contributions received. It should be noted that stakeholders can comment on the draft reports regardless of their participation to the CSD meetings.



⁽⁶⁷⁾ For further information, please visit DG Internal Market, Industry, Entrepreneurship and SMEs website <http://ec.europa.eu/growth/smes/>

⁽⁶⁸⁾ For further information, please visit DG Justice and Consumers website http://ec.europa.eu/consumers/eu_consumer_policy/consumer_consultative_group/eccg/index_en.htm

⁽⁶⁹⁾ For more information on the CSD, please visit the DG Trade section on the Europa: <http://trade.ec.europa.eu/civilsoc/index.cfm>

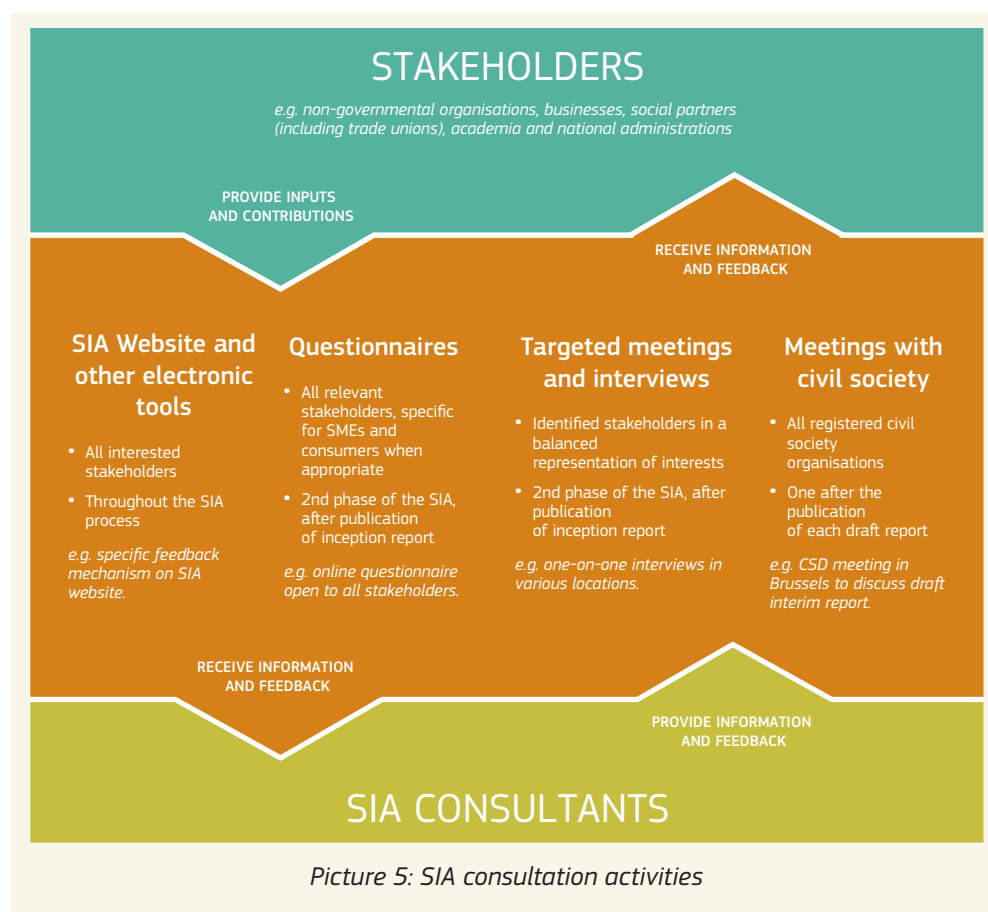
Where appropriate, workshops may also be organised, in particular in the partner country(ies), to strengthen the element of consultation of local stakeholders. As highlighted in Chapter II, the EU delegation in the partner country(ies) can provide valuable support in the consultation of local stakeholders.

Final remarks

The SIA consultants' work feeds continuously into the trade negotiations throughout the whole duration of the study. The final report should also include recommendations and proposals for flanking measures to maximise the benefits of the proposed agreement and prevent or minimise potential negative impacts. When making those recommendations the consultants should also analyse their feasibility and estimate their cost and possible impact.

Once the SIA is finished, the Commission services set out their views on the consultants' findings and recommendations by means of a position paper. The position paper explains how the SIA has and will contribute to the negotiations; it highlights the Commission services' views on the impacts identified in the SIA and on the measures proposed by the consultants and explains how the SIA findings have or will be used.

