



# The European Commission's Trade Sustainability Impact Assessments: A Critical Review



**Published on behalf of:**

Veblen Institute for Economic Reforms

(Institut Veblen pour les réformes économiques - Institut Veblen)

38 rue St-Sabin

75011 Paris, France

Telephone: + 33(0)1 43 14 75 75

[www.veblen-institute.org](http://www.veblen-institute.org)

Greenpeace e.V.

Hongkongstrasse 10

20457 Hamburg, Germany

Telephone +49 (0)40-30618-0

[www.greenpeace.de](http://www.greenpeace.de)

- Edition:** First web edition, published in May 2022
- Authors:** Thomas Dauphin and Mathilde Dupré (Veblen Institute)
- Editors:** Leonie Saleth and Juergen Knirsch
- Cover photo:** ©Martin Katz/Greenpeace (Deforestation for Farming and Agriculture in Chaco Province, Argentina)
- Graphic design:** Leonie Saleth
- Vi.S.d.P.:** Juergen Knirsch, Greenpeace, Hongkongstrasse 10, 20457 Hamburg, Germany

# The European Commission's Trade Sustainability Impact Assessments: A Critical Review

This report has been written by Thomas Dauphin and Mathilde Dupré (Veblen Institute).

We would like to thank the following people for their comments and valuable contributions: Juergen Knirsch, Leonie Saleth, Andrea Carta (Greenpeace), Julien Hallak, Sara Lickel (Veblen Institute).

**Methodology:** Based on a review of the most recent Sustainability Impact Assessments (SIAs) as well as academic literature and interviews with actors involved in SIAs, this study aims to establish the state of play of the EU's use of SIAs since they were first implemented more than 20 years ago. It gives insight into both the way SIAs are made and the role they play in the making of trade agreements, with a special look at the EU-Mercosur agreement, a recent example that illustrates some of the difficulties raised by this exercise. We conducted a series of interviews in 2021 with stakeholders ranging from a consumer organisation and umbrella organisations for workers' and farmers' unions to environmental, animal welfare and human rights NGOs. The following organisations were interviewed: the European Consumer Organisation (BEUC); Client Earth; the Committee of Professional Agricultural Organisations and the General Confederation of Agricultural Cooperatives (COPA – COGECA); Eurogroup for Animals; the International Federation for Human Rights (FIDH); Fair Trade Advocacy Office (FTAO); the European Trade Union Confederation (ETUC); Fern and La Via Campesina. This process aimed to collect the opinions and experiences of stakeholders both on the SIA consultation processes and the content of SIAs.

# TABLE OF CONTENTS

LIST OF ABBREVIATIONS.....	III
SUMMARY .....	VI
<b>1 Trade and Sustainable Development: The EU's use of Sustainable Impact Assessments (SIAs) .....</b>	<b>1</b>
1.1 Purpose of SIAs.....	2
1.2 A Short History of SIAs.....	3
1.3 Process of SIAs.....	4
1.4 Content of the Reports .....	4
1.5 The Consultation Process .....	6
1.6 The European Commission's Filter .....	7
<b>2 Assessment of the Methodology: Benefits and Shortcomings.....</b>	<b>9</b>
2.1 General Presentation of the Methodology .....	10
2.1.1 Sources.....	10
2.1.2 General principle.....	10
2.1.3 How to read SIA simulations.....	11
2.2 Econometric Modelling of Economic Impacts: The Cornerstone of SIAs.....	12
2.2.1 The Computable General Equilibrium Model (CGEM): presentation of purpose and hypotheses.....	12
2.2.2 Unrealistic assumptions and biased framing of modelling in SIAs.....	13
2.2.3 Unreliable estimation of non-tariff barriers.....	18
2.2.4 Aggregated data.....	19
2.3 Focus on the Environmental and Social Dimensions: Identification of Method and Data Limitations.....	21
2.3.1 The simulation of environmental and social impacts.....	21
2.3.2 Shortcomings in climate impact analysis.....	22
2.3.3 More random assessment for the other impacts.....	23
2.3.4 Preferential treatment for economic topics compared to social and environmental impacts.....	29
2.3.5 Data limitations.....	35
<b>3 The Process of Conducting SIAs.....</b>	<b>37</b>
3.1 Timing.....	38
3.2 Lack of Sincerity of the Commission.....	41
3.3 A Fluctuating Quality of the Consultancy.....	43
3.4 A Burdensome Process.....	45
<b>4 Conclusion and Recommendations.....</b>	<b>48</b>

ANNEX I: LIST OF PEOPLE INTERVIEWED..... 53

ANNEX II: INTERVIEW QUESTIONNAIRE..... 54

ANNEX III: SIAs OVERVIEW (BY DG Trade)..... 55

BIBLIOGRAPHY..... 57

ENDNOTES ..... 66

# LIST OF ABBREVIATIONS

AVE	Ad Valorem Equivalent
CETA	Comprehensive Economic and Trade Agreement (between Canada and the European Union)
CGE	Computable General Equilibrium
CGEM	Computable General Economic Model
CSD	Civil Society Dialogue
CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
DAG	Domestic Advisory Group
DG Trade	Directorate General for Trade (of the European Commission)
EC	European Commission
ECA	European Court of Auditors
EESC	European Economic and Social Committee
EU	European Union
EU ETS	European Trading System of the European Union (a carbon market for GHG emissions)
EUMAA	EU-Mercosur Association Agreement
E3MG	Energy-Environment-Economy Model at the Global level
FAO	Food and Agriculture Organization
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GHG	Greenhouse Gases
G20	The Group of Twenty (world's major economies)
IA	Impact Assessment
ICS	Investment Court System

IPBES	Intergovernmental Science–Policy Platform on Biodiversity and Ecosystem Services
IPCC	Intergovernmental Panel on Climate Change
ISDS	Investor–State Dispute Settlement
JEFTA	Japan–EU Trade Agreement
LDCs	Least–Developed Countries
LULUCF	Land Use, Land Use Change and Forestry
MEA	Multilateral Environmental Agreement
Mercosur	Spanish acronym for Mercado Común del Sur (Southern Common Market) which is a regional trade integration agreement between Argentina, Brazil, Paraguay, and Uruguay. Venezuela, a full member as well, has been suspended since 2016.
NAFTA	North American Free Trade Agreement between Canada, the United States and Mexico. Has been replaced in 2020 by the USMCA (United States–Mexico–Canada Agreement)
NDC	Nationally Determined Contribution (to the reduction of GHG emissions)
NGO	Non–Governmental Organisation
NTMs	Non–Tariff Measures
RBC	Responsible Business Conduct
R&D	Research and Development
SIA	Sustainability Impact Assessment
SME	Small and Medium Enterprises
SPS	Sanitary and Phytosanitary Measures
SUV	Sport Utility Vehicle
TBT	Technical Barriers to Trade
TCE	Trade Cost Equivalent
TEU	Treaty on European Union
TRQ	Tariff–Rate Quota
TSD (Chapter)	Trade and Sustainable Development (Chapter)
TTIP	Transatlantic Trade and Investment Partnership (between the USA and the EU)

UNCTAD	United Nations Conference on Trade and Development
UNFCCC	United Nations Framework Convention on Climate Change
VAT	Value Added Tax
WTO	World Trade Organization



# SUMMARY

This study looks at and evaluates the European Union's Sustainability Impact Assessments (SIAs) carried out in the framework of trade negotiations involving the EU. SIAs are a tool used by the Directorate-General for Trade (DG Trade) of the European Commission (EC) with the objective to assess the potential economic, social and environmental impacts of a future trade agreement, inform the negotiations and shape the final agreement accordingly.

The first SIA was conducted for multilateral trade negotiations when at the turn of the millennium the World Trade Organization (WTO) wanted to expand its trade regime. Over the two following decades, the EU perpetuated the use of SIAs for its bilateral trade agreements and institutionalised it so as to become, in the words of the Commission, a “key instrument for the formulation of sound, transparent and evidence-based trade policies”.<sup>1</sup> At the time of writing, 31 SIAs have been completed and four are being conducted.

This study is based on a review of the most recent SIAs, academic literature and interviews with civil society actors involved in SIAs. It aims to establish the state of play of the EU's use of SIAs more than 20 years after they were first implemented. It gives insight into both the way SIAs are made and the role they play in the making of trade agreements.

**Part 1 of the study explains the purpose of SIAs and how they were developed and then institutionalised by the EU over the last 20 years. It then describes the general features of SIAs in terms of the content and the consultation, as well as the role of the European Commission at the end of the process.**

A SIA is a multi-year process consisting of two main elements: research carried out by external consultants and a consultation process of stakeholders (businesses, trade unions, NGOs, etc.). After the consultants mandated by the European Commission publish their final report, the process ends when the Commission responds with a Position Paper in which it describes how it intends (or not) to take into account the results of the SIA and address the recommendations.

This study finds that, despite the EU guidelines according to which SIAs should be conducted “hand-in-hand with negotiations” in order to steer them and “ensure that policy choices are optimised”<sup>2</sup>, the timing of SIAs has been much less optimal in practice. The tendering process is usually launched after the start of the negotiations and final SIA reports tend to be published two to four years after the start of negotiations. In some cases, the SIA was incomplete (EU-Vietnam) or was delivered after the end of the negotiations (EU-Mercosur trade agreement). These failures to deliver a proper and timely SIA were condemned several times by EU institutions. In 2014, a report conducted by the European Court of Auditors on the practice of the first 15 years showed that the European Commission did not always comply with its own guidelines, did not carry out SIAs or did so incompletely or too late. In 2016 and 2021, the EU Ombudsman found that the

handling of two SIAs by the European Commission constituted maladministration. It should also be noted that the European Commission itself decides which recommendations it will take into account.

**Part 2 takes a more fundamental look at the way SIAs are carried out. It critically reviews the methodology of the studies, in particular the economic modelling which forms the cornerstone of SIAs. The second section focuses on the limitations of the assessment of the environmental and social dimensions (methods and models used, assumptions on which they are based etc.) and examines the statements made by the SIAs for their correctness and completeness.**

SIAs use the Computable General Equilibrium Model (CGEM), a tool that aims to simulate the impacts of policies - such as a new Free Trade Agreement (FTA) - on the economy. As with any model, the CGEM makes assumptions regarding the way the economy works and economic agents behave. Being **grounded in neoclassical economic theory**, the CGEM is particularly far from reflecting the way the economy works in reality. The most problematic assumptions of the CGEM are those which postulate perfect competition within markets, the rationality of economic agents, a demand for commodities and services created by supply, as well as a full-employment situation. These constitute major loopholes which influence the results of the simulations. Yet the studies do not sufficiently discuss the assumptions or the validity of the results derived from the model.

With the biases of mainstream economics being a built-in feature of CGE models, the simulation turns out to be a **tautological exercise**: since it is taken for granted that increasing international trade flows, removing tariffs and regulations is positive *per se*, the outcome of the simulation can only turn out in favour of the agreement that proposes such changes, thus supporting the initial hypothesis. However, given the already high initial level of liberalisation, the expected results naturally tend to be reduced, and therefore the arguments of economic gains are weak.

While they are presented as neutral, SIAs have a **biased framing** that significantly influences the study. They never discuss or challenge the merits of the objectives set out by the agreements (increase international trade flows, open markets by slashing tariffs and regulations, etc.), nor do they engage in a discussion about the model of trade and the criteria necessary for a sound trade policy.

Another major limit of the CGEM in SIAs lies in the way they incorporate the impact of changes other than tariffs and quotas, the so-called Non-Tariff Measures (NTMs). These include national regulations to protect citizens' and consumers' health, guarantee the quality and safety of products and a certain level of environmental standards. While the **non-tariff measures** play a key role both in the modelling parameters and the claimed benefits of the agreements, their estimation is found to **lack robustness** and be unreliable.

**SIAs use overly aggregated data** that provide no information on the distribution of projected gains or losses among countries, economic sectors, and population deciles. Trade agreements, like other policies, do not have homogeneous effects. SIAs do not sufficiently acknowledge or measure the differentiated impacts.

The study also finds **significant limitations in the assessment and analysis of the expected environmental and social effects of trade agreements**, which are largely derived from the economic impact. Given the modelling assumptions and parameters, as well as the gradual decrease in expected economic gains due to the already strong liberalisation, the economic impacts tend to be limited and therefore the environmental impacts understated. In addition, there are significant shortcomings in the analysis of some impacts, such as climate change: the SIAs use a very narrow and incomplete scope of GHG emissions since they do not take into account emissions related to international transport, land-use or land-use change.

For all **other relevant impacts** that cannot be modelled, such as deforestation, biodiversity loss and human rights, the SIA infers a qualitative analysis from the results of the economic modelling. The content of these sections is even less standardised, and the quality varies from one subject to another and from one study to another. The analysis often tends to be **superficial and speculative**.

By relying extensively on economic modelling, SIAs establish **an implicit hierarchy between the economic part and the social and environmental parts of the assessment**. This leads to several pitfalls: an excessive association between economic indicators and well-being; some economic impacts being depicted without reason as economic or social benefits; positive impacts of regulations being ignored; negative environmental impacts being minimised. Finally, SIAs are sometimes based on **outdated data**, do not consider cumulative effects, and show discrepancies in the treatment of NTMs.

**Part 3 gives an account of the experience of stakeholders involved in SIA processes. By relating the flaws they identify, it questions the purpose and usefulness of SIAs.**

**Stakeholders are consulted but can at best only provide rudimentary mitigation.** Interviews held with different stakeholders who participated in the SIAs - including umbrella organisations for worker's and farmer's union, a consumer organisation and other NGOs - indicate a general dissatisfaction with both the consultation process and the content of SIAs, with some being more critical than others. The main criticisms are focused on the **late timing of some SIAs**, which arguably renders the entire exercise meaningless. **Doubt is also cast on the sincerity of the Commission's will to use SIAs as a tool to inform and influence the negotiations.** The link between SIAs and negotiations seems at best tenuous, not least because SIAs are in practice not seen as a tool capable of influencing or challenging the core of the agreement. In several SIA processes, stakeholders have noticed little impact from their contribution to the SIA and to the final outcomes of the agreements. Moreover, the stakeholders interviewed **questioned the ability of the consultants** mandated by the European Commission to carry out such thematically wide and extensive studies. Finally, participants share the impression that **SIAs are a burdensome**

**process.** The complexity and length of the studies together with low expectations of their results and impact led some interviewees to question altogether the usefulness and relevance of their participation, although they admit that SIAs remain a useful channel for monitoring and dialogue with the EU institutions.

**Part 4 makes recommendations to improve the content, the methodology and the process of SIAs and to create a more relevant, impactful tool for policymakers and citizens.**

**SIAs need to be overhauled to become a useful tool for citizens and policymakers.** The study ends with the conclusion that the entire methodology of SIAs needs to be overhauled in order to better encompass qualitatively and quantitatively the potential impacts of trade agreements and better inform policymakers and citizens. A legal analysis of the main provisions of the agreements would also be very helpful in order to assess their potential impacts on sustainable development. In addition to recommendations for improving the methodology, the study provides suggestions to enhance the process and use of SIAs.

# 1 Trade and Sustainable Development: The EU's use of Sustainable Impact Assessments (SIAs)



## 1.1 Purpose of SIAs

Sustainability Impact Assessments (SIAs) are a quasi-mandatory tool specific to major trade negotiations and conducted under the aegis of the Directorate General for Trade (DG Trade) of the European Commission.<sup>3</sup> They are one of the four assessment and evaluation tools used during the life of a new proposed trade agreement. Among these four instruments, two are carried out only in relation to trade negotiations, while the other two are used Commission-wide for all kinds of policies. The assessment and evaluation cycle of a trade agreement is as follows:

Stage	Instrument	Characteristic
Preparation	Impact Assessment (IA)	Commission-wide instrument
<b>Negotiations</b>	<b>Sustainability Impact Assessment (SIA)</b>	<b>Trade-specific instrument</b>
Signature - Conclusion	Economic Assessment of the negotiated outcome	Trade-specific instrument
Implementation	Ex-post evaluation	Commission-wide instrument

The objectives of SIAs are to assess the potential economic, social and environmental impacts of a trade agreement and to shape the outcome of the negotiations accordingly. In the words of the European Commission, SIAs are a “key instrument for the formulation of sound, transparent and evidenced-based trade policies.”<sup>4</sup> The studies should therefore be conducted hand-in-hand with the negotiations in order to feed into and steer them, help to identify potential trade-offs and ensure that policy choices are optimised.<sup>5</sup>

A SIA consists of two complementary parts: 1) an analysis of the potential effects of the agreement and 2) a consultation process to collect the views and concerns of stakeholders. As stated in the “Handbook for trade SIAs”, the studies should meet the following six criteria: they should be evidence-based, integrated, independent, transparent, proportionate and participatory.<sup>6</sup> Besides assessing the effects likely to arise from the trade agreement, the SIA must provide recommendations on accompanying measures in order to maximise likely benefits or mitigate possible negative impacts. In this approach, SIAs tend to make recommendations on the content of trade and sustainable development chapters and on unilateral or bilateral measures to be taken in parallel with the implementation of trade agreements rather than on the architecture and the core trade sections of the agreements themselves (see Part 3.2). Ultimately, SIAs are supposed to help integrate the three pillars of sustainable development into trade policy. Reciprocally, they should contribute to making trade policy a tool to achieve genuine global sustainable development, a principle enshrined in the EU Treaties.<sup>7</sup>

## 1.2 A Short History of SIAs

The first SIA was initiated in 1999 to assess the impacts of the then proposed “major new negotiations to further liberalize international trade and to review some current trade rules”<sup>8</sup> of the World Trade Organization (WTO). It was originally developed and carried out by researchers of the University of Manchester. The methodology and content of SIAs were later formalised in the European Commission’s Handbook for trade SIAs in 2006 and its reviewed edition in 2016.

At the time of writing, 31 SIAs have been completed while four are still in progress.<sup>9</sup> This number does not exactly match the number of trade negotiations which took place since 1999 for several reasons:

- For “minor” trade agreements, a SIA is not required.<sup>10</sup>
- The EU-Chile agreement was assessed twice; once in 2002 during the negotiations of the agreement; and once in 2019 for the modernisation of its trade pillar. Similarly, two different SIAs were carried out for the EU-Mercosur agreement: the first one in 2009, and the second one in 2020, after the negotiations were long interrupted and then resumed. Interestingly, the two SIAs were done by two different teams, and significant differences in the analysis can be observed (see Part 2).

In 2014, the European Court of Auditors noted a lack of compliance of the European Commission with its own rules, as a total of five SIAs and 16 interim and/or ex-post evaluations were missing.<sup>11</sup> The Court also reported a failure to deliver the assessment in due time in the case of the first SIA on the EU-Chile agreement. Such problems occurred again in the following years, as the European Commission did not provide a Human Rights impact assessment of the EU-Vietnam agreement in 2016, and the SIA for the EU-Mercosur negotiations was concluded long after the end of the negotiations (see Part 3), with a final report in 2020 and position paper from the Commission in 2021. In both cases, after complaints filed by NGOs, the EU-Ombudsman ruled that it constituted maladministration from the European Commission (see Box 7: Complaint to the EU Ombudsman).

SIAs are carried out by external consultants mandated by DG Trade, which develops and carries out the Commission’s policies on trade. These can be university professors, consultancy firms or a consortium of consultancy firms. In practice, a handful of actors have been involved in SIAs so far, including consultancy firms Ecorys (11 SIAs), Development Solutions (9 SIAs), LSE Consulting (4 SIAs) and BKP (3 SIAs).

## 1.3 Process of SIAs

A SIA usually comprises three phases:

- **The inception report**, where consultants develop the methodological approach and identify the key sustainability issues. This includes a screening and a scoping of the elements under negotiation likely to have significant impacts, as well as a draft consultation plan.
- **The interim report**, with overall and sectoral assessments of identified sustainability impacts. The interim reports should already include preliminary findings.
- **The final report** refines the findings and lays out recommendations. It should be written in a language understandable by both experts and non-experts.

However, the SIA is not fully completed until the European Commission publishes a position paper in which it explains how the content of the SIA has or will influence the negotiations and publishes its views on the issues raised by the consultants and the recommendations.

## 1.4 Content of the Reports

The structure of the final report of an SIA varies from one to another, but it typically follows the following pattern:<sup>12</sup>

- Introduction
- Methodological approach
- Economic analysis
- Social analysis
- Environmental analysis
- Human Rights analysis
- Sectoral Analysis
- Cross-cutting issues
- Consultation process
- Policy recommendations and accompanying measures
- Bibliography and Annexes

The analytical framework and the methodology of SIAs have not substantially changed over time: the vast majority of SIAs is based on econometric modelling<sup>13</sup> (see part 2). However, the content and coverage of SIAs have evolved between the first SIA in 1999 and the more recent ones. A study on 29 SIAs finds that there has been a steady increase in the number of non-trade issues dealt with by SIAs. This stems in part from a 2011 recommendation of the European Economic and Social Committee (EESC) to extend the number and scope of the SIA components.<sup>14</sup> The non-trade issues fall into four big categories: civil and political rights; economic and social rights; environmental protection; and security and geopolitical issues.<sup>15</sup> A major addition to the SIAs was the requirement to assess the specific impacts on Human Rights from 2012 on.

### **Box 1: Scope of the analysis**

In some cases, the trade agreement is just one element of a wider agreement that includes other topics such as political dialogue and cooperation. The EU-Mercosur Association Agreement (AA), for example, consists of three pillars: political dialogue, cooperation, and trade. But the exact scope of the SIA is not clear and the content of the policy pillars beyond trade seems not to be taken into account.

In spite of its title, the Sustainability Impact Assessment in support of the Association Agreement Negotiations between the European Union and Mercosur makes clear that the trade component alone is covered by the assessment: “The Sustainability Impact Assessment (SIA) provides an examination of the potential economic, social, human rights and environmental impact of **the trade component** of an Association Agreement (AA) between the EU and Mercosur” (emphasis added).<sup>16</sup> Further, in the Human Rights Analysis, the SIA states: “This chapter explores the human rights impact of **the trade part** of the EU-Mercosur AA” (emphasis added).<sup>17</sup>

And it is not totally clear from the Terms of Reference what exactly the scope of the study should be. They state that “the SIA shall assess how **the trade and trade-related provisions** under negotiations could affect economic, social, human rights and environmental issues in the EU and Mercosur” (emphasis added).<sup>18</sup> This seems to imply that only the trade component should be dealt with. However, another sentence explains that: “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 Partnership and Cooperation Agreements** with the relevant trade partners shall also be taken into account, and the consultants shall consider how these mechanisms could be used to contribute to the analysis” (emphasis added).<sup>19</sup>

The Terms of Reference make a reference to another document, the “Guidelines on the analysis of human rights impacts in impact assessments for trade-related policy initiatives”.<sup>20</sup> Unfortunately, this document does not resolve the confusion either. On the one hand it reads: “In consequence, when considering the impact of trade policies on human rights issues, the **EU’s overall relations with the country/ies concerned should be taken into account**. This may include, for example, the existence of a **political framework agreement (e.g. a Partnership and Cooperation Agreement)**, or of human rights dialogue mechanisms. These instruments provide the main platforms for the EU to discuss human rights issues with its trade partners” (emphasis added). On the other hand, in the “scope and depth of the analysis” section, the documents seems to narrow it down again to the trade agreement specifically: “Analysis of the possible human rights impact of a **trade-related initiative** should look at the potential impact of the proposed initiative on human

rights in both the EU and the partner country/ies, and should include consideration of civil, political, economic, social, cultural and core labour rights” (emphasis added).<sup>21</sup>

In conclusion, it was impossible for the authors of this report to establish a clear view of the actual requirement on the matter, and it is safe to assume that it might have been unclear for consultants too. Considering that political dialogues and cooperation agreements contain important provisions (e.g. on human rights) likely to have effects on topics already being assessed by the SIA, there seems to be no apparent reason why the other components should not be assessed jointly with the trade component of the agreement.

## 1.5 The Consultation Process

In addition to the research and analysis, the consultants also conduct a consultation of stakeholders and potentially impacted groups. The European Commission says that “an open, transparent and wide-ranging consultation process is at the core of SIAs’ analysis”.<sup>22</sup> As stated in the Handbook for trade SIAs, the objectives of the consultation are:

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

It is the mission of the consultants to identify key stakeholders to be consulted in the EU and the partner country or countries. Stakeholders include for example non-governmental organisations, businesses, trade unions, academia and national administrations.

The consultation takes place through different channels and activities including interviews, surveys, workshops and meetings (e.g. Civil Society Dialogues). Each SIA has its dedicated SIA website in order to make the information available online. Stakeholders can also contribute proactively outside of the format suggested by the consultants (e.g. by sending a position paper). All inputs received from stakeholders should be made public, unless they do not wish so.



## 1.6 The European Commission's Filter

After the SIA has identified the risks of negative impacts from a trade agreement and made recommendations to prevent them, the European Commission publishes a position paper on how it intends to address them. In the course of this exercise, the Commission may then refute some of the conclusions of the SIAs or discard certain recommendations in favour of other options. This step thus constitutes an additional filter in the process of preventing negative impacts on sustainable development.

Here are two emblematic examples related to recommendations that had attracted the attention of many civil society organisations:

- The first Sustainability Impact Assessment on the EU-Mercosur agreement published in 2009 highlighted numerous environmental risks linked to trade liberalisation, in particular deforestation and soil and water pollution. In view of these risks, the report recommended that “timing of reductions in tariffs and quota restrictions for environmentally/biodiversity sensitive products” should be “conditional on compliance with a set of sustainability criteria.”<sup>23</sup> However, in its position paper published in July 2010, the Commission was cautious about this recommendation and generally referred to the domestic environmental policies instead of considering such a conditional approach on compliance with sustainability criteria.<sup>24</sup> Thus, the SIA's 2009 recommendation has not been followed up.
- The Sustainability Impact Assessment of the CETA agreement published in 2011<sup>25</sup> pointed to the risk of a reduction in policy space due to the introduction of an investor-state dispute settlement (ISDS) mechanism. Therefore, the report recommended to “consider excluding ISDS from CETA and instead use a state-state enforcement mechanism like that in the US-Australia FTA [Free-trade agreement].” But this recommendation was taken into account by the Commission only to a very limited extent, as the Commission disagreed with the reservations made against the ISDS mechanism. In its position paper published in 2017, the European Commission wrote: “Commission services thus find it difficult to share the study's conclusions about the assessment of the likely social impact in this regard [possible policy space reductions, mainly caused in the eyes of the consultants by the introduction of an investor-to-state dispute settlement (ISDS) mechanism]”<sup>26</sup>. And it continues more specifically stating that: “Regarding the recommendation to consider excluding the proposed ISDS from CETA, the motivation behind the Union's new competence on investment is to ensure that EU investors abroad are protected and that their rights can be enforced through an efficient and effective dispute settlement mechanism. This is in line with the communication ‘Towards a comprehensive European international investment policy’ and the basic position adopted by the Council and the European Parliament.” The position paper then presented the changes that had been made to the initial version of the dispute resolution mechanism, with the so-called Investment Court System (ICS). It stated that “the expropriation

provision provides a basic guarantee against uncompensated expropriations and does not give Canadian investors more substantive rights than those enjoyed by EU investors under domestic law,” and concluded: “The investment dispute settlement mechanism will therefore not jeopardise the adoption or application of EU legislation in so far as this legislation aims at pursuing legitimate public policy objectives and respects fundamental principles of law and good governance (e.g. non-discrimination and transparency)”.<sup>27</sup>

## 2 Assessment of the Methodology: Benefits and Shortcomings

## 2.1 General Presentation of the Methodology

### 2.1.1 Sources

SIAs draw their content from three main sources: modelling, desk research and consultations of stakeholders:

- Modelling is the major source of the analysis, aiming to estimate the expected costs and benefits of the elements under negotiation.
- Desk research is carried out to find literature, statistics and case studies, as well as to review policy statements, laws, regulations and international agreements. It is mainly used to inform the qualitative assessment, especially when quantitative approaches are constrained by data limitations.
- The outcome of the stakeholders' consultation process is supposed to feed into the SIAs. Contributions and feedback from stakeholders are theoretically an important source of evidence and advice for the SIA<sup>28</sup> (this turns out to be different in practice – see part 3).

These sources provide quantitative and qualitative data for a range of selected indicators and topics in the three pillars of sustainable development: economic, social and environmental.

### 2.1.2 General principle

The general principle of a SIA is to compare the economic, social and environmental situation with the Free Trade Agreement (FTA) to the situation at the same time point if the FTA was not implemented. This comparison is made with all other things being equal in order to isolate the specific effects of the agreement. The situation in the absence of the FTA is called the “baseline scenario”. It serves as a reference against which the scenarios with the FTA are assessed. Since SIAs (in theory<sup>29</sup>) take place before the outcome of the negotiations is known, they envision at least two scenarios reflecting several configurations and degrees of liberalisation, supposed to reflect the variety of possible outcomes. The option with a lower degree of liberalisation is called the “conservative scenario”, and the option with a relatively higher degree of liberalisation is called “ambitious”. It is interesting to note that this choice of terms is not neutral, rather it reflects the conclusion of almost all SIAs: the deeper the liberalisation, the greater the gains.

The core of the content of SIAs is an overview of the current state of play in a range of topics, followed by a description of the way the indicators and situations would evolve in every scenario, compared with the baseline, if the agreement was implemented. This comparison is made for a time point at which the FTA is deemed to be fully in effect, i.e. around 10 to 15 years after the anticipated date of entry into force.<sup>30</sup>

### 2.1.3 How to read SIA simulations

It should be noted that baseline scenarios are themselves projections in the future. They extrapolate data and trends from a year of reference and make a number of assumptions regarding how the situation would evolve until then without the trade agreement. So, the impacts described in the SIA are not relative to the economic situation at the time the agreement is being signed; rather they are relative to a projected future economic situation. This means that any increase in an economic indicator - say, export volumes - would come on top of the increases already expected between the year of reference and the year of projection.

Importantly, the gains expected by the model are described as a lasting one-time improvement between the baseline scenario and the FTA scenario, once the agreement is fully implemented. To give an illustration, the increase of 0.76% in the Gross Domestic Product (GDP) of the EU forecast in the framework of the EU-Japan agreement (JEFTA)<sup>31</sup> means that after JEFTA is implemented, the GDP of the EU is expected to stay constantly at a level 0.76% higher than what it would be without the agreement.<sup>32</sup>



## 2.2 Econometric Modelling of Economic Impacts: The Cornerstone of SIAs

### 2.2.1 The Computable General Equilibrium Model (CGEM): presentation of purpose and hypotheses

#### Purpose

The analysis in SIAs relies primarily on econometric modelling of the economic impact of the agreement. Econometric models are tools combining mathematics and statistics in order to simulate the future trajectory of an array of economic indicators (GDP, sectoral output, export volumes, etc.). This trajectory is based on the current state of the economy and a set of assumptions on the way the economy works, as well as potential upcoming events.

SIAs use the Computable General Equilibrium Model (CGEM). The CGE model is a tool used to simulate the impacts of policies - such as a new FTA - on the economy. It fits economic data to a set of equations which aim to capture the structure of the economy and the behaviour of economic agents (firms, households, governments). This provides a framework to trace the impact of a policy on key economic variables<sup>33</sup> and the way the different markets (commodities, services, labour markets) might react to it.

#### Hypotheses

CGEMs are grounded in neoclassical economic theory. Thus, they hold a series of fundamental assumptions regarding the way the economy works and economic agents behave. Among others, CGEMs assume perfect competition within markets, the rationality of economic agents, a demand for commodities and services created by supply, as well as a full-employment situation.

In this framework, markets smoothly balance each other through the fluctuation of prices, wages, and interest rates so as to reach an optimal general equilibrium in the long-term. Following Ricardo's theory of comparative advantages, the reduction of barriers to trade encourages the specialisation of each trading partner's economy in the sectors in which it is most efficient. As companies gain access to new markets, they achieve economies of scale (i.e. the price per unit produced decreases as the total volume of production increases). Prices of imports decrease, offering cheaper products to consumers and reducing at the same time the price of production inputs for companies. The combination of these effects enables companies to be more competitive, which in turn stimulates production and boosts exports. Eventually, further specialisation and international trade bring more revenues to each trading country than in the former organisation of the economy.<sup>34</sup>

The main results generated by CGE modelling are variables such as aggregate exports, variations of trade volumes and prices for each product group, GDP, and changes in the payroll of each economic sector. Although it remains unclear how the studies isolate from a given

payroll the effects in terms of respectively jobs and wages,<sup>35</sup> some SIAs describe both wage and employment effects of the agreement<sup>36</sup>. The model captures a new state of the economy once all markets have fully adjusted to the new parameters and the workforce has been reallocated among economic sectors according to the new patterns of production. Eventually, this new equilibrium increases the well-being of consumers thanks to lower prices and a greater diversity of products.

It is worth remarking that by construction, CGE models do not predict an outcome in terms of overall job gains or losses (full employment is already a given in the model) but an increase or a decrease of the relative weight of each sector in total employment due to the changes in output and productivity (themselves stemming from changes in tariffs and regulations).

On top of the foundational assumptions of neoclassical economics, researchers Bernhard Tröster and Werner Raza of the Austrian Foundation for Development Research noted in their assessment of the EU-Mercosur SIA that the CGEM incorporates other technical parameters that “influence the direction and magnitude of model outcomes.”<sup>37</sup> These include for example the Armington assumption, according to which foreign and domestic products in international trade are differentiated by their country of origin and do not perfectly substitute each other,<sup>38</sup> as well as the value of “Armington elasticities” set by the modellers to determine the substitutability between the domestic and the imported products.<sup>39</sup>

## 2.2.2 Unrealistic assumptions and biased framing of modelling in SIAs

### Unrealistic assumptions

These assumptions do not reflect the way the economy works in reality: the system is not an equilibrium before implementation of an agreement, nor does the economy adjust perfectly afterwards in order to reach a new optimal state. Precisely, by focusing on long-term gains, the CGE model underestimates the importance of the transition period. It gives a distorted “before/after” picture of the economy, in which all factors have readjusted, and workers have shifted “without friction” from one sector to another according to new patterns of production. However, experience has shown that globalisation is more likely to translate into a rise of unemployment in the sectors under higher competition, since only some of the workers manage to retrain in other sectors.<sup>40</sup> Moreover, multinational companies have the possibility to offshore or outsource their activity in countries where the labour force is cheaper, labour rights weaker and where they are less likely to be held accountable for human rights and environmental violations. Also, the idea that profits are systematically reinvested in the domestic, productive economy greatly diverges from reality. Profits tend to increasingly remunerate capital holders under the form of dividends, and a substantial share is held in tax havens, escaping taxation and productive investment. What is more, the average unemployment rate in the EU has fluctuated between 6 and 12% between 2008 and 2021<sup>41</sup>, making the full-employment hypothesis a particularly weak point of the CGEM.

The gap between modelling scenarios and reality constitutes an additional shortcoming. Some scenarios of SIAs assume a full liberalisation of all products, i.e. all tariffs and tariff-rate quotas

(TRQs) are eliminated. However, it is almost always the case that for “sensitive” agricultural products only partial tariff cuts and/or TRQs are implemented. Although this limit is acknowledged by the SIAs and the Commission,<sup>42</sup> the fact that SIAs are based on unrealistic scenarios does not help to foresee the actual impacts of the trade agreement. All the more so if the actual outcome of negotiations (so the exact tariffs and TRQs) are already known, as was the case for the EU-Mercosur agreement (see Box 6: Chronology EU-Mercosur Trade Agreement and its SIAs). In that regard, the French ad hoc expert Committee on the agreement states in its report: “One can only regret that these simulation hypotheses do not better reflect the outcome of the negotiations.”<sup>43</sup> It is worth noting that this shortcoming in the SIA does not seem to stem from an impossibility to integrate partial tariff cuts and TRQs into a model since a study on cumulative impacts published by the Commission just one month after the EU-Mercosur SIA did take actual negotiated tariffs and TRQs into account.<sup>44</sup> Likewise, a 2020 study by Carrico and al.<sup>45</sup> used the actual tariff schedule and adjustments to run its simulations.<sup>46</sup>

This loophole is not trivial, because the scenarios that the SIA recommends in its conclusions on the basis that it would provide the highest gains are precisely those implying full liberalisation:

- CETA: “The CETA is expected to lead to overall gains in welfare, real GDP, total exports, the balance of trade and wages in both Canada and the EU over the long-term. Based on modelling results, these gains will be maximised under an agreement that offers the highest degree of liberalisation”.<sup>47</sup>
- EU-Mercosur: “Without an exception, the positive effects in all variables are much stronger in the ambitious scenario, than in the conservative scenario, just as we would expect”.<sup>48</sup>
- Transatlantic Trade and Investment Partnership (TTIP) between the US and the EU: “Given the size of the economies in absolute terms this is a considerable gain and a gain that accrues each year. Furthermore, there is a substantial extra estimated gain in GDP when comparing the less ambitious scenario with the ambitious scenario for both the EU and US. From this perspective, the more ambitious TTIP, the higher the expected gains.”<sup>49</sup>

Tröster and Raza stress the importance of the accuracy of input parameters to the model in terms of tariffs and TRQs for the assessment of ecological impacts: “The reported model results are also the basis for a quantification of ecological effects such as CO<sub>2</sub> emissions and the basis for a discussion on deforestation effects. It is, therefore, necessary to use reliable economic outcomes as, for instance, assumptions on tariff rates and TRQs determine exports effects and, in turn, the ecological consequences.”<sup>50</sup> We investigate this issue in detail in part 2.3.

### A tautological construction

The biases of mainstream economics are a built-in feature of CGE models: they take for granted that removing tariffs and regulations is positive *per se*, define the parameters according to the unrealistic assumptions described above and then find a positive outcome that supports the initial hypothesis. In other words, the results are already in the hypotheses.<sup>51</sup> A report of the European Court of Auditors published in 2014 underlined that the CGE model is limited by “its somewhat tautological construction, i.e. all results are implicitly linked to the assumptions and calibration made” and that “its simulation of long-run effects is tenuous”<sup>52</sup>. This has implications since conclusions of SIAs are then widely used by proponents of trade agreements as evidence that they should be taken forward. In its 2011 Opinion of SIAs, the European Economic and Social Committee (EESC) pointed out that the economic evaluation of SIA “in practice serves primarily to validate the EU’s desire to conclude a trade agreement”.<sup>53</sup>

Paradoxically, despite this view of FTAs as positive by default, the marginal economic benefits expected from each new trade agreement are small, depending mainly on the size of the markets concerned. “In all evaluations of free trade agreements, FTAs result in positive but very small impacts on GDP: in practice, the positive effects (increased competitiveness) slightly outweigh the negative effects (competition from foreign products) on average”, write Bellora and Fouré.<sup>54</sup> The SIA for CETA estimated for instance that “the EU will experience increases in its real GDP of 0.02% to 0.03% over the long-term, while Canada is estimated to see increases ranging from 0.18% to 0.36%”.<sup>55</sup> As for the EU-Mercosur SIA, it is expected that the EU’s GDP will increase “by +0.1% or EUR 15 billion until 2032 – equivalent to EUR 2.50 per capita and year”.<sup>56</sup>

The explanation lies mainly in the already high level of trade liberalisation. The EU is the region of the world with the lowest customs duties (3.1% on average for the EU against 4.2% on average in the world).<sup>57</sup>

Although the European Commission conducts ex-post studies after the implementation of the agreements, “few comparisons have been made between the ex-ante results of the CGEM and the ex-post evaluations of the agreements” to validate the results of the CGE models, observed Bellora and Fouré.<sup>58</sup> Both economists cite in their paper a study conducted on NAFTA in 2014 showing negligible or even weakly negative effects. They also refer to the available data on the effects of China’s accession to the WTO, which tend to show that the effects expected to be “transitory” actually tend to last, particularly on the US labour market.

A paper from the United Nations Conference on Trade and Development (UNCTAD) underlines how choices made by modellers themselves (e.g. the value of the aforementioned “Armington elasticity”) can influence the outcome of the model, especially when it comes to characterising the behaviour of producers and consumers: “These parameters measure the responsiveness of producers and consumers to relative price and income changes and therefore have an important bearing on the outcome of a CGE simulation. There are at least three (often more) types of behavioural parameters which are needed. First are the elasticities of substitution in value added that govern the substitutability of the primary factors of production. Second are the Armington elasticities that determine the substitutability of the domestic vs. the imported

composite product. Third are the demand and income elasticities of the households or consumers. One of the more important criticisms levelled against CGE models concerns the quality of the information used to derive these behavioural parameters. Hertel et al. (2004) have admitted that the history of estimating the substitution elasticities governing trade flows in CGE models has been 'chequered' at best. In some cases, the CGE model builders do not statistically estimate these parameters themselves but take them, usually without much change, from other sources".<sup>59</sup>

According to another economist, some of the parameters used to set the value of Armington elasticities in the model are "essentially a black box to the model" since "there is no economic theory underlying the choice of these parameters [...] Thus, in Armington-type CGE models, the trade patterns are largely determined by the fixed taste parameters, but these parameters are not explained by the model."<sup>60</sup>

This lack of transparency on the choices made by modellers common to most CGE models is blatant in the EU-Mercosur SIA, as Tröster and Raza point out in their study: "The problem of model assumptions is often amplified by missing details on data and parameters inputs, scenario designs and the style of reporting. In particular, the LSE SIA provides little information on the specifications of their model and baseline development and adjustments to the data [...] None of the selected CGE model studies document details on exogenous behaviour parameters such as Armington elasticities that determine the substitutability of domestic against imported products. Overall, the lack of detail on modelling and results makes it difficult to interpret the results and the underlying drivers."<sup>61</sup>

### A biased framing

While they are presented as neutral, SIAs are loaded with implicit assumptions significantly influencing the study. The global objective to liberalise international trade in order to open markets and promote economic growth is taken for granted. SIAs do not engage in the discussion on the model of trade and the objectives that should be associated with trade policy. The study is built on the axioms that increasing all kinds of trade flows and fostering export-oriented production is good *per se*, making this trade model "naturally" desirable when it is in reality just one option among others.