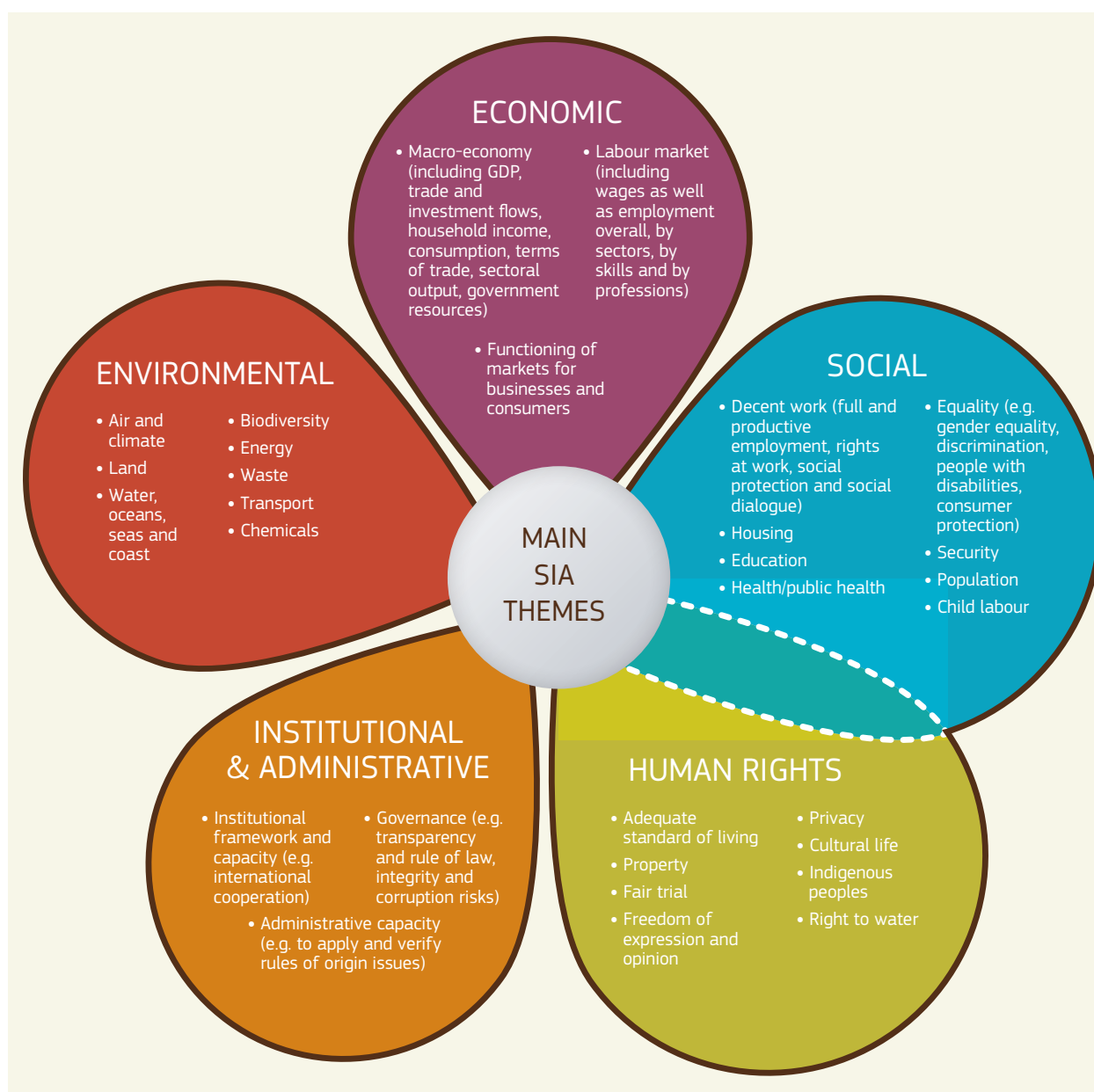
Finally, it is important to keep in mind that while this handbook sets out the broad methodological framework of the new generation of SIAs, this is inevitably a dynamic and learning-by-doing process. The methodological approach will continue to be refined with each SIA in order to further strengthen the consultation process wherever necessary and to reflect the state-of-the-art in relation to data collection tools, indicators and quantitative and qualitative analysis techniques. In this way, SIAs can help ensure that the EU's trade agreements continue to contribute simultaneously to the EU's jobs and growth agenda, as well as to overarching sustainable development objectives.



Picture 5: SIA consultation activities

Annex: main list of SIA themes

Below is an indicative list of themes that may be of particular relevance when assessing the impacts of a trade agreement under negotiation. The list is intentionally broad and non-exhaustive. It has been organised under five categories (economic, social, human rights, environmental and institutional) but several of the themes mentioned may pertain to more than one category. Indeed, some themes listed below may be pertinent for the analysis of several types of impacts. Depending on the specifics of each trade negotiation, some of the below-mentioned themes may not be relevant while other unlisted themes should also be considered.



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