The option of not going ahead with the agreement is never mentioned nor is the option of selecting more precisely the goods and services for which trade should be encouraged. Yet, one could imagine SIAs being based on key criteria such as the conditions under which (a) the agreement can be signed - e.g. the actual human rights situation in the partner country or countries; or (b) trade preferences for sensitive products are implemented such as the fulfilment of sustainability criteria. And secondly, the negotiations could involve a much more precise selection of the goods and services for which trade is to be promoted.



## **Box 2: Alternative economic impact assessment studies**

Alternative studies have come to much more pessimistic conclusions about the effect of the further liberalisation intended in trade agreements. A 2014 paper found that the studies on which the TTIP SIA was based “underestimated” or “neglected outright” the economic adjustments caused by the agreement, which the authors estimated at EUR 33 billion to EUR 60 billion euros over a period of 10 years.<sup>62</sup> Another review of the TTIP found that the free-trade agreement would lead to “a contraction of GDP, personal income and employment” as well as financial instability and a “continuing downward trend in the labour share of GDP”.<sup>63</sup> Researchers concluded in 2016 that CETA “will cause unemployment, inequality and welfare losses”.<sup>64</sup> More recently, a study concluded that changes brought in the composition of the economy by the EU-Mercosur agreement are “causes for concern both for the EU and Mercosur”, wondering if the agreement was not equivalent to “trading away industrialization”.<sup>65</sup> That EU-Mercosur “will contribute to deepening the traditional international division of labour between the so-called industrialized and developing countries” was one of eight clear criticisms of the European Commission's SIA highlighted by another recent Austrian academic study.<sup>66</sup> Lastly, nearly 200 economists criticised the EU-Mercosur SIA for failing to base the assessment on realistic scenarios and up-to-date data.<sup>67</sup>

The common point of these alternative studies is their use of models grounded in Keynesian theory whose assumptions aim to reflect more accurately the actual functioning of economies. In these models, markets can indeed suffer from structural imbalances; prices and wages are rigid; and supply is created by demand. These models are thus better suited to draw conclusions in terms of employment and inequalities. The Global Policy Model designed by the United Nations uses such an alternative framework. It is a valuable reference instrument able to complement the CGEM in the framework of SIAs. Nevertheless, these models provide a better representation at the macro level of how the economy will react, without being able to assess developments at a sectoral level for example. They also suffer from similar biases to standard models in terms of the difficulty of modelling the lowering of non-tariff barriers or capturing environmental and social impacts.

### Unrealistic outcomes of the model

According to Tröster and Raza, some outcomes of the model are as questionable as the parameters. They challenge the estimation made by the SIA of the changes to the Mercosur trade balance, judging them “implausible”: “All CGE impact studies report substantially higher growth for EU exports to Mercosur than vice versa. Taking the LSE SIA study as the benchmark, EUMAA is expected to increase EU exports to Mercosur countries by 67.5% until 2032, driven by manufacturing sectors. On the other side, total Mercosur exports to the EU are expected to rise by only 13.9%, particularly in the agri-food sectors. Based on recent trade data, the EUMAA would increase the bilateral trade deficit for the Mercosur against the EU from USD 10 billion to USD 45 billion. However, the total net trade effects for Mercosur countries are reported as strongly positive, with an increase of USD 10 billion. Such diverging effects in bilateral and total trade can only be rationalized by the model assumption of strong substitution effects between bilateral imports and imports from third countries, such that Mercosur production is only slightly affected by competition from more EU imports. This however is unlikely.”<sup>68</sup>

### 2.2.3 Unreliable estimation of non-tariff barriers

Another major limit of the CGEM in SIAs lies in the way they incorporate the impact of changes beyond the realm of tariffs and quotas. Indeed, as a vast majority of tariffs have already been removed or are close to zero, new generation trade agreements mainly deal with rules applying to goods and services. Researchers estimate that trade costs originating from “Non-Tariff Measures” (NTMs) matter significantly more than remaining tariff barriers.<sup>69</sup> Through “regulatory cooperation”, trade negotiators seek to harmonise the rules in fields such as “Technical Barriers to Trade” (TBT)<sup>70</sup> – i.e. technical regulations, standards and procedures applying to products – and Sanitary and Phytosanitary measures (SPS)<sup>71</sup> – i.e. rules for food safety and protection of consumers’ health. Former World Trade Organization (WTO) chief Pascal Lamy made this objective clear in a column about the TTIP: “Currently, weighted tariffs and administrative procedures to cross borders make up respectively 5 and 10% of the cost, whereas regulatory differences, certification and controls amount to 20% [...] The priority is therefore to address the precautionary costs in order to reduce the 20%.”<sup>72</sup>

With the aim to evidence the potential trade hindered by regulatory differences, SIAs attempt to quantify and measure their impact. To do so, they use “Trade Cost Equivalents” (TCE) or “Ad Valorem Equivalents” (AVE), i.e. fictitious import tariffs, which, if they were implemented, would have the same impact on trade as the NTMs.<sup>73</sup> In other words, TCEs express in numbers the regulatory differences between the trading partners for a specific product, an economic sector or the entire economy. For example, it is estimated that the EU exports to the US have a difference of 73% with US products in the food sector and 21% in the chemicals sector.<sup>74</sup> In the case of the EU and Mercosur, the AVE in the motor vehicles sector is equal to 9.3% for exports from the EU to Brazil and 13.7% in the other direction.<sup>75</sup>

The CETA SIA estimates that the deletion of NTMs between the EU and Canada would lower by 2% the production costs of traded goods and slash the cost of exchanged services by 6 to 10%.<sup>76</sup>

However, from a sheer technical point of view,<sup>77</sup> this approach is questionable: many economists criticised the robustness of the quantification of NTMs and have raised doubts about its relevance for policymaking.<sup>78</sup> Among others, researchers of the research institute CEPII write that “to date, no reliable method enables to translate into a tariff equivalent an economic policy aiming to facilitate the access to public procurement or services”.<sup>79</sup>

This limitation has particularly profound implications since most of the assumed positive impacts in terms of GDP or welfare are assumed to originate from changes in NTMs, and only a minority from tariff reductions. In the TTIP SIA for example, more than 80% of benefits were expected to stem from regulatory cooperation.<sup>80</sup>

## 2.2.4 Aggregated data

SIAs present aggregated economic gains as evidence of the benefits of trade agreements but do not comment on the distribution of these gains among countries, economic sectors, and population deciles. In reality, trade agreements, such as other policies, do not have homogeneous effects and it is misleading to make claims – even implicitly – about economic impacts as if everyone would equally benefit from them.

### For countries

With a few exceptions,<sup>81</sup> the EU is considered as a whole in most SIAs and for most indicators, so no results per Member State are available. This is of course problematic because it does not enable an investigation of the differentiated effects on each country. Behind an average “positive economic impact for the EU” may hide a high benefit in some countries but a worsening situation in others, depending on the trade pattern that each particular country has with the trading partner. Tröster and Raza recall the wide spectrum of import and export patterns between Mercosur and EU countries: “The shares of exports to Mercosur countries in Extra-EU trade range from 0.4 % for Bulgaria, Croatia and Lithuania to 3.7 % for Spain and 4.7 % in the case of Portugal (average 2012–2019, Austria: 2.0 %). On the import side, these shares vary between 0.4 % for Latvia to 3.7 % for Spain and 7.0 % for Portugal (Austria: 1.1 %).”<sup>82</sup>

Paradoxically, when the results do make it possible to observe differentiated impacts, the SIA does not always acknowledge it. Indeed, in some of the scenarios, the EU-Mercosur Agreement, would lead to a stagnation or even decrease in welfare/GDP for Uruguay and Paraguay. So, the conclusion according to which the agreement “can have positive social effects in the EU and in Mercosur countries”<sup>83</sup> does not seem consistent with the fact that at least for Uruguay and Paraguay, the welfare effect is modelled to be neutral or even negative in some scenarios.

Yet many economists have pointed out that trade agreements tend to lock countries of the Global South into an economy geared towards the production of raw materials and commodities with low added value instead of contributing to a development based on a more diversified economy able to cater for domestic demand. This asymmetric relationship is obvious in the EU-Mercosur

agreement, where Mercosur countries are expected to further specialise in the export of agricultural products (meat, soy, sugar, fruits, etc.) and raw materials (wood, iron or copper ores) to the EU, whereas the EU would keep exporting mainly manufactured products with medium or high added-value (cars and car parts, medicine, chemicals, etc.).<sup>84</sup>

#### For economic sectors

SIAs give insufficient information about the relative sectoral impacts, making it hard to understand which sectors may be more affected than others. Yet, as reminded by several stakeholders interviewed for this study, it is no secret that trade agreements tend to favour some economic sectors “in exchange” for compromises of others. Bellora and Fouré also note that “often, in the case of the EU, agriculture sees its added-value diminish while the services sector benefits from the agreement”.<sup>85</sup>

#### For the type of businesses

SIAs fall short on giving a precise picture of the impacts of the agreement on specific categories of actors because it takes for granted that all kinds of trade are worth the same. SIAs do not explain how the patterns of trade will qualitatively change due to the agreement, i.e. what it means in terms of the nature, the quality and origin of the goods (e.g. organic or conventional agriculture), the size and type of producers, the distribution of value along the supply chains, etc. As a consequence, SIAs are blind to the kind of companies that will see their activity grow due to the agreement and those that will be adversely affected by it. Yet, this question is of prime importance, since the gains of some might be the losses of the others and vice versa. Agrobusiness on the one hand, and SMEs and small-scale farmers on the other hand have often divergent interests.

#### For the population

It is common for SIAs to assess the supposed monetary benefit for each EU citizen or household. These figures are then widely used by the Commission in its communication. However, the calculations to get these figures are complex and it is safe to say that the claimed economic gains are uncertain, to say the least. What is more, the studies implicitly present the economic gains as equally benefiting everyone. But this does not say anything on the distribution of these gains among the population in practice. The TTIP SIA acknowledges that indicators calculated for the “average” citizen do not inform about the distribution of these gains across the population.<sup>86</sup>

When SIAs do acknowledge that some sectors of the economy or social groups might be worse-off from the agreement, they assure that this negative effect will be compensated by relatively greater gains for those of the sectors or groups which will turn out to be better-off. In theory, this leaves governments with the possibility of compensating the “losers” through redistribution, thus offering more welfare to society as a whole. But this possible redistribution of the gains of the agreement and compensation for the losers is far from being automatic. Impact studies should seek to shed more light on sectoral, regional and social disparities in order to formulate more comprehensive recommendations for national accompanying measures.

## 2.3 Focus on the Environmental and Social Dimensions: Identification of Method and Data Limitations

### 2.3.1 The simulation of environmental and social impacts

The assessment of environmental impacts is mainly derived from the economic impact assessment. Indeed, as the EU-Mercosur SIA indicates, besides the section on economic impacts, “the CGE results feed into all other chapters of the report [...] into the social, environmental, human rights, and sectoral analysis, as well as cross-cutting issues (LDCs, SMEs and consumers)”.<sup>87</sup> Practically, the output data of the economic analysis provides the input data of the quantitative social and environmental analysis so the evaluation of social and environmental impacts is closely tied to the economic modelling. Social and environmental assessments in SIAs are somehow a “by-product” of the economic analysis. Consequently, the biases and loopholes present in the economic analysis are replicated in the environmental and social assessment.

Quantitative environmental and social assessments usually stem either from the results of the CGE model only, or from the results of the CGE model coupled with the application of a second model called “E3MG”. E3MG is a computer-based model able to run simulations linking the economic, environmental and energy variables.<sup>88</sup> The results obtained by the CGE model are factored in the E3MG model in order to estimate the variation of indicators with and without the trade agreement. Typical output data of the E3MG models are: GHG emissions, air pollutants and energy use. To obtain an estimation of the variation of GHG emissions caused by the agreement, researchers use the changes in outputs simulated by the CGE model. Changes in GHG emissions reflect three effects:

- a) **The composition effect**, which reflects the overall variation in emissions due to the reorganisation of the economy and the shifts in the relative weight of more or less carbon-intensive sectors.<sup>89</sup>
- b) **The scale effect**, i.e. the total in GHG emissions due to the increased economic output.
- c) **The technique effect**, which estimates the evolution in GHG emissions due to the technical effects implied by the agreements. The benefits of the technical effects are assumed to derive from two sources: increased productivity (as firms are under increased competition, they produce more efficiently and the carbon intensity from a sector diminishes); and innovation and technology transfers. Interestingly, the E3MG model relies on optimistic assumptions regarding the pace of technological progress and of invention and diffusion of green technologies: investment and R&D in new technologies are used as an indicator to calculate energy savings or pollution abatement.<sup>90</sup>

Ultimately, the environmental analysis is built in such a way that a limited economic impact (as usually is the case in SIAs, see part 2.2) can only be inferred as a limited environmental impact.

The same logic applies to other environmental impacts such as pollution or material use, although these indicators are not equally treated throughout the different SIAs.<sup>91</sup>

### 2.3.2 Shortcomings in climate impact analysis

Another explanation why SIAs find relatively low GHG emissions relates to the narrow and incomplete scope of emissions taken into account.

#### International transport

Most SIAs acknowledge that an increase in trade could lead to an increase in CO<sub>2</sub> emissions and pollution from international transport, but this risk is not mirrored in the SIA numbers. Yet, this is not a minor point: more or less one third of trade-related emissions are estimated to come from international transport.<sup>92</sup> Out of all GHG emissions linked to EU exports, 32% are caused by international transport. This figure is 29% for imports. Cargo-ships alone make up 3% of global GHG emissions.<sup>93</sup> This blind spot of SIAs is all the more problematic since emissions from international transport are poorly regulated: fuels are little taxed, and sea and air transport largely escape carbon taxes or other schemes such as the EU Emissions Trading System (EU ETS).<sup>94</sup>

#### Land use, land-use change, and Forestry (LULUCF)

Another major loophole is that the GHG numbers of SIAs do not incorporate the GHG emissions resulting from land use, land-use change, and Forestry (LULUCF). Yet the Intergovernmental Panel on Climate Change (IPCC), the United Nations body for assessing the science related to climate change, identifies agriculture, forestry and other land use as a significant net source of GHG emissions, contributing to about 23% of total GHG emissions.<sup>95</sup> The failure to take this source of emissions into account is all the more problematic when it is a major source for some countries. According to the EU-Mercosur SIA report, between 2005 and 2010, LULUCF accounted for 55% of Brazil's emissions and 70% of Paraguay's.<sup>96</sup> Furthermore, the implications for this agreement in particular are huge given the expected increase in agricultural especially meat, sugar cane and soy<sup>97</sup> production that the agreement would entail and the subsequent risks of deforestation.<sup>98</sup>

Although cost-benefit analyses in monetary terms applied to environmental impacts are no silver bullets, they can help to grasp the extent to which SIAs minimise potential environmental impacts. A report from the ad hoc Committee on the EU-Mercosur agreement set up in France analysed the risk of deforestation in terms of the equivalent amount of additional grazing land that would theoretically be needed to meet this increase in beef production, considering several scenarios. And this report states: "In total, the additional emissions attributable to the Agreement would be between 4.7 and 6.8 million tonnes of CO<sub>2</sub> equivalent according to the conservative and ambitious impact assessment scenario, respectively. However, this significant result remains limited in considering the economic benefits. Indeed, with a fixed value of carbon at 250 euros (the 'tutelary value'),<sup>99</sup> the balance between the economic gains and the calculated climate costs is positive. On the other hand, taking into account the risk of deforestation reverses this

conclusion [from 121 to 471 Mteq CO<sub>2</sub>]: if this risk were proven, the net balance between economic gains and climate costs would then be negative.”<sup>100</sup> Indeed, “whatever the figure considered, the impact of deforestation would be disproportionately significant in comparison to the results of the SIA [...] With a tutelary social value of carbon fixed at 250€, the social value of these GHG emissions far exceeds the real income gains estimated by the SIA”. The report further states: “Likewise, if this value was to be lowered to 50€ per tonne CO<sub>2</sub> equivalent, the costs related to the risk of deforestation in the Amazon would be in the same order of magnitude than the revenues [expected from the agreement] (12,7 to 17,8 bn dollars depending on the scenario – conservative or ambitious).”<sup>101</sup>

### **Box 3: Social cost of carbon**

To our knowledge, the SIA for TTIP was the only one to include an estimation of the “social cost of carbon”. However, it did it using a value of carbon fixed to €20, a value 12,5 times smaller than what is recommended by the French expert committee on the EU-Mercosur. In the ambitious scenario, the TTIP SIA estimated that the social cost of carbon reached €91 million.<sup>102</sup> Using the €250 value, this figure would amount to €1.137 billion. This is a significant change, bearing in mind that carbon emissions are underestimated, as seen above. It is also worth mentioning that carbon emissions are just one of the arrays of environmental and social issues raised by trade agreements, and even the use of a higher value of carbon would not fairly encompass the totality of hidden costs falling on society and the environment (see following section).

### 2.3.3 More random assessment for the other impacts

For all other issues that cannot be modelled, the SIA proceeds by establishing a baseline and then seeks to analyse what the specific impacts of the agreement in question might be in this context. The content of these sections is much less standardised, and the quality depends very much on the subject and study.

Many topics are reviewed, and the contributions of the various stakeholders tend to encourage the authors of the studies to take more and more elements into account (biodiversity, animal welfare, gender, etc.). But it appears difficult to draw clear conclusions. In particular, the reports do not really allow the materiality of the different risks identified to be understood:

- The level of hazard (probability of occurrence of a given event and intensity of the hazard)
- The severity of potential environmental or human rights impacts.

Nor do these parts contain any real legal analysis to examine the effective scope of a number of specific provisions of the agreement on environmental protection or the respect of human rights.

### Deforestation

The SIA conducted for the EC for the EU Mercosur trade agreement concluded that increased cattle production will not necessarily lead to deforestation, whereas the French expert commission states that increased deforestation cannot be excluded.

The report for the SIA merely sets out various “possible scenarios” without assessing their actual probability of occurrence and fails to carry out any thorough analysis: “Consequently, although it may be possible a limited expansion of the agricultural frontier in Mercosur associated with an increase in the cattle stocks; it is also possible that exports to the EU may be generated without increasing stocks, by increasing the animal density and/or by substituting land with other animal uses [...] It may be possible that domestic consumption may fall, maintaining the stock unchanged.”<sup>103</sup>

This makes this section very weak although this is an area of major concern. And while the report itself does not bring convincing explanations, the executive summary is more assertive: “no significant expansion of the agricultural frontier would be expected as a result of the Agreement according to the modelling results.”<sup>104</sup>

The French expert commission is more cautious on the matter: “All in all, the different factors which would lead to find elsewhere than in spaces with high ecological value the additional spaces potentially linked to increased beef meat production as a result of the Agreement are not significant enough to guarantee that the additional production does not result partly or entirely in increased deforestation. Without being able to establish precisely which part of the hectares necessary to produce additional meat volumes due to the Agreement will actually cause an equivalent deforestation, it is not possible to dismiss a risk of deforestation on all or part of these volumes.”<sup>105</sup>

And the report concludes that annual deforestation could accelerate by between 5% and 25% over the six-year period of the agreement to reduce tariffs, compared to the average of the last five years (without taking into account the additional area of crops needed for animal feed).

While the European Commission and its Trade Commissioner Valdis Dombrovskis doubt the findings of the French study,<sup>106</sup> a recent scientific paper supports the French analysis. By using the CGE model, the article by four American academics (including the Brazilian Paulo Barreto from the Amazon Institute of People and the Environment (IMAZON)) estimates “that the agreement will cause additional deforestation in Brazil ranging from 56 to 173 thousand ha to accommodate increases in cropland area, depending on the level of governance, use of double-cropping techniques, and trade elasticity parameters. Most additional deforestation in Amazonia would be clustered near current deforestation hotspot areas. Some hotspots threaten the integrity of Indigenous lands and conservation units.”<sup>107</sup>



## Biodiversity

Along with climate impacts, SIAs generally indicate that the environmental analysis includes an assessment of the impact of the FTA in biodiversity. However, this analysis is almost non-existent. It is mainly limited to the description of the state of play and of the governance framework on the topic.

In the CETA SIA, there are general statements on the sources of biodiversity loss<sup>108</sup> and the report mentions the potential negative effects of some economic sectors on biodiversity, but in a very scattered way: the overall impact on biodiversity is not assessed. Even sectoral impacts remain vague and unquantified. They are also accompanied by the mention of potential positive effects on biodiversity, but the SIA does not decide on the respective likelihood of both assumptions.<sup>109</sup>

The TTIP SIA limits itself to recalling the main factors impacting ecosystems and biodiversity and the different EU legislations as well as Multilateral Agreements on the topic.<sup>110</sup>

The EU-Australia SIA does slightly better, acknowledging without quantified impact that “it is possible that the FTA could impact on Australian biodiversity through changes in agricultural production (particularly through land use change) and through the increased risk of invasive plants and animals caused by increased trade activity.”<sup>111</sup> However, the recommendations following such conclusions are very weak. The SIA suggests including a provision in the Trade and Sustainable Development (TSD) chapter in order to encourage sharing of “best practices” between the EU and Australia “on how to minimise land clearing for agricultural production and how to minimise the impact of land clearing on biodiversity.”<sup>112</sup>

The absence of a biodiversity analysis is blatant in the EU-Mercosur SIA: although the report indicates that the environmental analysis will include ecosystems and biodiversity; no such section can be found in the report. The SIA does not go further than listing the Multilateral Environmental Agreements (MEAs) the EU and Mercosur are part of which include provisions on biodiversity. This absence does not match with the particularly high negative impact that one can expect from this agreement on biodiversity, because of the particular biomes and ecosystems present in Mercosur countries on the one hand; and the importance given in this agreement to agricultural products prone to affect biodiversity on the other hand.<sup>113</sup>

Indeed, the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) recognises land-use change due to the extension of agriculture (pastures and cultures) as the first cause of biodiversity loss globally. Between 65% and 75% of these changes are estimated to originate from livestock farming for meat and dairy products,<sup>114</sup> especially through deforestation. Particularly detrimental to biodiversity is the extensive livestock farming of the “deforestation frontier” of the Amazon, the Brazilian Cerrado and the Argentinian and Paraguayan Chaco. Intensive livestock farming also has an impact, although sometimes indirectly, through increased pressure on land to produce crops for animal feed (e.g. maize, soy). It should be noted that the EU-Mercosur SIA does not assess the impact of the FTA on the production of soy on the basis that tariffs are already null. However, this is not satisfactory given

the predominance of soy in animal feed and the subsequent growth in soy culture that could result from a growth in livestock farming. On top of this, while import duties have already been completely eliminated, soy products were still subject to export duties in Mercosur countries, especially Argentina. As the Agreement intends to reduce these taxes,<sup>115</sup> a non-neglectable effect on soy production is to be expected. The European Commission itself explained that: “The agreement will offer EU industries cheaper high-quality raw materials by reducing or eliminating duties that Mercosur currently imposes on exports to the EU of products such as soybean products (feed for EU livestock).”<sup>116</sup>

Given that the EU-Mercosur agreement aims to incentivize the production and export of animal products, the SIA should dedicate more effort to properly analyse and measure biodiversity loss resulting from the agreement. Considerations on the possibility to increase livestock production through more intensive and productive modes of production fail to address environmental concerns, since intensive production comes with other issues: use of antibiotics as growth promoters, poor animal welfare, use of phytosanitary products such as pesticides on the cultures dedicated to animal feed, etc.

### Human rights

SIAs contain long descriptions of the Human Rights situation in the countries part of the agreement. The EU-Mercosur SIA, for example, reviews commitments and indicators linked to four categories of rights: Right to an Adequate Standard of Living, Right to the Enjoyment of the Highest Attainable Standard of Mental and Physical Health, Rights of Indigenous People and Gender Equality. The description is 48 pages long,<sup>117</sup> whereas the analysis on the impact of the agreement in itself is only 16 pages long.<sup>118</sup>

Based on the results of the CGE model, the SIA speculates about how the potential benefits of the agreement might compensate for the negative impacts on populations and communities in Mercosur countries. In the section dedicated to Indigenous People's Rights, the SIA states that “foreign investment in rural areas” might “provide important benefits to rural indigenous populations, such as employment, capacity building, and physical infrastructure including roads, and increased access to water supplies”, as well as an “increased bargaining power for indigenous communities vis-à-vis multinational corporations, and thus greater capacity to implement the demand side of human rights [...] In some instances, trade and investments have provided indigenous peoples with new employment opportunities and income gains with further intangible positive impacts such as on indigenous women's confidence and bargaining power”, the SIA continues.<sup>119</sup> Such a statement is purely theoretical and does not rely on any thorough analysis nor data. It also seems to take for granted that development shall necessarily be a desirable path for indigenous populations whereas they have the recognised right “to maintain and strengthen their own institutions, cultures and traditions and to pursue their development in keeping with their own needs and aspirations.”<sup>120</sup>

The SIA on the Environmental Goods agreement provides another example of a very far-fetched argument on Human Rights. The SIA explains that “small solar lights, or renewable energy projects that bring electricity to rural areas, can allow people to work later, to enjoy leisure activities and to read and write during the night, among other benefits”.<sup>121</sup>

Put side by side with the considerable risks of an EU-Agreement such as EU-Mercosur on Human Rights, such unsubstantiated analysis completely fails to describe the specific impacts of trade agreements on human rights.

First, it does not develop a legal analysis of the evolution of access to justice, the rule of law, and the protection of trade unionists after the agreement is in force.

Second, the SIA totally overlooks the ongoing political situation in the trading partners, which in the case of Brazil and President Bolsonaro is of particular concern. Indeed, as Bernhard Tröster and Werner Raza put it, “the power base of the right-wing government of President Bolsonaro is closely tied to agro-industrial interests and openly hostile to indigenous communities and their claims on land [...] As a consequence, the Bolsonaro government has been offensively dismantling environmental protection as well as curtailing the rights of small-scale farmers and of indigenous peoples, all of which resulted in a significant increase in violence and repression against indigenous communities.”<sup>122</sup>

In that regard, increased agricultural and extractive activities in Mercosur countries will without doubt worsen the already happening process of land-grabbing resulting in the eviction of local and indigenous communities and small-scale farmers. Pressure on land and resources (e.g. water) is also associated with violence and crimes. Over the decade 2009–2018, 363 killings of land and environment defenders were reported in Brazil, by far the country with the most such crimes.<sup>123</sup> The SIA does not specify if and how the agreement is going to influence such phenomena.

After its 2019 visit to Brazil, one of the world's biggest pesticide users, the Special Rapporteur on Human Rights states that “for years, grave human rights violations have been reported from Brazil regarding the widespread use of pesticides”.<sup>124</sup> The Rapporteur also stated that “well-founded concerns exist that lower standards of protection from pesticides in the country persist to benefit a narrow set of private interests concerned with the export of agricultural commodities”.<sup>125</sup> The EU-Mercosur agreement precisely incentivises the import of pesticides and this export-oriented food production, yet does not properly assess the impact it will have on environment health and human rights.<sup>126</sup>

Although the SIA does mention pesticides, different statements scattered in the analysis seem contradictory:

“The expansion of animal production (associated with beef production), sugar cane production and other agricultural products in Mercosur seen in the model is small. Consequently, the analysis does not anticipate an increase in the use and contamination of water or an intensification of the use of pesticides.”<sup>127</sup> But: “Any intensification of agricultural production could lead to an increase in the use of fertilisers and pesticides with implications for land

conservation and water quality. This is of particular concern in Mercosur countries where implicit subsidies exist for pesticides and fertilisers as described above. Overall, the possible expansion of some agricultural sectors poses some moderate concerns regarding the use of water and pesticides and fertilisers and associated pollution issues if appropriate management practices are not put in place. This is particularly true given the recent increase in the use of pesticides and the absence of price incentives to encourage efficient use of water in agriculture.”<sup>128</sup>

The prospect of an increase of pesticide use due to the EU-Mercosur agreement is all the more concerning both for human health and biodiversity given that, among the active ingredients included in the composition of the pesticides authorised in 2019 and 2020 in Brazil, “37 are prohibited for use in the EU due to the acute and chronic health issues they can cause in humans or due to environmental hazards. Some of these substances can have all three types of harmful effects.”<sup>129</sup> Although the SIA affirms that they “updated the data” on “pesticides and fertilizers” and “indicated the concern raised by stakeholders about the use of dangerous pesticides”,<sup>130</sup> the report does not provide convincing answers.

On Corporate Social Responsibility (CSR) / responsible business conduct (RBC), the report states: “This SIA also assesses how the potential agreement could contribute to the uptake of internationally agreed principles and guidelines on corporate social responsibility (CSR) / responsible business conduct (RBC)”.<sup>131</sup> However, this assessment has not been included in the report. It would have been particularly relevant that the AA includes provisions on corporate responsibility supply chains, considering that several multinational companies having business relations with Mercosur have been exposed for serious violations of human rights, labour law and environmental standards.<sup>132</sup>

### Tax revenues and budgets

The studies take insufficient account of the tax revenues foregone by states as a result of the direct impact of the agreement. These revenues often constitute important receipts in the budgets of developing country governments to spend in social allowances and investments in public services. And these countries struggle to compensate for these losses through tax reforms. For example, the objective not to increase or even lower export duties in the framework of the EU-Mercosur agreement could have a significant effect on Argentina, for which these duties are worth 3% of the GDP.<sup>133</sup>

## 2.3.4 Preferential treatment for economic topics compared to social and environmental impacts

### An implicit hierarchy between topics and methods

By relying extensively on economic modelling, SIAs establish an implicit hierarchy between the economic part and the social and environmental parts of the assessment. In 2011, the European Economic and Social Committee observed that “the widespread use of mathematical simulation models, such as the calculable general equilibrium models designed to assess the effectiveness rather than the social and environmental impact of macroeconomic policies, tends to give considerable weight to economic assessments.”<sup>134</sup> The economic pillar is the centre of gravity of the content of the SIA and the research seems to give a lower weighting to social and environmental aspects, as if positive overall economic gains could “redeem” any negative impact in other areas. In reality, reasoning in terms of substitution between economic and social and environmental aspects is meaningless, as the only way to carry out a genuine social and ecological transformation is to transform the economy in order to increase welfare within ecological limits.

This hierarchy is visible in the presentation of SIAs: the economic part always comes first in reports and takes up most of the space in executive summaries, the document (if any) that policymakers, journalists and the public are the most likely to read. By contrast, environmental and social indicators seem secondary and are not presented with the same importance as economic findings.

Besides a few exceptions, environmental and social indicators are mainly addressed in purely qualitative terms. The lack of tangible figures often relegates these impacts behind economic indicators. The quantitative economic aspects are predominant, while the qualitative information on social and environmental impacts seem to “fill the gap” left by the quantitative economic analysis. This approach prevails in other disciplines (e.g. sociology, geography, natural sciences, etc.) and on qualitative assessments. Besides, quantification is applied to topics where it does not give robust results (see part 2.2.3).

### Excessive assimilation between economic indicators and well-being

Some economic impacts are depicted as economic or social benefits, although they do not indicate an improvement per se:

- The volume of overall or bilateral trade. Large changes in trade patterns can happen without yielding any welfare benefit and the volume of trade has little significance since in purely monetary terms, income from exports is not worth more than income coming from domestic consumption.<sup>135</sup> In fact, at a time when deep socio-ecological transformations are needed, priority should be given to the shortening of supply chains and relocalisation, which would entail a degrowth of international trade. By picturing a

rise in trade volumes as a benefit of the agreement, whatever the traded products are, the SIA goes in the exact opposite direction.

→ The level of prices is taken as an indicator for consumers' satisfaction and a proxy for well-being. To mention one example, the CETA SIA states that "trade liberalisation under the CETA will lead to welfare gains in the EU and Canada over the long term."<sup>136</sup> The model expresses welfare with a quantitative indicator (called Equivalent Variation) based on purchasing power and the number of goods available to consumers. It is supposed to represent the amount of money the average consumer should receive in order to reach that same level of satisfaction as if the agreement was implemented.<sup>137</sup> This shows a very reductionist approach to well-being. Even in the event that prices would be lower after the agreement, it would not say anything about the effective access to goods and services, the fulfilment of basic human rights and the capacity to enjoy a dignified human life. This is without even considering the fact that the reduction in prices may be overestimated since the lowering of tariffs might be offset by a windfall effect for importers.

Furthermore, this analysis in terms of monetary prices completely fails to incorporate the costs of the (failed) economic model which are borne by society and the environment. Low prices paid by consumers lead to unfair wages, undignified working conditions and environmental violations at the other end of the supply chain. The promise of cheap food for example is not reconcilable with the objective of a better, relocalised, and more sustainable food production which remunerates producers and farmers at an equitable price. Although the agreement might lead to a short-term lowering of consumer prices, in the long-term society as a whole can be worse off from unfair trade and environmental destruction.

→ For the same reasons, gains expressed in GDP per capita are also of little value to express welfare. More generally, the use of GDP as the top indicator to assess the opportunity to conclude trade agreements is largely outdated. Because GDP only represents the aggregate of monetary values of commodities and services sold during a year, it does not capture the "content" of the economy, inequalities of wealth and income nor the wellbeing of populations. Plus, scientific evidence is mounting that absolute, long-term decoupling of GDP growth from GHG emissions and material use and pollution is not happening and will not happen in the future at the pace needed to avert the climate crisis.<sup>138</sup> Hence the concept of green growth, a core premise of SIAs, lies on fragile empirical bases.<sup>139</sup>

#### When the positive impacts of regulations are ignored

The modelling assumes that regulations should be eliminated for the sake of facilitating trade and improving wellbeing but remains silent on why those regulations exist in the first place. Regulations, standards and safety rules were not initially thought up or designed for trade but in order to guarantee a basic quality of products, protect consumers' health and the environment. If the debate on rules is legitimate, the only criteria should be the level of protection they provide,

not their impact on trade. Some rules might indeed need to change in the direction of deepened harmonisation, but such harmonisation should not be done in the framework of trade agreements and at the expense of environmental and social standards. At a time of deep social and ecological challenges, the orientation should rather be to strengthen and broaden these regulations, not to remove or weaken them. Health crises, environmental disasters and financial crises have huge impacts, including on the economy itself, and the positive effect of the regulations which prevent them are not taken into consideration by SIAs.

A paper from the United Nations Conference on Trade and Development (UNCTAD) pointed out this limit: “Although it would be desirable to investigate how one can identify and separate the cost and the welfare-enhancing dimension of NTMs, it is difficult to think of a methodology that would allow this to be carried out in a systematic way.”<sup>140</sup>

An analysis of the US Office of Information and Regulatory Affairs found that the benefits of all major regulations are on average seven times higher than the costs.<sup>141</sup> Taking into account these benefits would radically change the results of SIAs and therefore the viewpoint on downwards harmonisation.

Absent from SIAs is also a systematic estimation of the way the technical dialogue, regulatory cooperation and investor-state dispute settlements (ISDS) intended in trade agreements will affect the capacity of states to regulate in the future. However, the Committee of Experts mandated by the French Government on the health and environmental impacts of the CETA confirmed the existence of such risks. As other agreements such as EU-Mercosur contain similar provisions to the CETA (e.g. TBT, SPS and “Dialogues” Chapters), the risks as to the lowering in consumer protection standards should therefore be similar.

In addition, CSOs, academics and investigative researchers working on new generation trade and investment agreements have long alerted that such mechanisms risk leading to a form of “regulatory chilling”, i.e. substantially shrinking the policy space to adopt new laws to protect citizens, workers and the environment or merely to maintain current levels of protection.<sup>142</sup>

#### **Box 4: Precautionary principle**

The draft final report for the SIA on the EU Mercosur agreement indicates that “the agreement reaffirms explicitly the ‘precautionary principle’ and the right of both sides to adopt measures to mitigate any perceived risk of serious environmental as well as human health and safety”.<sup>143</sup> This analysis is in complete contradiction with that produced by the Commission of Experts mandated by the French Government, which stated that the recognition of the precautionary principle in the Agreement “remains incomplete”: “The principle is stated in a weakened version that suggests that the parties disagree on the level of health and environmental protection that could justify an obstacle to free trade”.<sup>144</sup> The report therefore recommends that the principle must be clarified and made invocable in trade dispute settlement.

## The minimisation of environmental impacts

The SIA presents the agreements as having the potential to spur trade but at the same time systematically downplays the impact on non-trade issues as if the promised economic impacts could happen autonomously from other impacts. In reality, the economy is embedded in society and the environment, and there is no guarantee that boosting the volume of traded goods and services will not result in a lower quality of products, degraded working conditions, more GHG emissions and a damaged environment.

Yet, most reviewed SIAs come to the conclusion that trade agreements will likely result in no or little negative environmental impacts (see Part 2. 3. 2). To this minimisation of environmental impacts is added a minimisation of their importance: even when they do acknowledge that environmental risks and challenges could occur from an agreement, SIAs downplay or dismiss them with misleading or irrelevant claims. It is striking that a significant part of the explanations of the SIAs is centred on attributing the same value to negative effects which are certain to happen (although structurally underestimated by the SIA) than to highly uncertain, speculative, overestimated gains. Here is a (non-exhaustive) list of inconsistent arguments found in SIAs:

→ *The agreement is likely to cause a rise in CO2 emissions, but the agreement is climate efficient since GDP will increase relatively more.*<sup>145</sup>

“Climate efficiency” is in no case a relevant indicator to assess the fitness of a trade agreement or any other policy. Climate change is determined by an absolute concentration of GHG in the atmosphere. Climate scientists have warned for years that exceeding a certain threshold, the Earth system is likely to reach a tipping point beyond which climate warming would be out of control, well beyond the 1.5°C limit. Besides, the EU has committed to reduce net greenhouse gases emissions by 55% by 2030 and to reach climate neutrality by 2050.<sup>146</sup> Any trade agreement that causes an increase in GHG emissions – however small – in the same timeframe seriously compromises the credibility of these commitments and jeopardises climate action. A sound trade policy should seek not only to achieve a relative decrease of GHG emissions, but to follow the pace of reduction required to respect the commitments of the EU and EU Member States. Consequently, the only relevant question that SIAs should ask is not “how an increase in GHG emissions in going to be compensated by a positive impact on the economy”, but rather “if and how the trade agreement is going to contribute to the necessary decrease of GHG emissions to the pace required by international agreements”.

In fact, the exact same logic applies to any other environmental risks posed by trade agreements (deforestation, land-use change, depletion of freshwater resources, etc.). Presenting negative environmental impacts as trade-offs for (uncertain) positive economic impacts does not make sense. What is needed is not a slower rate of destruction, extinction and depletion, but an absolute and rapid decrease.



→ *The agreement could have negative environmental impacts, but these could be mitigated by increasing investments in green technology and environmental energy.<sup>147</sup> A technological effect could offset the negative impacts via technological innovation.<sup>148</sup>*

Innovation and renewable energies have certainly a role to play in the energy transition, but it is highly speculative to imply that higher investments will be able to mitigate the negative impacts. First, because one cannot be certain that these investments will effectively happen in the framework of the agreement. Second, because an investment does not necessarily bring about mitigation, especially if it is directed to false technological solutions such as carbon capture and storage<sup>149</sup> or biofuels<sup>150</sup> etc. Lastly, the progress made in renewable energy is offset by growth in energy demand fed by trade agreements themselves: renewable energy is not replacing fossil fuels, it is being added on top of them. The larger the pie of energy demand, the more difficult it is to supply from renewables. Sobriety, along with energy efficiency has an important role to play in the energy transition,<sup>151</sup> yet this issue is never addressed in SIAs.

Notably, this “optimism” in the possibility to tackle environmental impacts through technological means adds to the technological optimism which already shaped the results of the modelling.

→ *Trade and Sustainable Development provisions (TSD chapters) will help minimise the negative impacts of the trade agreements.*

As emphasised by many NGOs, Trade and Sustainable Development chapters in texts of trade agreements do not provide any guarantee on their ability to minimise negative impacts. Commitments taken in TSD Chapters are vague and do not go beyond the commitments already taken in other frameworks. Besides, there is no binding enforcement mechanism. Relying on them is at best wishful thinking.

→ *The agreement will foster trade in environmentally friendly goods and services.<sup>152</sup>*

Nothing in trade agreements incentivizes such environmentally friendly goods and services (which are not even defined). In fact, cuts in tariffs and the race to the bottom in regulations and standards do precisely the opposite. Although it would be an important asset for climate mitigation and adaptation, organic, agroecological, small-scale farming suffers from trade agreements, which end up favouring agrobusiness, big exporters and the industrial meat industry. The case of the EU-Mercosur agreement is a good illustration. Similarly, tariff cuts apply to the automotive sector without conditions, regardless of the type of engine or the size of the vehicle. In this regard, the SIA should include an analysis of the expected impacts of liberalisation on the types of vehicles exported from the EU to Mercosur which should take into account the fact that (i) hybrid and electric vehicles already benefit from reduced tariffs in Argentina and Brazil and (ii) EU car producers have increasingly switched their production to SUV vehicles.<sup>153</sup>

Interestingly, the minimisation of environmental impacts of international trade shown in this section contrasts greatly with the findings of a recent study suggesting there exists an “environmental bias in the trade policy”.<sup>154</sup> The author Joseph Shapiro suggests that “in most countries, tariffs and non-tariffs barriers are substantially lower on dirty than on clean industries. This difference in trade policy creates a global implicit subsidy to CO2 emissions in internationally traded goods and so contributes to climate change.” The author estimates that “this global implicit subsidy to CO2 emissions totals several hundred billion dollars annually”<sup>155</sup>, an amount superior to annual subsidies to fossil energies.

#### **Box 5: Optimistic assumption that countries will meet their climate commitments**

The CETA SIA explains that the environmental impact of the CETA linked to coal should be minimal, because “as Europe works to meet its climate change targets of 20% reduction in GHG emissions by 2020 compared to 1990 levels, they will rely less on coal as a power source”.<sup>156</sup> This justification has been turned upside down: instead of assessing the impact of the agreement on the likelihood that countries effectively fulfil their climate targets, it takes for granted that climate targets will be reached to conclude that the environmental impact will be limited. Coal is the fuel which causes the most CO2 emissions globally<sup>157</sup> and rapidly phasing out coal must be the priority of any sound climate policy. It is therefore problematic that the SIA is so ambiguous on the topic.

One can also find a similar pattern in the SIA for the modernisation of the agreement between the EU and Mexico. Although the SIA does not provide quantitative estimates of the impact in terms of CO2 emissions, the report states: “The overall impact on GHG emissions is likely to be small. The impact on emissions is effectively limited by existing emissions ceilings commitments of both parties as part of their Nationally Determined Contributions”.<sup>158</sup> In light of most recent evaluations of NDCs<sup>159</sup> and emissions trajectories, countries of the G20 (to which Mexico, the European Union and four EU countries belong) fall short on their climate promises and the current pledges themselves – even if they were met – would be insufficient to limit global warming to +1.5° above pre-industrial levels.<sup>160</sup>

In the same vein, the SIA further argues that the “small expansion of two emissions intensive sectors, chemicals and petrochemicals, are moderating by the sectors being part of the EU ETS that will most likely limit the potential effects on CO2 emissions”.<sup>161</sup> Yet again, this reliance on the Emissions Trading System (ETS) to mitigate growth in emissions seems to give credit to this mechanism a priori, regardless of the actual effectiveness of this market mechanism in comparison with other types of action (regulations, bans, taxes, subsidies, etc.) and its loopholes (e.g. low price of carbon, narrow scope of emissions covered, massive distribution of free allowances, etc.).<sup>162</sup>

### 2.3.5 Data limitations

#### A problematic presentation of data and findings of the study

As the French special committee on the EU-Mercosur Agreement in France noted,<sup>163</sup> the presentation and completeness of results is sometimes not satisfactory. For instance, the EU-Mercosur SIA does not clearly indicate the evolution of the aggregated bilateral trade flows, but only the proportional evolution per sector. Also, results are given in percentage of change, but without mentioning the value from which the change would occur, making it harder to understand the expected changes.

A similar observation was made by Tröster and Raza. The researchers regret that “the LSE SIA does not report the results of its baseline simulations to 2032, to which all reported changes relate [...] Most reports present aggregated effects without details and discussions on the multiple interactions that drive these results. Often selected results are presented, even though only the full set of results enables readers to interpret the model results properly”.<sup>164</sup> Finally, they argue that “without such details on underlying data and methodologies, the claimed benefits of the EUMAA cannot be validated by third parties and essentially remain outcomes from a ‘black box’”.<sup>165</sup>

#### Outdated data

The consultants sometimes used outdated data to support their analysis, whereas more recent data was available in the public domain at the time the assessment was realised. This is the case for example with the data on deforestation in Mercosur countries used in the EU-Mercosur SIA: instead of citing the FAO Global Forest Resources Assessment of 2016, the report should have cited a most recent version, released in 2019.<sup>166</sup> In response to criticism from civil society on this issue, the consultants write in the Final Report of the SIA: “Our statements are factually correct and based on past data and we still prefer to abstain from commenting about future trends as this would require some form of a judgement call.”<sup>167</sup> However, not taking into account the most recent trends in deforestation nor the wider political context in Brazil at the moment of writing the analysis and its already well-known<sup>168</sup> repercussions on environmental issues is also a judgement call that the consultants do not admit. Had they used the most recent data, would the results on deforestation – and therefore on the environmental impact – have been different?

Besides, the interim report of the SIA used outdated data for pesticides use. Although more recent data were then taken into account in the final report, the report still did not mention the wave of new authorizations for chemicals ongoing in Brazil under the governments of Michel Temer and current president Jair Bolsonaro: in just three years, between 2016 and 2019, more than 1,200 insecticides, weed killers, and other pesticides, of which 193 containing chemicals banned in the EU, have been registered in Brazil.<sup>169</sup> “In 2019 and 2020, Brazil approved the use of more types of pesticides (for the production of commercial products) than at any other time in the country’s recent history” writes Larissa Mies Bombardi.<sup>170</sup> The Brazilian academic has done the most recent and thorough academic research available on the topic over the last years and her work was totally neglected by the SIA.

### No assessment of cumulative effects

Another considerable limit is the lack of linkages between the potential impacts of the agreement covered by the SIA and all other trade agreements, be they already in force or upcoming. Indeed, the anticipated impacts of one particular agreement ought to be considered in the context of all other cumulative impacts. Ultimately, when it comes to biodiversity or agriculture quotas for example, it is the cumulative effect of the trade policy which matters, not an isolated impact of a single trade agreement.<sup>171</sup>

In the framework of the SIAs, the lack of standardisation of the reports (multiple indicators, variations given in percentage or absolute value, various degrees of disaggregation of the data, etc.) does not allow for a cross-sectional reading of the climate or other impacts.

### Discrepancies in the treatment of NTMs

The French special committee on the EU-Mercosur agreement makes two relevant observations about the measure of the Tariff Equivalent of Non-Tariff-Measures (NTMs) in the SIA: First, the SIA does not model the NTMs for agriculture, a sector particularly important for the agreement. Second, there is a significant discrepancy in the way the SIA deals with NTMs for imports to the EU on the one hand, and imports to Mercosur on the other hand: while the SIA assumes that the agreement would not lead to any reduction of Tariff Equivalents for NTMs for EU imports coming from Mercosur, these would be lowered by 5 to 10 % for Mercosur imports coming from the EU. “This asymmetry on the hypothesis of modelling is not justified and the rationale for it is all but obvious. It is problematic to the extent that one can consider that it tends to systematically overestimate the increase of EU exports to Mercosur, as well as the real income gains assessed for Mercosur countries, these lowering of Tariff Equivalents being modelled as a better efficacy in the use of EU imports”, writes the Committee.<sup>172</sup>

# 3 The Process of Conducting SIAs

The following section is based on interviews conducted in 2021 with representatives of organisations who have participated in the process of at least one Sustainability Impact Assessment. Although very diverse in its composition (see list in Annex), the sample is not – and was not intended to be – representative of all stakeholders taking part in SIAs. In particular, no representatives of business organisations finally responded to our questions. A European organisation representing SMEs was offered an interview and agreed in principle to a written response, but we never received it. This section therefore focuses specifically on the experience and views of a consumer organisation, umbrella organisations for workers' and farmers' unions and NGOs.

This section is a synthesis of the key ideas and the most shared views and criticisms of SIAs among interviewees rather than an exhaustive summary of the content of the interviews. As such, and although we hope to present as faithfully as possible the narrative of the interviewees, not all interviewees necessarily share all the arguments expressed in the following section.

When relevant, we refer to and quote academic works on SIAs and/or on the participation of civil society in EU trade-related initiatives in general that illustrate the content of our own investigation. When deemed necessary, we also provide for additional information to complete, precise, or clarify some points raised during the interviews. For the sake of transparency, we want to underline that the authors of this study have themselves participated in the process of SIAs and share many of the views exposed below. Notwithstanding these preliminary remarks, the opinions and views of interviewees remain the backbone of this section.

Words or sentences between quotation marks and in italic are actual quotes extracted from the interviews.

## 3.1 Timing

As stated in the official guidelines of the Commission, Sustainability Impact Assessments (SIAs) must take place hand-in-hand with negotiations of all major trade agreements in order to inform the decision of negotiators. Yet, in several occurrences the EC failed to meet this basic condition for an effective and meaningful process, the Association Agreement between the EU and Mercosur being the worst example so far: the two parties concluded the trade part of the agreement on 28 June 2019, but the final report of the SIA was only delivered one year and a half later, in December 2020. The Position Paper of the Commission – meant to explain the way the EC took into account the recommendations from the SIA – came even later, in March 2021.

### **Box 6: Chronology EU-Mercosur Trade Agreement and its SIAs**

- 1999: adoption of negotiation directives (non-public document)
- 2000: start of negotiations
- 2009: 1<sup>st</sup> SIA
- May 2016: Negotiations between the EU and Mercosur resume
- March 2017: Terms of Reference of the SIA
- January 2018: SIA Inception Report
- June 2019: announcement of a political agreement between the different parties on the trade agreement
- October 2019: SIA Draft interim Report
- February 2020: SIA Interim Report
- June 2020: announcement of a political agreement between the different parties on the association agreement
- December 2020: SIA Final Report
- March 2021: EC Position Paper

The significant time gap between the end of the negotiations and the conclusion of the SIA legitimately raised doubts about the extent to which SIAs could actually play a role in the negotiations. Looking back on the chronology, one hardly sees how the recommendations laid out only at the stage of the final report of the SIA could have been reflected in the text of the agreement itself. Despite claims from the Commission that they were in permanent dialogue with the researchers, the failure to provide timely SIAs greatly weakens their very purpose to inform and steer the negotiations. It also sends a very negative signal to all CSOs who were invited to participate in the SIA consultation process.

This upside-down calendar makes the exercise irrelevant and is not up to the importance of an agreement like EU-Mercosur. The Commission should not be authorised nor able to conclude an agreement of such an amplitude without having a thorough overview of its economic, social and environmental impacts.<sup>173</sup> This led several organisations to file a complaint to the EU Ombudsman, in charge of investigating potential maladministration from EU institutions (See Box 7: Complaint to the EU Ombudsman).

The earlier an SIA is made, the better it is for negotiators and stakeholders. SIAs could be completed before or at the very beginning of negotiations, in order to have a chance to effectively fulfil their role. An academic paper on Trade SIA consultation processes underlines this timing issue, not limited to the EU-Mercosur agreement: “Looking across different trade negotiations, it is clear that the tendering process that begins the SIA process only commences

after the negotiations have been launched and usually after the first round of negotiations have been held. The SIA final report tends to be published two to four years after the negotiations have started. Although the SIA process is not part of the “preparation” stage, there is no recognition in EC descriptive documents that in practice the SIA and the negotiations overlap. This is a fundamental timing and practical inconsistency.”<sup>174</sup>

SIAs for the Agreements between the EU and respectively Australia and New-Zealand may be seen as examples of a better practice when it comes to the timing: the SIAs were finished in March 2020, whereas the negotiations are still ongoing.

#### **Box 7: Complaint to the EU Ombudsman**

In June 2020, Client Earth, Fern, Veblen Institute, FNH and FIDH filed a complaint to the EU Ombudsman in which they argued that the lack of an up-to-date SIA before the end of the negotiations constituted a breach of both the Commission’s own guidelines and EU law. In its decision in March 2021, the EU Ombudsman upheld the complaint and found that the Commission’s failure to ensure that the SIA was finalised in good time constituted maladministration. She also urged the Commission to ensure that, in the future, SIAs are completed prior to the conclusion of trade negotiations. This was not the first time the EU Ombudsman acknowledged that the Commission failed to meet its obligations: in a prior 2016 decision, she already considered that the absence of Human Rights Impact Assessment in the framework of the SIA for the EU-Vietnam Agreement constituted maladministration.<sup>175</sup> The European Parliament, in its motion regarding the report on the annual report on the activities of the European Ombudsman in 2020 “criticises the Commission for its failure to finalise the SIA before concluding the EU-Mercosur trade negotiations” and “recalls Parliament’s position that the environmental and social impacts of free trade agreements must be thoroughly assessed prior to the conclusion of trade negotiations”.<sup>176</sup> The motion was adopted on 16 February 2022.<sup>177</sup>



## 3.2 Lack of Sincerity of the Commission

SIAs are a quasi-mandatory requirement in all trade agreements but the European Commission does not seem interested in making them a real tool for the service of negotiators and stakeholders. Both the lack of visible impact of CSOs' inputs and the poor timing of SIAs feed the impression that the Commission is just "ticking the box" to meet its legal obligations. To begin with, SIAs are not designed as tools that could lead the EU institutions to revise or adapt the negotiating mandate they have given themselves to minimise environmental or human and social rights impacts. Nor are they really used to modify the content of the agreements as such, but rather to identify accompanying national measures for their implementation. And there is a form of incoherence in relying on states that are failing to effectively implement international environmental and social standards to follow up on the recommendations for national accompanying measures.

Moreover, stakeholders faced challenges while commenting on intermediate reports of SIAs, in which some portions were left undeveloped, with the mention that they would be completed in later versions of the analysis. This is contrary to the guidelines of the Commission, according to which interim reports must already contain preliminary analyses and findings. Relevant data and recommendations then come late in the process, making it even more unlikely that CSOs' feedback will be taken into account.

Everything seems to indicate that SIAs play almost no role in the way trade negotiations are run and the way they evolve. Instead of actually informing on the impacts and the way to address them, they end up legitimising the agreements along the terms of the Commission without challenging the institution on the contradictions between the trade policy and the sustainable development goals. With the exception of some minor concerns raised by consultants, SIAs are made to "sell the advantages of the agreement" to policymakers and the public. The Commission acts in turn as if it was somehow enough that the issues are acknowledged in the SIA, without presenting straightforward ways to resolve or at least mitigate them. Overall, a number of stakeholders deplore a lack of sincerity on the part of the Commission in conducting this exercise, which seems more like "window-dressing" and a "communication exercise" than a genuine will to steer policymaking.

Importantly, the objective attributed to policy recommendations in SIAs is too narrow and greatly limits the interest of the SIA: According to the Handbook for Trade SIAs and as repeated in SIAs themselves, "the consultants should make recommendations and proposals for flanking measures to maximise the benefits of the proposed agreement or prevent or minimise potential negative effects."<sup>178</sup> It seems clear from this formulation that at the stage of the SIA it is no longer possible to consider proposals to amend the content of the agreement itself in accordance with the results of the SIA. Equally regrettable is the fact that interim reports do not always include recommendations, giving no opportunity to stakeholders to react on the proposed recommendations before the SIA is finalised.<sup>179</sup>

Feedback and contributions from CSOs on interim reports are seldom reflected in the final drafts of the SIA. Inputs are generally neglected or integrated but without a robust analysis or coherence with the rest of the study. This criticism however does not apply to the SIA for the EU-Indonesia FTA, for which participants recalled a qualitative dialogue with consultants and noted that most of their inputs were integrated in the study.

Based on their own interviews of participants to SIA processes, researchers François, Hoekman and Rojas-Romagosa estimate that “it is clear that both trade union and NGO respondents disagree that the trade agreements are efficiently informed by the process. This directly questions the effectiveness and inclusiveness of the CP [Consultation Process] and the SIA instrument”.<sup>180</sup> On the other hand, EU institutions and EU business associations and firms “have a majority of positive views regarding the consultation process”.

The discrepancy in the perception between business groups and non-profit organisations in trade-related mechanisms at large DAGs [domestic advisory board] and CSDs [civil society dialogues] had previously been noted by Orbie et al.: “Business representatives evaluate the civil society mechanisms more positively. For instance, they recognise the value of the mechanisms in terms of networking with officials and having an impact. Several business representatives also indicate that they have become more favourable towards the agreement since their participation.”<sup>181</sup>

François, Hoekman and Rojas-Romagosa make the following assessment of the consultation process: “Engaging in negotiations in parallel with the SIA and the CP can give rise to a perception that the CP is more in the nature of a public relations instrument that is not intended to feed into the design of the PTA being considered. Whether true or not, if the SIA and CP are not perceived to be inputs into the negotiating process, this may greatly reduce the value of the exercise [...] Moreover, after the “preparation” stage, the trade SIA and associated CP are not mentioned again in the remaining stages of the negotiation process suggesting the process is not intended to provide feedback to the negotiations – even if this can occur in practice, in particular when the agreement lacks popular support. This reduces the legitimacy and practical impact of the SIA, since the SIA and the CP occur in parallel to the negotiations and there are no formal feedback mechanisms between both.”<sup>182</sup>

Surprisingly, such assessment of a weak link between the consultation process and the SIA (and, even more so, between the consultation process and the negotiations) seems to be echoed in the words of the consultants themselves. The three researchers have held a series of interviews with consultants who “participated directly in 59 percent of all EU trade SIAs done until 2019.”<sup>183</sup> When asked the question “What was the influence, if any, of the CP on the SIA reports you were part of?”, the consultants imply that it is indeed quite indirect. The researchers summarise the consultants’ opinion as follows: “Although the parallel CP for a particular trade agreement may not be explicitly considered, they have definitely influenced how subsequent SIAs and negotiations were carried out. In particular by increasing the number of topics covered under SIAs. Thus, the long-term effect of the CPs has been to directly or indirectly influence the coverage and methodology of the SIAs over time”.<sup>184</sup>

In another question, “did the CP influence negotiations?”, the researchers summarise that “it was usually not considered to be the case, but some examples were mentioned of CPs directly influencing the negotiating process”<sup>185</sup>, for instance when the ISDS in the CETA was reformed to take into account the concerns of several stakeholders.

The people in charge of carrying out SIAs seem to agree that the consultation process mainly leads to (not so significant) modifications to the methodology of next SIAs rather than amendments to the texts of the agreements themselves.

### 3.3 A Fluctuating Quality of the Consultancy

A majority of the consultants mandated to carry out SIAs have a background in economics, herein largely influencing the methodology and the results of the SIA (see Part 2). Although the quality of the SIAs varies from one agreement to another, it seems that teams of researchers do not manage to gather all the skills and knowledge necessary to deal with the wide scope of topics covered in SIAs. Areas including human rights, labour rights and animal welfare are often poorly investigated. Yet, it is legitimate to expect the consultancy to have or consult specific expertise in all the fields touched upon by the SIA. Inputs could also be gathered from a broader variety of sources, among which specialised institutions – e.g. UN Special Rapporteurs on Human Rights<sup>186</sup> – could play a particular role. Some of the limits pointed out in part 2.3.3 of this study are acknowledged by consultants themselves. In their summary of interviews with consultants, the researchers write: “It was also mentioned that the more recent SIAs (after the publication of the second edition of the SIA handbook in 2016), became more like ‘ticking boxes’ when it related to analysing impacts on human rights and other topics that are not directly covered by the CGE model. The main suggestion is that SIAs should be more realistic on what they can measure and what they cannot. It was also acknowledged that in some instances, the consortium provided sub-standard qualitative analysis on some of these topics.”<sup>187</sup>

François, Hoekman and Rojas-Romagosa come to the conclusion that the expanding thematic scope of SIAs contributed to a “substantial increase [...] in the number of non-trade topics covered”, thus making it more difficult to identify and highlight the most salient issues and negatively impacting on the quality of the analysis. The authors further write: “By expanding the number of topics analysed in SIAs, it has been implicitly presumed that these topics are now addressed. However, the inclusion of a long list of non-trade issues that must be analysed in each SIA, inevitably many of these topics end up being only superficially treated, reducing rather than increasing the legitimacy and credibility of the analysis and CP. To a greater or lesser extent many SIA reports end up ‘ticking the box’ for some of the policy areas, providing limited information and input into the overall process.”<sup>188</sup>

Consultants in charge of SIAs change from one agreement to another. This explains different ways of working, interests and sensitivities in the consultation process as well as in the content of the study. Interestingly, the two SIAs on the EU-Mercosur agreement carried out by two different teams (the first in 2009, the second in 2020) were materially different. The 2009 SIA seemed to have a more comprehensive view of sustainability impacts and adopted a more

critical stance compared to the 2020 SIA. For the latter, while some actors felt the consultants gave consideration to their concerns, others report that they felt their contribution and topics were mostly dismissed, either because their area of expertise was insufficiently dealt with, or because it was done in a way that was not satisfactory.

#### **Box 8: Elusion of tax implications**

The first SIA in EU-Mercosur in 2009 acknowledged an important potential negative impact of the loss of fiscal revenues directly deriving from the agreement. This assessment was formulated as follows:

“Cross country evidence indicates that trade liberalisation has typically been associated with a marked decline in trade tax revenue. **The direct fiscal impact of the removal of tariff barriers to imports of industrial goods as part of the EU Mercosur liberalisation would be to reduce government revenue**, if this is not mitigated by levying the same amount of income by other means. About three quarters of the total can be expected to come from industrial liberalisation. **A reduction in social expenditure could then occur**. Depending on the types of alternative taxes that are chosen, **further social impacts would occur, if the incidence of their effects differed from those of the import tax which they replace. The short-term impact of industrial trade liberalisation on expenditure in health and education might also be negative**”<sup>189</sup> (emphasis added).

In that matter, the statement of the interim report of the second SIA was much briefer and gave less information on the effects of such loss of fiscal revenues:<sup>190</sup>

“The FTA will have an immediate fiscal effect associated with the loss of tariff revenue from the bilateral trade between the partners. However, it could be offset by increases in revenue from other sources (i.e. VAT)”.<sup>191</sup>

Surprisingly, this sentence has been removed after a contribution sent by Veblen Institute and FNH regarding the superficial treatment of this issue. Therefore, the Final Report of the second SIA does not assess at all the fiscal impacts of the Agreement.<sup>192</sup>

It seems that more efforts are needed from the consultancy to proactively identify relevant stakeholders and engage with them, in particular among the communities in partner countries likely to be harshly affected by the agreement. The consultation process could be made more transparent, effective, and suitable to the needs of CSOs.

Although the SIA study is supposed to be neutral, consultants sometimes took political positions exceeding the framework of their mission. This is the case when they assert that some impacts are not too problematic, can be considered as trade-offs, or will be mitigated by TSD chapters without proving how it will happen. The analysis is often excessively focused on affirming that solutions exist to the issues the SIA raises but does so without considering the full range of issues and without bringing satisfactory evidence to justify such optimism. Looking at François, Hoekman and Rojas-Romagosa’s research, consultants seem to be personally convinced of the

benefits of the trade agreements for which they make an SIA, and of the superiority of the analytical framework developed in SIAs. The resistance to the agreements would stem not from legitimate concerns about the content and consequences of the agreement but rather from both a poor communication from EU institutions and the dishonesty of the opponents: “There were many misleading claims and a great deal of misinformation about TTIP circulating. The EC was too technocratic and did not tackle in time these false claims and misinformation. They should have addressed directly anti-globalization forces, invited NGOs to meetings where they could bring facts to the discussion and should have discredited studies regarding TTIP that lacked a proper economic analytical framework”.<sup>193</sup>

Some experiences have also cast doubt on the actual autonomy of the consultants vis-à-vis the European Commission who is mandating them. One example includes the recommendation for an enforcement mechanism that was present in the interim report of the EU-Myanmar SIA but absent from the final report. In the latter, the consultants wrote: “Recognizing that neither Party is likely to agree to binding implementation and enforcement measures in this respect [labour, environmental and human rights standards], parallel implementation and enforcement mechanisms therefore represent a pragmatic approach that allows stakeholders to flag ill-directed investments without breaching the legislative sovereignty of either Party.”<sup>194</sup> Yet, it is not in line with the mandate of the consultants to anticipate what is acceptable for the Commission or the partner country and adapt the recommendations accordingly.

According to François, Hoekman and Rojas Romagosa (2020), consultants also recall direct interventions from the EC Commission in the process of SIAs: “Some consultants had to directly participate and answer questions in specific CP sessions related to interim/draft reports before the delivery of the SIA final report. After these sessions, DG-Trade specifically asked for changes to the report based on the outcomes of these sessions. For example, include additional tables with specific information that was requested by stakeholders. On the other hand, after the negative experiences of DG-Trade with TTIP, DG-Trade was more directly interfering with the editing of the SIA final report; to such an extent that they were doing track changes to the text originally written by the consultants. Clearly, this directly violates one of the mandates of the SIAs being done by independent consultants”.<sup>195</sup>

### 3.4 A Burdensome Process

SIA are lengthy documents. The final report of the second EU-Mercosur SIA for example, is more than 400 pages long. Reading them in their entirety turns out to be very time-consuming. Besides, one single SIA consists of several documents corresponding to each step of the process: inception report, draft interim report, final interim report, draft final report, final report – a total of around 1,500 pages. At each stage, modifications are made by researchers without a straightforward way to keep track of them. Trying to monitor the evolution of the SIA – i.e. whether inputs were taken into account or not – often implies going through the whole document again.

CSOs usually work on several trade agreements at the same time – each of them having its own SIA. They are therefore left with no option but to make choices as to which SIA or which aspects of an SIA they want to focus on and at which moment of the process. Organisations seek to strike a balance between their areas of expertise and their capacities on the one hand, and the risks represented by the agreement on the other. The decision to work on a SIA is made on a case-by-case basis when it is considered an opportunity for advocacy or campaign goals.

The degree and type of involvement of CSOs varies greatly from one organisation to another. While a handful of organisations manage to follow some of the SIAs closely more or less all through the process, most do not have the capacities though it would be relevant for their work. The former dedicate between five and eight working days (as a team) on the matter. This estimation includes all the different activities linked to the reaction or contribution to a SIA: reading, commenting, writing position papers, sending a letter to the Commission, attending meetings of the Civil Society Dialogues (CSD) and providing oral inputs, travelling to attend the meetings, responding to an interview with the consultants, etc. This workload commonly comes on top of the rest of the work.

Paradoxically, CSOs admit to reviewing SIAs more for “damage control” purposes than with the objective to draw valuable information from them. They find it essential to dedicate time to SIAs in order to look for errors, gaps and biases in the analysis but do not expect to find elements relevant to their field of expertise. Nevertheless, the SIAs sometimes contain statements that CSOs can refer to in order to hold the Commission accountable at a later stage of the process. If the feeling that the consultation process is deficient is shared, organisations do not come to the exact same conclusions regarding its usefulness. For some, having a close look at SIAs is a privileged opportunity to maintain a dialogue with the Commission on the pros and cons of trade agreements and how things could be improved. Despite its limits, it is a useful tool to try to have some influence in the process, bearing in mind that without this scrutiny the SIA and the agreement could only be worse. Others, on the contrary, admit they have lost interest in the process and have deprioritized SIAs as a consequence of their many shortcomings and the lack of added value in relation to the amount of work it requires.

An academic paper points to the risk of “consultation fatigue” related to an increasing civil society involvement in EU trade-related mechanisms and the lack of obvious impact of this involvement: “It is often unclear whether and how governments follow up on the outcomes of these mechanisms. If participants feel that their views are not taken into account, this may lower their satisfaction and lead to ‘consultation fatigue’, which risks undermining the efforts invested in the civil society mechanisms”.<sup>196</sup>

The authors add: “Non-profit organisations, and particularly labour representatives, are rather critical about the civil society mechanisms. The large majority indicate that they have not become more favourable towards the trade agreement. In addition to criticisms concerning the institutional dimension of the meetings (e.g. financial support and representativeness), they also point to frustrations with limited impact and lack of substantive dialogue. In the absence of tangible progress, these actors’ critical but constructive position may modify into a more radical

rejection of the trade agreement. Instead of co-optation, one might equally expect a radicalisation of the positions on free trade and the EU agreements, especially if existing frustrations are not seriously addressed.”<sup>197</sup>

A paper from the think-tank European Centre for Development Policy Management (ecdpm) makes the same observation in its conclusion: “The growing number of FTAs and the associated civil society mechanisms is only adding to the fatigue of actors who are already critical of the usefulness of these mechanisms. It is thus imperative for DAGs [Domestic Advisory Groups] to show results that justify the investment being made towards them and prove to civil society actors and others that these mechanisms play a useful role in promoting sustainable dimensions of EU FTAs.”<sup>198</sup>

# 4 Conclusion and Recommendations



### An urgent need for pluralism and interdisciplinary approaches in SIAs

Considering the high level of complexity of the linkages and feedback loops between economic, environmental and social dimensions in such a long-time span, basing the majority of conclusions and recommendations of the SIA on a single, one-sided economic model is not up to the challenges posed by trade agreements. The limitations inherent to the economic modelling call for pluralism in simulations used in SIAs. Alternative models already exist and lead to very different outcomes. The Global Policy Model of the United Nations is one of them.<sup>199</sup> For SIAs to be meaningful, they need to consider equally economic, social and environmental risks.

More generally, the entire methodology of SIAs needs to be overhauled in order to better encompass qualitatively and quantitatively the potential impacts of trade agreements and better inform policymakers and citizens. A legal analysis of the main provisions of the agreements would also be very helpful in order to assess their potential impacts on sustainable development. Although no forecast is perfect by definition, studies such as those carried out by ad hoc committees in France on both CETA<sup>200</sup> and EU-Mercosur<sup>201</sup> are interesting examples of impact assessments relying on a wider range of disciplines and methods.

#### **Box 9: Expert Committee mandated by the French government on CETA and EU-Mercosur**

In the face of intense public mobilisation against the proposed CETA agreement, the French government appointed a commission of experts in July 2017 to examine the health and environmental impacts of the agreement in a pluridisciplinary approach.<sup>202</sup> This commission brought together economists, but also legal experts and experts in agronomy, veterinary and climate issues. It conducted a series of hearings of experts (academics, civil society, civil servants, etc.) and delivered a report in September 2017, confirming a whole series of negative impacts and risks highlighted by civil society and in numerous institutional studies. The report cites in particular:

- 1) The introduction of an investor-state dispute settlement mechanism was not necessary. The changes made to the mechanism do not completely break with the initial mechanism and do not make it possible to exclude from prosecution states that take the environmental measures necessary to pursue existing objectives in terms of energy transition and sustainable development.
- 2) The dialogue mechanisms envisaged could have the effect of "short-circuiting internal democratic processes" and a risk of "interference by private interests" in the decision-making process cannot be ruled out at this stage. In general, the "implications" of these new forums for states are "not always clear".
- 3) Combined, the investor-state dispute settlement mechanism and regulatory cooperation could create new obstacles to strengthening health and environmental rules.

- 4) In the health field, some existing rules could be weakened, in particular because of the absence of an explicit reference to the precautionary principle.
- 5) The climate is described as the "great absentee" of this agreement. The international transport sector is a real blind spot in the CETA, even though it is mainly through this sector that it is expected to generate an increase in greenhouse gas emissions. The agreement "could also encourage [investment] in polluting industries such as extractive industries and energy, including tar sands oil, mining or hydraulic fracturing".
- 6) In the agricultural sector, in addition to the negative impacts on livestock farming, the report also points out the lack of consideration given to sustainable development objectives.

This result of this work led the French government to build an action plan in order to identify flanking measures but also to push forward concrete proposals in order to reform the EU trade policy and the content of forthcoming FTAs.

An equivalent process has been put in place to assess the EU-Mercosur agreement. In the report published in September 2020<sup>203</sup>, the Commission warns of the possible annual increase in deforestation of 5% to 25% for six years, the facilitated entry into the European market of foodstuffs produced with pesticides banned in the EU, the risk of weakening European environmental and health standards for very little economic gain, out of all proportion to the damage to the climate and biodiversity.

## RECOMMENDATIONS

Sustainable Impact Assessments must be completely overhauled to become a useful tool for policymakers and citizens. The following policy recommendations cover proposals for improving both the methodology and political processes around SIAs. The suggestions have been developed based on literature analysis and interviews conducted with study participants.

### Methodology

- 1) Encourage an interdisciplinary approach in the teams responsible for conducting SIAs, following the example of the different profiles solicited by the French government for the health and environmental impact assessments of the CETA and EU-Mercosur agreements.
- 2) Conduct a legal analysis of the impacts of the agreement.
- 3) Take a risk-based approach (consider significant impacts that cannot be ruled out rather than ruling out risks that we are not sure will materialise).
- 4) Develop analysis grids to identify the most severe impacts to be prioritised in the analysis and especially in the recommendations.
- 5) Explain the shortcomings and weaknesses of the methodology used and the work that was carried out: In general, for transparency and accuracy purposes, a disclosure should be included as to the limitations of the CGE analysis and the fact that the results are based on various assumptions and choices of variables.
- 6) Encourage the use of different types of econometric models.
- 7) Add qualitative analyses of trade flows (size of economic actors benefiting, degree of concentration of sectors, transparency of value chains, proportion of labelled flows, etc.).
- 8) Encourage the use of a standard format for presenting results to allow for cross-sectional analyses and cumulative assessment of certain impacts.
- 9) Broaden the scope of the recommendations: SIA recommendations should concern in priority changes to the content of the trade agreements themselves as the implementation of accompanying measures, independent from the agreement, always depends on the good will of the parties.
- 10) While the Commission and the Council have to make the application of trade preferences conditional on compliance with specific sustainability criteria, the SIAs should allow for a much finer selection of sectors, goods and services for which trade and investment should be encouraged, and for the setting of strict social and environmental conditions to benefit from the trade preferences granted.

## Process

- 11) Compliance with the European Commission's methodological guide: the signing of an agreement should not be possible before the SIA is finalised. The European Commission should commit to finalise the SIA and present it to the Parliament and to the Council before it proposes that an agreement is signed.
- 12) If the SIA is published long before the end of the negotiations, the European Commission should be able to request an update of the study based on the final outcome of the negotiations.
- 13) Facilitate the monitoring of changes made over the course of the various versions of the SIAs.
- 14) Solicit field expertise and the participation of communities and groups likely to be directly affected by the impacts of the agreements (not just workshops in capitals).
- 15) Ensure a balance of stakeholders contributing to the process and solicit input from absent stakeholders whose insights would be useful.
- 16) Involvement of the European Parliament: The European Commission and the research team in charge of the SIA should periodically report on the status of the assessment and consult the INTA committee on the terms of reference, the methodology to be used and the preliminary findings. They should also take into account comments from the EP and integrate them in the work.

# ANNEX I: LIST OF PEOPLE INTERVIEWED

## **The European Consumer Organisation (BEUC)**

- Léa Auffret, Senior Trade Policy Officer

## **Client Earth**

- Amandine Van Den Berghe, Lawyer specialised in Trade and Environment issues

## **The General Confederation of Agricultural Cooperatives (COPA-COGECA)**

- Daniel Azevedo, Director Commodity and Trade
- Jean-Pierre Fleury, President of the working group on bovine meat
- Thomas Sanchez, Senior Policy Advisor in charge of beef, dairy, sheep & goat meat, horses and breeding Livestock

## **The European Trade Union Confederation (ETUC)**

- Daniele Basso, Advisor on Trade Policy

## **Eurogroup for Animals**

- Stéphanie Guislain, Programme Leader Trade and Animal Welfare

## **Fern**

- Perrine Fournier, Trade and Forest Campaigner

## **The International Federation for Human Rights (FIDH)**

- Gaëlle Dusepulchre, Permanent representative to the EU

## **Fair Trade Advocacy Office (FTAO)**

- Sergi Corbalán, Executive Director
- Sami Asali, Consultant on sustainable and fair EU trade policies

## **La Via Campesina**

- Claude Girod, Representative in charge of trade issues

# ANNEX II: INTERVIEW QUESTIONNAIRE

## Preliminary question:

- What are the SIAs you or your organisation worked on?
- What are the SIAs you or your organisation are currently working on?

## Process

- How was your organisation involved in the consultative process of specific SIAs?
- What kind of inputs did you provide and in which form did you provide them?
- Did you find it easy to provide the inputs?
- How much time did you spend on providing input, and do you think this time was well spent considering input/output?
- Were your contributions taken into account in the SIAs?
- Do you have the impression that all relevant stakeholders actually participate in SIAs?
- How do you rate the ratio between the number of business and non-profit stakeholders participating in SIAs?
- Did you find the calendar of these SIAs relevant in relationship to the ongoing negotiations?
- Do you have the impression that the consultant firms selected by the Commission have the necessary skills to carry out an SIA properly?
- Overall, are you satisfied with the process and how would you improve it?

## Content of SIAs

- What do you think about the SIAs commissioned by the EC on the FTAs in negotiation?
- Do you think the scope and methodology of these studies is satisfactory?
- What do you think about the economic models used in the SIAs? (Computable General Equilibrium...)
- According to you, what are the main loopholes of the SIAs?
- What are the limitations of the evaluation for your field of expertise, in terms of
  - baselines
  - methodology
  - data
  - estimations (are some issues underestimated or overestimated)
  - coherence (are there contradictory statements or data)
- Could you mention any interesting outcome that you have been using in your work?
- Do you think that SIAs can have a concrete impact on the content of the negotiations? Do you have any specific examples?
- How could this tool be improved?

# ANNEX III: SIAs OVERVIEW

## (BY DG Trade)

The Sustainability Impact Assessment (SIA) is a DG Trade-specific tool for supporting major trade negotiations. Building on the Impact Assessment, the SIA consists of chapters examining specific subjects in greater depth. SIA chapters cover topics where the agreement is most likely to have an impact on sustainability issues, or where the agreement opens opportunities for achieving non-trade policy objectives.

These assessments are an opportunity for stakeholders in both the EU and in the partner countries to share their views with negotiators.

SIAs have several purposes, including:

- [feeding information into and helping steer the negotiations](#)
- [assessing the changes that are likely to be caused by a trade agreement](#)
- [helping to identify possible trade-offs](#)
- [ensuring that the related policy choices are optimised](#)

SIAs contribute to sound, evidence-based and transparent trade negotiations.

In the first tab you can access all the SIA reports ever published and the respective Commission position paper in response to the SIA, while on the second tab you can learn more about the methodological framework for SIAs.

- [Sustainability Impact Assessments](#)
- [Methodology](#)

Ongoing assessments

1. [EU-Eastern and Southern Africa - Deepening of the EPA](#)
2. [EU-SADC EPA - Angola's accession](#)
3. [EU-Chile trade pillar modernisation negotiations](#)
4. [EU-Philippines and EU-Malaysia free trade agreements negotiations](#)

Completed assessments

1. [2021/07: EU-Australia, EU-New Zealand free trade agreements negotiations](#)
2. [2021/03: EU-Mercosur Association Agreement Negotiations](#)
3. [2020/06: EU-Indonesia free trade agreement negotiations](#)
4. [2020/01: EU-Mexico trade pillar modernisation negotiations](#)

5. 2018/05: EU-China investment agreement
6. 2017/07: Trade in Services Agreement (TiSA)
7. 2017/03: EU-USA (TTIP)
8. 2016/06: EU-Myanmar investment protection agreement
9. 2016/04: EU-Japan
10. 2016/03: Green Goods Initiative
11. 2014/11: EU-Egypt and EU-Jordan DCFTA
12. 2013/11: EU-Morocco and EU-Tunisia DCFTA
13. 2013/09: EU-Armenia DCFTA
14. 2012/12: EU-Georgia and EU-Moldova DCFTA
15. 2011/06: EU-Canada Comprehensive Economic and Trade Agreement (CETA)
16. 2009/10: EU-Andean Community Association Agreement
17. 2009/10: EU-Libya Free Trade Agreement (FTA)
18. 2009/09: EU-Central America Association Agreement
19. 2009/06: EU-ASEAN Countries Free Trade Agreement (FTA)
20. 2009/05: EU-India Free Trade Agreement (FTA)
21. 2009/03: EU-Mercosur Association Agreement Negotiations
22. 2008/08: EU-China Partnership and Cooperation Agreement (PCA)
23. 2008/06: EU-Korea Free Trade Agreement (FTA)
24. 2007/12: EU-Ukraine Free Trade Agreement (FTA)
25. 2007/11: Euro-Mediterranean Free Trade Area (EMFTA)
26. 2007/05: EU-ACP Economic Partnership Agreements (EPA)
27. 2006/06: WTO Negotiations, Overview assessment of the DDA (Phase III)
28. 2004/05: EU-Arab States of the Gulf (GCC) Trade Negotiations
29. 2002/12: EU-Chile Association Agreement Negotiations
30. 2002/05: WTO Negotiations in the major Food Crops Sector)
31. 1999/11: WTO New Round (Seattle) – Phase II

Source: [https://ec.europa.eu/trade/policy/policy-making/analysis/policy-evaluation/sustainability-impact-assessments/index\\_en.htm](https://ec.europa.eu/trade/policy/policy-making/analysis/policy-evaluation/sustainability-impact-assessments/index_en.htm). Last update: 02 Dec 2021.



# BIBLIOGRAPHY

*Note: all links have been accessed on 1 March 2022.*

Amazon Watch. *Complicity in destruction II: How northern consumers and financiers enable Bolsonaro's assault on the Brazilian Amazon*. 2019.

<https://amazonwatch.org/assets/files/2019-complicity-in-destruction-2.pdf>

Ambec, Stefan et al. *Rapport au Premier ministre. Dispositions et effets potentiels de la partie commerciale de l'Accord d'Association entre l'Union européenne et le Mercosur en matière de développement durable*. April 2020.

[https://www.gouvernement.fr/sites/default/files/document/document/2020/09/rapport\\_de\\_la\\_commission\\_devaluation\\_du\\_projet\\_daccord\\_ue\\_mercosur.pdf](https://www.gouvernement.fr/sites/default/files/document/document/2020/09/rapport_de_la_commission_devaluation_du_projet_daccord_ue_mercosur.pdf)

Arima, Eugenio Y., Paulo Barreto, Farzad Taheripour, and Angel Aguiar. *Dynamic Amazonia: The EU-Mercosur Trade Agreement and Deforestation*. Land, 2021.

<https://www.semanticscholar.org/paper/Dynamic-Amazonia%3A-The-EU%E2%80%93Mercosur-Trade-Agreement-Arima-Barreto/566504464e7b303dbf3333b663b97c16e4dd6313>

Ashraf, Nadia, and Jeske van Seters. *Making in count: civil society engagement in EU trade agreements*. Discussion Paper n°276, ecdpm, July 2020. <https://ecdpm.org/wp-content/uploads/Making-Count-Civil-Society-Engagement-EU-Trade-Agreements-Discussion-Paper-276-July-2020-ECDPM.pdf>

<https://ecdpm.org/wp-content/uploads/Making-Count-Civil-Society-Engagement-EU-Trade-Agreements-Discussion-Paper-276-July-2020-ECDPM.pdf>

Banga, Rashmi. *Critique of Impact Assessment of Regional Trade Agreements using Non-Tariff measures*. UNCTAD, 15 September 2017.

[https://mpr.ub.uni-muenchen.de/81394/1/MPRA\\_paper\\_81394.pdf](https://mpr.ub.uni-muenchen.de/81394/1/MPRA_paper_81394.pdf)

Bellora, Cecilia, and Jean Fouré. *Evaluation des accords commerciaux: petit guide à l'usage de ceux qui veulent comprendre*. L'économie mondiale 2020, Editions La Découverte, 2019.

[http://www.cepii.fr/PDF\\_PUB/em/2020/em2020-03.pdf](http://www.cepii.fr/PDF_PUB/em/2020/em2020-03.pdf)

Berden, Koen, and Joseph Francois. *Quantifying Non-Tariff Measures for TTIP*. July 2015.

<https://www.ceps.eu/download/publication/?id=9025&pdf=SR116%20Berden%20and%20Francois%20NTMs.pdf>

BKP. *Trade Sustainability Impact Assessment in support of FTA negotiations between the European Union and Australia*. March 2020.

[https://trade.ec.europa.eu/doclib/docs/2021/july/tradoc\\_159745.pdf](https://trade.ec.europa.eu/doclib/docs/2021/july/tradoc_159745.pdf)

Bottaro, Giulia. *What is carbon capture and storage and why are environmentalists concerned*.

Euronews, 1 February 2021. <https://www.euronews.com/green/2021/02/01/what-is-carbon-capture-and-storage-and-why-are-environmentalists-concerned>

CAN Europe. *Position on the revision of the EU Emissions Trading System (ETS)*. Position Paper, 26 May 2021. <https://caneurope.org/emissions-trading-system-ets-can-europe-position>

Cantamutto, Francisco et al. *Open Letter of 125 economists on the SIA EU-Mercosur*. 8 November 2020. <https://s2bnetwork.org/open-letter-sia/>

Capaldo, Jeronim. *The Trans-Atlantic Trade and Investment Partnership: European Disintegration, Unemployment and Instability*. GDAE Working Papers, 2014. <https://ideas.repec.org/p/dae/daepap/14-03.html>

Capaldo, Jeronim, and Özlem Ömer. *Trading away Industrialization? Context and Prospects of the EU-Mercosur agreement*. Boston University, Global Development Policy Center, GEGI Working Paper 52, June 2021. [https://www.bu.edu/gdp/files/2021/06/GEGI\\_WP\\_052\\_FIN.pdf](https://www.bu.edu/gdp/files/2021/06/GEGI_WP_052_FIN.pdf)

Carrico, Caitlyn, Siemen van Berkum, Andrzej Tabeau, Jakob Jager, and Nora Plaisier. *Impacts of the EU-Mercosur trade agreement on the Dutch economy*. Wageningen: Wageningen Economic Research, 2020. <https://www.gtap.agecon.purdue.edu/resources/download/10334.pdf>

ClientEarth, Conservation International, Fern, and the Veblen Institute. *Comments on the draft final report / Sustainability Impact Assessment (SIA) in Support of the Association Agreement Negotiations between the European Union (EU) and Mercosur*. 5 August 2020. <https://www.veblen-institute.org/L-evaluation-des-impacts-de-l-accord-UE-Mercosur-reste-lacunaire.html>

Corporate Europe Observatory. *5 reasons to scrap the ETS*. 26 October 2015. <https://corporateeurope.org/en/environment/2015/10/eu-emissions-trading-5-reasons-scrap-ets>

Cristea, Anca D., David Hummels, Laura Puzzelo, and Misak G. Avetisyan. *Trade and the Greenhouse Gas Emissions from International Freight Transport*. Journal of Environmental Economics and Management, n° 65, 2013, pp. 153-173. [https://www.nber.org/system/files/working\\_papers/w17117/w17117.pdf](https://www.nber.org/system/files/working_papers/w17117/w17117.pdf)

Delpuech, Samuel. *Evaluer le CETA, oui mais comment. Une évaluation des évaluations des accords de commerce*. Veblen Institute, 2017. [https://www.veblen-institute.org/IMG/pdf/note\\_veblen\\_evaluation\\_accords\\_de\\_commerce\\_sept\\_2017.pdf](https://www.veblen-institute.org/IMG/pdf/note_veblen_evaluation_accords_de_commerce_sept_2017.pdf)

Development Solutions. *A Trade SIA Relating to the Negotiation of a Comprehensive Economic and Trade Agreement (CETA) between the EU and Canada*. June 2011. [https://trade.ec.europa.eu/doclib/docs/2011/september/tradoc\\_148201.pdf](https://trade.ec.europa.eu/doclib/docs/2011/september/tradoc_148201.pdf)

Development Solutions. *Trade Sustainability Impact Assessment on the Environmental Goods agreement*. 2016. [https://trade.ec.europa.eu/doclib/docs/2016/august/tradoc\\_154867.pdf](https://trade.ec.europa.eu/doclib/docs/2016/august/tradoc_154867.pdf)

Development Solutions. *Sustainability Impact Assessment (SIA) in support of an investment protection agreement between the European Union and the Republic of the Union of Myanmar*. June 2016. [https://trade.ec.europa.eu/doclib/docs/2016/december/tradoc\\_155121.pdf](https://trade.ec.europa.eu/doclib/docs/2016/december/tradoc_155121.pdf)

Development Solutions. *Sustainability Impact Assessment (SIA) in support of Free Trade Agreement (FTA) negotiations between the European Union and the Republic of Indonesia*. 2019. [https://trade.ec.europa.eu/doclib/docs/2020/july/tradoc\\_158901.pdf](https://trade.ec.europa.eu/doclib/docs/2020/july/tradoc_158901.pdf)

Ecorys. *SIA in support of the negotiations on a Transatlantic Trade and Investment Partnership, Final Report*. March 2017. [https://trade.ec.europa.eu/doclib/docs/2017/april/tradoc\\_155466.pdf](https://trade.ec.europa.eu/doclib/docs/2017/april/tradoc_155466.pdf)

EU Ombudsman. *Decision in case 1409/2014/MHZ on the European Commission's failure to carry out a prior human rights impact assessment of the EU-Vietnam free trade agreement*. 26 February 2016. [https://www.ombudsman.europa.eu/en/decision/en/64308#\\_ftn10](https://www.ombudsman.europa.eu/en/decision/en/64308#_ftn10)

EU Ombudsman. *Decision in case 1026/2020/MAS concerning the failure by the European Commission to finalise an updated 'sustainability impact assessment' before concluding the EU-Mercosur trade negotiations*. 17 March 2021. <https://www.ombudsman.europa.eu/en/decision/en/139418>

European Commission. *Emissions Database for Global Atmospheric Research*. <https://edgar.jrc.ec.europa.eu/>

European Commission. *EU-Mercosur trade agreement: The Agreement in Principle and its texts. Annex on Export duties*. 12 July 2019. <http://trade.ec.europa.eu/doclib/html/158187.htm>

European Commission. *Position Paper, Trade Sustainability Impact Assessment (SIA) between the European Union and Mercosur*. 2010. [https://trade.ec.europa.eu/doclib/docs/2010/july/tradoc\\_146386.pdf](https://trade.ec.europa.eu/doclib/docs/2010/july/tradoc_146386.pdf)

European Commission, Directorate-General for Trade. *Guidelines on the analysis of human rights impacts in impact assessments for trade-related policy initiatives*. 2015. [https://trade.ec.europa.eu/doclib/docs/2015/july/tradoc\\_153591.pdf](https://trade.ec.europa.eu/doclib/docs/2015/july/tradoc_153591.pdf)

European Commission. *Trade for all. Towards a more responsible trade and investment policy*. 2015. [https://trade.ec.europa.eu/doclib/docs/2015/october/tradoc\\_153846.pdf](https://trade.ec.europa.eu/doclib/docs/2015/october/tradoc_153846.pdf)

European Commission. *Transparency Policy*. DG TRADE, factsheet, November 2018. [https://trade.ec.europa.eu/doclib/docs/2018/november/tradoc\\_157486.pdf](https://trade.ec.europa.eu/doclib/docs/2018/november/tradoc_157486.pdf)

European Commission. *Handbook for Trade Sustainability Impact Assessments*. 2<sup>nd</sup> edition, 2016. [https://trade.ec.europa.eu/doclib/docs/2016/april/tradoc\\_154464.PDF](https://trade.ec.europa.eu/doclib/docs/2016/april/tradoc_154464.PDF)

European Commission. *Terms of reference related to a contract to provide a Sustainability Impact Assessment (SIA) in support of association agreement (AA) negotiations between the European Union and Mercosur*. March 2017. [https://trade.ec.europa.eu/doclib/docs/2017/august/tradoc\\_155999.docx.pdf](https://trade.ec.europa.eu/doclib/docs/2017/august/tradoc_155999.docx.pdf)

European Commission. *European Commission services' position paper on the trade sustainability impact assessment of a Comprehensive Economic & Trade Agreement between the EU and Canada*. April 2017. [http://trade.ec.europa.eu/doclib/docs/2017/april/tradoc\\_155471.pdf](http://trade.ec.europa.eu/doclib/docs/2017/april/tradoc_155471.pdf)

European Commission (Joint Research Center). *Cumulative economic impact on trade agreements on EU agriculture*. 2021 Update, 26 January 2021. <https://op.europa.eu/en/publication-detail/-/publication/d18952e8-6050-11eb-8146-01aa75ed71a1/language-en>

European Commission. *European Green Deal: Commission proposes transformation of EU economy and society to meet climate ambitions*. Press release, 14 July 2021. [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_21\\_3541](https://ec.europa.eu/commission/presscorner/detail/en/IP_21_3541)

European Commission. *European Commission services position paper on the sustainability impact assessment in support of negotiations for a free trade agreement between the European Union and Australia*. 16 July 2021. [https://trade.ec.europa.eu/doclib/docs/2021/july/tradoc\\_159743.pdf](https://trade.ec.europa.eu/doclib/docs/2021/july/tradoc_159743.pdf)

European Commission. *Sustainability Impact Assessments*. Last update: 02 December 2021. <https://ec.europa.eu/trade/policy/policy-making/analysis/policy-evaluation/sustainability-impact-assessments/>

European Court of Auditors. *Are preferential trade agreements appropriately managed?* Special Report, 2014. [https://www.eca.europa.eu/Lists/ECADocuments/SR14\\_02/QJAB14002ENC.pdf](https://www.eca.europa.eu/Lists/ECADocuments/SR14_02/QJAB14002ENC.pdf)

European Environment Agency. *Growth without economic growth*. Briefing, 11 January 2021. <https://www.eea.europa.eu/publications/growth-without-economic-growth>

European Environmental Bureau. *Decoupling Debunked*. July 2019. <https://mk0eeborgicuyctuf7e.kinstacdn.com/wp-content/uploads/2019/07/Decoupling-Debunked.pdf>

Eurostats. *Unemployment statistics*. Data up to August 2021. [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Unemployment\\_statistics](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Unemployment_statistics)

Ferrari, E., T. Chatzopoulos, I. Perez Dominguez, P. Boulanger, K. Boysen-Urban, M. Himics, and R. M'barek. *Cumulative economic impact of trade agreements on EU agriculture*. EUR 30496 EN, Publications Office of the European Union, Luxembourg, 2021, doi:10.2760/501873, JRC123037. [https://ec.europa.eu/info/sites/default/files/food-farming-fisheries/trade/documents/jrc-cumulative-economic-impact-of-trade-agreements-on-eu-agriculture\\_en.pdf](https://ec.europa.eu/info/sites/default/files/food-farming-fisheries/trade/documents/jrc-cumulative-economic-impact-of-trade-agreements-on-eu-agriculture_en.pdf)

Flues, Fabian. *Dirty Deals: How trade talks threaten to undermine EU climate policies and bring tar sands to Euro*. Friends of the Earth Europe et al., Brussels, July 2014. [http://www.foeeurope.org/sites/default/files/publications/foee-fqd-trade-ttip-170714\\_0.pdf](http://www.foeeurope.org/sites/default/files/publications/foee-fqd-trade-ttip-170714_0.pdf)

FNE, Mighty Earth, and Sherpa. *Devoir de vigilance et Déforestation. Le cas oublié du Soja*. March 2019. [http://www.mightyearth.org/wp-content/uploads/rapport\\_soja\\_WEB\\_bassdef2.pdf](http://www.mightyearth.org/wp-content/uploads/rapport_soja_WEB_bassdef2.pdf)

François, Joseph, Bernard Hoekman, and Hugo Rojas-Romagosa. *EU Trade Sustainability Impact Assessments: revisiting the Consultation Process*. December 2020. [http://respect.eui.eu/wp-content/uploads/sites/6/2021/01/Francois\\_Hoekman\\_RojasRomagosa\\_SIA\\_Dec2820201.pdf](http://respect.eui.eu/wp-content/uploads/sites/6/2021/01/Francois_Hoekman_RojasRomagosa_SIA_Dec2820201.pdf)

Friends of the Earth Europe. *The EU Emissions Trading System: failing to deliver. Reliance on the EU-ETS leaves Europe failing to meet its share of the climate challenge, and obstructing real action*. October 2010. [https://www.foeeurope.org/sites/default/files/publications/foee\\_ets\\_failing\\_to\\_deliver\\_1010.pdf](https://www.foeeurope.org/sites/default/files/publications/foee_ets_failing_to_deliver_1010.pdf)

Friends of the Earth Europe. *Putting People, Health and the Planet for sale. The true cost of the EU-Mercosur trade agreement*. May 2020. [https://friendsoftheearth.eu/wp-content/uploads/2020/11/en\\_eu-mercotur\\_paper.pdf](https://friendsoftheearth.eu/wp-content/uploads/2020/11/en_eu-mercotur_paper.pdf)

Ghiotto, Luciana, and Javier Echaide. *Analysis of the agreement between the European Union and the Mercosur*. The Greens/EFA, Powershift, 16 January 2020. <https://extranet.greens-efa.eu/public/media/file/8650/6294>

Greenpeace. *How licensing fraud and illegal logging of lpe trees are causing irreversible damage to the Amazon rainforest*. March 2018. [https://www.greenpeace.org.br/hubfs/Greenpeace\\_Report\\_Imaginary\\_Trees\\_Real\\_Destruction\\_March\\_2018.pdf?\\_ga=2.120888392.1558796435.1573643548-680280348.1573643548](https://www.greenpeace.org.br/hubfs/Greenpeace_Report_Imaginary_Trees_Real_Destruction_March_2018.pdf?_ga=2.120888392.1558796435.1573643548-680280348.1573643548)

Haut Conseil pour le Climat. *Maitriser l'empreinte carbone de la France, Réponse à la saisine du gouvernement*. October 2020. [https://www.hautconseilclimat.fr/wp-content/uploads/2020/10/hcc\\_rapport empreinte-carbone.pdf](https://www.hautconseilclimat.fr/wp-content/uploads/2020/10/hcc_rapport empreinte-carbone.pdf)

International Maritime Organization. *Third IMO GHG study*. 2014. <https://www.imo.org/en/OurWork/Environment/Pages/Greenhouse-Gas-Studies-2014.aspx>

Joumard, Robert. *La prise en compte de l'environnement dans l'évaluation des impacts des traités de libre échange*. 20ème colloque international en évaluation environnementale, SIFEE, October 2016. <https://hal.archives-ouvertes.fr/hal-01404118/document>

Kaiser, Anna Jean. 'Exterminator of the future': Brazil's Bolsonaro denounced for environmental assault. The Guardian, 9 May 2019. <https://www.theguardian.com/world/2019/may/09/jair-bolsonaro-brazil-amazon-rainforest-environment>

Kallis, Giorgos, and Jason Hickel. *Is Green growth possible?* New Political Economy, volume 25, 2020. <https://www.tandfonline.com/doi/abs/10.1080/13563467.2019.1598964?journalCode=cnpe20>

Kohler, Pierre, and Servaas Storm. *CETA without Blinders: How Cutting "Trade Costs and More" Will Cause Unemployment, Inequality, and Welfare Losses*. International Journal of Political Economy, 45, September 2016. [https://sites.tufts.edu/gdae/files/2019/10/16-03\\_CETAWithoutBlinders.pdf](https://sites.tufts.edu/gdae/files/2019/10/16-03_CETAWithoutBlinders.pdf)

Lamy, Pascal, and Elvire Fabry. *Une négociation d'avant-garde stratégique pour les PME*. CCE International n°583, décembre 2015-janvier 2016. <https://institutdelors.eu/wp-content/uploads/2018/01/cce-international-pl-sur-le-ttip.pdf>

LSE Enterprise. *Trade Sustainability Impact Assessment of the Free Trade Agreement between the European Union and Japan*. Final Report, 2016.

[https://trade.ec.europa.eu/doclib/docs/2016/may/tradoc\\_154522.pdf](https://trade.ec.europa.eu/doclib/docs/2016/may/tradoc_154522.pdf)

LSE Consulting. *Sustainability Impact Assessment (SIA) in support of the negotiations for the modernisation of the trade part of the Global Agreement with Mexico*. August 2019.

[https://trade.ec.europa.eu/doclib/docs/2020/january/tradoc\\_158558.pdf](https://trade.ec.europa.eu/doclib/docs/2020/january/tradoc_158558.pdf)

LSE Consulting. *Sustainability Impact Assessment in Support of the Association Agreement Negotiations between the European Union and Mercosur*. Final Interim Report, February 2020b.

[https://trade.ec.europa.eu/doclib/docs/2020/february/tradoc\\_158632.pdf](https://trade.ec.europa.eu/doclib/docs/2020/february/tradoc_158632.pdf)

LSE Consulting. *Sustainability Impact Assessment in Support of the Association Agreement Negotiations between the European Union and Mercosur*. Final Report, December 2020a.

[https://trade.ec.europa.eu/doclib/docs/2021/march/tradoc\\_159509.pdf](https://trade.ec.europa.eu/doclib/docs/2021/march/tradoc_159509.pdf)

Mies Bombardi, Larissa. *A geography of agrottoxins use in Brazil and its relation to the European Union*. 2019.

<http://www.livrosabertos.sibi.usp.br/portaldelivrosUSP/catalog/view/352/309/1388>

Mies Bombardi, Larissa. *Geography of Asymmetry, the vicious cycle of pesticides and colonialism in the commercial relationship between Mercosur and the European Union*. The Left group in the European Parliament, Brussels, May 2021.

<https://documentcloud.adobe.com/link/review?uri=urn%3Aaaid%3Ascds%3AUS%3A5587d57e-d34a-4618-95a2-c291d30d47ab#pageNum=49>

Official Journal of the European Union. *Opinion of the European Economic and Social Committee on Sustainability Impact Assessments (SIA) and EU trade policy*. 23 July 2011.

<https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2011:218:0014:0018:EN:PDF>

Office of the High Commissioner for Human Rights (OHCHR). *End-of-visit statement by the United Nations Special Rapporteur on human rights and hazardous substances and wastes, Baskut Tuncak on his visit to Brazil*. June 2019.

<https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=25434>

Orbie, Jan, Deborah Martens, Myriam Oehri, and Lore van den Putte. *Promoting sustainable development or legitimising free trade? Civil society mechanisms in EU trade agreements*. Third World Thematics, a TQW Journal, 1:4, pp. 526-546, 2016.

<https://www.tandfonline.com/doi/full/10.1080/23802014.2016.1294032>

Rapport de la Commission présidée par Alain Quinet. *La valeur de l'action pour le climat. Une valeur tutélaire pour évaluer les investissements et les politiques publiques*. France Stratégie, February 2019.

[https://www.strategie.gouv.fr/sites/strategie.gouv.fr/files/atoms/files/fs-2019-rapport-la-valeur-de-laction-pour-le-climat\\_0.pdf](https://www.strategie.gouv.fr/sites/strategie.gouv.fr/files/atoms/files/fs-2019-rapport-la-valeur-de-laction-pour-le-climat_0.pdf)



Raza, Werner & Bernhard Tröster. *Assessing the claimed benefits of the Transatlantic Trade and Investment Partnership*. Paper presented at 20th Conference on Alternative Economic Policy in Europe, Rome, 25-27 September 2014.

[http://www2.euromemorandum.eu/uploads/raza\\_assessing\\_the\\_claimed\\_benefits\\_of\\_the\\_transatlantic\\_ttip.pdf](http://www2.euromemorandum.eu/uploads/raza_assessing_the_claimed_benefits_of_the_transatlantic_ttip.pdf)

Reithinger, Vanessa. *EU-Mercosur: Double standards concerning agrottoxics, How the EU and German companies profit from the sale of pesticides detrimental to biodiversity, Brief analysis on pesticides in the context of the EU-Mercosur trade agreement*. Greenpeace, Hamburg, May 2020.

[https://www.greenpeace.de/publikationen/eu\\_mercosur\\_double\\_standards\\_concerning\\_agrottoxics\\_2020.pdf](https://www.greenpeace.de/publikationen/eu_mercosur_double_standards_concerning_agrottoxics_2020.pdf)

Rodrik, Dani. *The War of Trade Models*. 4 May 2015.

[https://rodrik.typepad.com/dani\\_rodriks\\_weblog/2015/05/the-war-of-trade-models.html](https://rodrik.typepad.com/dani_rodriks_weblog/2015/05/the-war-of-trade-models.html)

Rojas-Romagosa, Hugo. *Overview of the evolution of the methodology and coverage of EU ex-ante trade sustainability impact assessments over time*. December 2018.

[http://respect.eui.eu/wp-content/uploads/sites/6/2019/02/SurveyPaper\\_draft\\_D1.3\\_28dec2018.pdf](http://respect.eui.eu/wp-content/uploads/sites/6/2019/02/SurveyPaper_draft_D1.3_28dec2018.pdf)

RTE. *Futurs énergétiques 2050, principaux résultats. Résumé exécutif*. October 2021.

[https://assets.rte-france.com/prod/public/2021-10/Futurs-Energetiques-2050-principaux-resultats\\_0.pdf](https://assets.rte-france.com/prod/public/2021-10/Futurs-Energetiques-2050-principaux-resultats_0.pdf)

Schubert, Katheline et al. *L'impact de l'Accord Économique et Commercial Global entre l'Union européenne et le Canada (AECG/CETA) sur l'environnement, le climat et la santé, Rapport au Premier Ministre*. 2017.

[https://www.gouvernement.fr/sites/default/files/document/document/2017/09/rapport\\_de\\_la\\_commission\\_devaluation\\_du\\_ceta\\_-\\_08.09.2017.pdf](https://www.gouvernement.fr/sites/default/files/document/document/2017/09/rapport_de_la_commission_devaluation_du_ceta_-_08.09.2017.pdf)

Scottish Government. *Computable General Equilibrium modelling: introduction*. 6 January 2016.

<https://www.gov.scot/publications/cge-modelling-introduction/>

Shapiro, Joseph. *The environmental bias of trade policy*. Energy Institute WP 305, May 2020.

<http://joseph-shapiro.com/research/Shapiro%20The%20Environmental%20Bias%20of%20Trade%20Policy.pdf>

Siles-Brügge, Gabriel, and Nicolette Butler. *Regulatory chill? Why TTIP could inhibit governments from regulating in the public interest*. Democratic Audit UK, 17 June 2015.

<https://www.democraticaudit.com/2015/06/17/regulatory-chill-why-ttip-could-inhibit-governments-from-regulating-in-the-public-interest/>

Tröster, Bernhard, and Werner Raza. *ASSESS\_EU\_MERCOSUR: Assessing the claimed benefits of the Association Agreement between the EU and Mercosur, Final Report*. Austrian Foundation for Development Research, 12 July 2021, commissioned and published by the Arbeiterkammer Wien in October 2021. [https://wien.arbeiterkammer.at/service/studien/eu/EU\\_Mercosur\\_2021\\_10.pdf](https://wien.arbeiterkammer.at/service/studien/eu/EU_Mercosur_2021_10.pdf)

UNCTAD. *A practical guide to trade policy analysis*. 2012.

[https://unctad.org/system/files/official-document/gds2012d2\\_ch5\\_en.pdf](https://unctad.org/system/files/official-document/gds2012d2_ch5_en.pdf)

UNCTAD. *The economics behind non-tariff measures: theoretical insights and empirical evidence*. Policy issues in international trade and commodity Study Series n°57, 2013.

[https://unctad.org/system/files/official-document/itcdtab58\\_en.pdf](https://unctad.org/system/files/official-document/itcdtab58_en.pdf)

UNCTAD. *The Global Policy Model (GPM)*.

<https://unctad.org/debt-and-finance/gpm>

Unearthed. *Brazil pesticide approvals soar as Jair Bolsonaro moves to weaken rules*. 12 June 2019. <https://unearthed.greenpeace.org/2019/06/12/jair-bolsonaro-brazil-pesticides/>

United Nations. *United Nations Declaration on the Rights of Indigenous People*. March 2008, article 31. [http://www.un.org/esa/socdev/unpfii/documents/DRIPS\\_en.pdf](http://www.un.org/esa/socdev/unpfii/documents/DRIPS_en.pdf)

United Nations Environment Programme. *The Heat is on: a world of climate promises not yet delivered, Emissions Gap report 2021*. October 2021.

<https://www.unep.org/resources/emissions-gap-report-2021>

United Nations Framework Convention on Climate Change (UNFCCC). *Land Use, Land-Use Change and Forestry (LULUCF)*.

<https://unfccc.int/topics/land-use/workstreams/land-use--land-use-change-and-forestry-lulucf>

University of Manchester. *Trade Sustainability Impact Assessment (SIA) of the association agreement under negotiation between the European Community and Mercosur, Final overview trade SIA EU-Mercosur Final Report*. March 2009.

[https://trade.ec.europa.eu/doclib/docs/2009/april/tradoc\\_142921.pdf](https://trade.ec.europa.eu/doclib/docs/2009/april/tradoc_142921.pdf)

Veblen Institute, and FNH. *Contribution of the Veblen Institute for Economic Reforms and Fondation Nicolas Hulot – Draft Interim Report of the Sustainability Impact Assessment of the 3<sup>rd</sup> of October 2019*. 29 October 2019.

[https://www.veblen-institute.org/IMG/pdf/institut\\_veblen\\_fnh\\_comments\\_on\\_sia\\_291019.pdf](https://www.veblen-institute.org/IMG/pdf/institut_veblen_fnh_comments_on_sia_291019.pdf)

Veblen Institute, and FNH. *Un accord perdant-perdant. Analyse préliminaire de de l'Accord de commerce entre l'Union Européenne et le Mercosur*. Novembre 2019. [https://www.veblen-institute.org/IMG/pdf/analyse\\_accord\\_ue\\_mercosur\\_fnh\\_veblen.pdf](https://www.veblen-institute.org/IMG/pdf/analyse_accord_ue_mercosur_fnh_veblen.pdf)

Watts, Jonathan. *We must not barter the Amazon rainforest for burgers and steaks*. The Guardian, 2 July 2019. <https://www.theguardian.com/environment/commentisfree/2019/jul/02/barter-amazon-rainforest-burgers-steaks-brazil>

World Trade Organization. *Background The Seattle 'ministerial'*. October 1999.

[https://www.wto.org/english/thewto\\_e/minist\\_e/min99\\_e/english/about\\_e/03bgd\\_e.htm](https://www.wto.org/english/thewto_e/minist_e/min99_e/english/about_e/03bgd_e.htm)

World Trade Organization. *Technical Information on Technical barriers to trade*.

[https://www.wto.org/english/tratop\\_e/tbt\\_e/tbt\\_info\\_e.htm](https://www.wto.org/english/tratop_e/tbt_e/tbt_info_e.htm)



World Trade Organization. *Understanding the WTO Agreement on Sanitary and Phytosanitary Measures*. [https://www.wto.org/english/tratop\\_e/sps\\_e/spsund\\_e.htm](https://www.wto.org/english/tratop_e/sps_e/spsund_e.htm)

Zhai, Fan. *Armington Meets Melitz: Introducing Firm Heterogeneity in a Global CGE Model of Trade*. ADB Institute Discussion Paper n°108, May 2008.  
<https://www.adb.org/sites/default/files/publication/156747/adbi-dp108.pdf>

# ENDNOTES

---

<sup>1</sup> European Commission, *Handbook for Trade Sustainability Impact Assessments*, 2<sup>nd</sup> edition, 2016, p. 5. [https://trade.ec.europa.eu/doclib/docs/2016/april/tradoc\\_154464.PDF](https://trade.ec.europa.eu/doclib/docs/2016/april/tradoc_154464.PDF)

<sup>2</sup> *Ibid.*, p. 8, p. 5.

<sup>3</sup> Although no legal text nor the “Handbook for Trade SIAs” states that SIAs are mandatory per se, the EU Ombudsman explained in her two decisions on the EU-Mercosur SIA and the EU-Vietnam SIA that the failure to provide a respectively timely (EU-Mercosur) and complete (EU-Vietnam) SIA constituted maladministration. The rationale was that SIAs are key instruments to achieve objectives enshrined in the EU treaties: “The Ombudsman notes that the principles set out in Article 21 TEU also apply to trade policy. While Article 21 TEU does not set out an explicit and legally binding requirement to conclude an SIA before the end of trade negotiations, SIAs are one of the Commission’s most important tools to ensure that the principles set out in Article 21 TEU are respected in trade agreements”. EU Ombudsman, *Decision in case 1026/2020/MAS concerning the failure by the European Commission to finalise an updated ‘sustainability impact assessment’ before concluding the EU-Mercosur trade negotiations*, 17 March 2021, #39. <https://www.ombudsman.europa.eu/en/decision/en/139418>

And further: “The Ombudsman noted that the principles set out in Article 21(1) TEU[8] and Article 21(2) TEU[9] apply also in the area of the common commercial policy[10]. Although the Ombudsman agreed with the Commission that there appears to be no express and specific legally binding requirement to carry out a human rights impact assessment concerning the relevant free trade agreement, she took the view that it would be in conformity with the spirit of the legal provisions mentioned above to carry out a human rights impact assessment. Since the 2009 sustainability impact assessment concerning ASEAN covers only certain aspects of the impact on social rights, it is not a proper substitute for a human rights impact assessment.” EU Ombudsman, *Decision in case 1409/2014/MHZ on the European Commission’s failure to carry out a prior human rights impact assessment of the EU-Vietnam free trade agreement*, 26 February 2016, #11. [https://www.ombudsman.europa.eu/en/decision/en/64308#\\_ftn10](https://www.ombudsman.europa.eu/en/decision/en/64308#_ftn10)

<sup>4</sup> European Commission, *Trade for all. Towards a more responsible trade and investment policy*, 2015, p. 5. [https://trade.ec.europa.eu/doclib/docs/2015/october/tradoc\\_153846.pdf](https://trade.ec.europa.eu/doclib/docs/2015/october/tradoc_153846.pdf)

<sup>5</sup> European Commission, *Handbook for Trade Sustainability Impact Assessments*, 2<sup>nd</sup> edition, 2016. [https://trade.ec.europa.eu/doclib/docs/2016/april/tradoc\\_154464.PDF](https://trade.ec.europa.eu/doclib/docs/2016/april/tradoc_154464.PDF)

<sup>6</sup> *Ibid.*

<sup>7</sup> *Ibid.*

<sup>8</sup> World Trade Organization, *Background. The Seattle ‘ministerial’*, October 1999.

[https://www.wto.org/english/thewto\\_e/minist\\_e/min99\\_e/english/about\\_e/03bgd\\_e.htm](https://www.wto.org/english/thewto_e/minist_e/min99_e/english/about_e/03bgd_e.htm)

<sup>9</sup> European Commission, *Sustainability Impact Assessments*, consulted 22 October 2021.

<https://ec.europa.eu/trade/policy/policy-making/analysis/policy-evaluation/sustainability-impact-assessments/>

<sup>10</sup> European Court of Auditors, *Are preferential trade agreements appropriately managed?* Special Report, 2014, p. 41. [https://www.eca.europa.eu/Lists/ECADocuments/SR14\\_02/QJAB14002ENC.pdf](https://www.eca.europa.eu/Lists/ECADocuments/SR14_02/QJAB14002ENC.pdf).

Up to 2014, no SIA was required for the following trade agreements: Andorra, Turkey, San Marino, Faroe Islands, European Economic Area (Iceland, Liechtenstein, and Norway), Switzerland, the former Yugoslav Republic of Macedonia, Mexico, South Africa, market access regulation with ACP states, overseas countries and territories, GSP Regulation (EC) No 980/2005, GSP Regulation (EC) No 732/2008, GSP Regulation (EU) No 978/2012, unilateral PTA with Moldova and Ceuta and Melilla.

<sup>11</sup> *Ibid.*, p. 17.

<sup>12</sup> Nevertheless, some SIAs are presented differently: the SIA for CETA does not contain an overall description of economic, social and environmental impacts. Instead, these impacts are encompassed in the description of each sectoral analysis.

<sup>13</sup> Hugo Rojas-Romagosa, *Overview of the evolution of the methodology and coverage of EU ex-ante trade sustainability impact assessments over time*, December 2018.

[http://respect.eui.eu/wp-content/uploads/sites/6/2019/02/SurveyPaper\\_draft\\_D1.3\\_28dec2018.pdf](http://respect.eui.eu/wp-content/uploads/sites/6/2019/02/SurveyPaper_draft_D1.3_28dec2018.pdf)

<sup>14</sup> *Ibid.*

<sup>15</sup> *Ibid.*

- 
- <sup>16</sup> LSE Consulting, *Sustainability Impact Assessment in Support of the Association Agreement Negotiations between the European Union and Mercosur*, Final Report, December 2020a, p. 17.  
[https://trade.ec.europa.eu/doclib/docs/2021/march/tradoc\\_159509.pdf](https://trade.ec.europa.eu/doclib/docs/2021/march/tradoc_159509.pdf)
- <sup>17</sup> *Ibid.*, p. 106.
- <sup>18</sup> European Commission, *Terms of reference related to a contract to provide a Sustainability Impact Assessment (SIA) in support of association agreement (AA) negotiations between the European Union and Mercosur*, March 2017, p. 5.  
[https://trade.ec.europa.eu/doclib/docs/2017/august/tradoc\\_155999.docx.pdf](https://trade.ec.europa.eu/doclib/docs/2017/august/tradoc_155999.docx.pdf)
- <sup>19</sup> *Ibid.*, p. 12.
- <sup>20</sup> European Commission, Directorate-General for Trade, *Guidelines on the analysis of human rights impacts in impact assessments for trade-related policy initiatives*, 2015.  
[https://trade.ec.europa.eu/doclib/docs/2015/july/tradoc\\_153591.pdf](https://trade.ec.europa.eu/doclib/docs/2015/july/tradoc_153591.pdf)
- <sup>21</sup> *Ibid.*, p. 4.
- <sup>22</sup> European Commission, *Transparency Policy in DG TRADE*, Factsheet, November 2018, p. 3.  
[https://trade.ec.europa.eu/doclib/docs/2018/november/tradoc\\_157486.pdf](https://trade.ec.europa.eu/doclib/docs/2018/november/tradoc_157486.pdf)
- <sup>23</sup> University of Manchester, *Trade Sustainability Impact Assessment (SIA) of the association agreement under negotiation between the European Community and Mercosur. Final overview trade SIA EU-Mercosur Final Report*, March 2009, p. 13.  
[https://trade.ec.europa.eu/doclib/docs/2009/april/tradoc\\_142921.pdf](https://trade.ec.europa.eu/doclib/docs/2009/april/tradoc_142921.pdf)
- <sup>24</sup> “Negotiators should take into account that in some areas appropriate policy frameworks are being put in place [...] The Commission services [...] recall that the preservation of forestry resources is also a prime responsibility of each Mercosur country itself, also taking account of obligations under Multilateral Environment Agreements to which they are Parties.”  
European Commission, Position Paper, *Trade Sustainability Impact Assessment (SIA) between the European Union and Mercosur*, 2010, p. 5. [https://trade.ec.europa.eu/doclib/docs/2010/july/tradoc\\_146386.pdf](https://trade.ec.europa.eu/doclib/docs/2010/july/tradoc_146386.pdf)
- <sup>25</sup> “The policy space reductions caused by ISDS allowances in CETA, while less significant than foreseen by some parties, would be enough to cast doubt on its contribution to net sustainability benefits.”  
Development Solutions, *A Trade SIA Relating to the Negotiation of a Comprehensive Economic and Trade Agreement (CETA) between the EU and Canada*, June 2011, p. 20.  
[https://trade.ec.europa.eu/doclib/docs/2011/september/tradoc\\_148201.pdf](https://trade.ec.europa.eu/doclib/docs/2011/september/tradoc_148201.pdf)
- <sup>26</sup> European Commission, *European Commission services' position paper on the trade sustainability impact assessment of a Comprehensive Economic & Trade Agreement between the EU and Canada*, April 2017, p. 13.  
[http://trade.ec.europa.eu/doclib/docs/2017/april/tradoc\\_155471.pdf](http://trade.ec.europa.eu/doclib/docs/2017/april/tradoc_155471.pdf)
- <sup>27</sup> *Ibid.*, p. 22.
- <sup>28</sup> Development Solutions, *op. cit.*, 2011, p. 33.
- <sup>29</sup> The final SIA for the EU-Mercosur agreement was published more than one year and a half after the end of the negotiations of the trade part of the agreement.
- <sup>30</sup> The simulations on the EU-Mercosur and EU-Indonesia agreements were run for the year 2032, those for TTIP, EU-Australia and EU New-Zealand for the year 2030. For CETA and EU-Mexico, it is 2028.
- <sup>31</sup> Assuming full-tariff liberalisation and a symmetrical reduction of NTMs (Non-Tariff Measures).
- <sup>32</sup> LSE Enterprise, *Trade Sustainability Impact Assessment of the Free Trade Agreement between the European Union and Japan. Final report*, 2016, p. 4. [https://trade.ec.europa.eu/doclib/docs/2016/may/tradoc\\_154522.pdf](https://trade.ec.europa.eu/doclib/docs/2016/may/tradoc_154522.pdf)
- <sup>33</sup> Scottish Government, *Computable General Equilibrium modelling: introduction*, 6 January 2016.  
<https://www.gov.scot/publications/cge-modelling-introduction/>
- <sup>34</sup> This positive domino effect lies on two hypotheses: First, opening economies contributes to a permanent rise of the rate of work productivity. Second, all the savings gained from the increase of production are reinvested in the domestic economy, enabling to increase work productivity and therefore spur production.
- <sup>35</sup> “On issues of employment and wages, the only element provided by the CGE model relates to the effects of an agreement on the payroll on the different sectors, its increase or decrease, without being able to distinguish the impact on the number of created or lost jobs from the impact on the level of wages”.  
Cecilia Bellora, Jean Fouré, *Evaluation des accords commerciaux: petit guide à l'usage de ceux qui veulent comprendre*, L'économie mondiale 2020, Editions La Découverte, 2019, p. 54.
- <sup>36</sup> E.g. impact on jobs in the EU-Mercosur SIA:

---

“Among the sectors most significantly impacted in Mercosur countries (changes above 2%), the greatest employment gains are to be expected in the cereals (especially for Brazil), vegetables, fruits and nuts (Brazil, Argentina, Uruguay), oilseeds, vegetable oils and fats (Brazil), bovine (Brazil, Argentina, Uruguay), other meat, gas (Brazil, Argentina), agricultural sectors. Job losses are seen in some manufacturing sectors such as metal products, motor and transport, machinery sectors (all Mercosur countries in each case).”

LSE Consulting, *op. cit.*, December 2020a, p. 56.

E.g. impacts on wages in the CETA SIA:

“In the EU, the real wage rates of unskilled and skilled labour are expected to exhibit small increases in magnitudes over the long-term under all four scenarios. For the EU, the largest rise in the wage rates is observed under the most ambitious scenario (Scenario D). However, under this scenario, the wage rate of skilled labour rises more than that of unskilled labour. Conversely, Canadian wages are estimated to exhibit the highest increases under an ambitious liberalisation of services but where dairy and ‘other food products’ are not liberalised (Scenario B).”

Development Solutions, *op. cit.*, 2011, p. 46.

<sup>37</sup> Bernhard Tröster, Werner Raza, *ASSESS\_EU\_MERCOSUR: Assessing the claimed benefits of the Association Agreement between the EU and Mercosur, Final Report*, Austrian Foundation for Development Research, 12 July 2021, commissioned and published by the Arbeiterkammer Wien in October 2021, p. 14.

[https://wien.arbeiterkammer.at/service/studien/eu/EU\\_Mercosur\\_2021\\_10.pdf](https://wien.arbeiterkammer.at/service/studien/eu/EU_Mercosur_2021_10.pdf)

<sup>38</sup> UNCTAD, *A practical guide to trade policy analysis. Chapter 5*, 2012, p. 189

[https://unctad.org/system/files/official-document/gds2012d2\\_ch5\\_en.pdf](https://unctad.org/system/files/official-document/gds2012d2_ch5_en.pdf)

<sup>39</sup> *Ibid.*, p. 199.

<sup>40</sup> “In general, the impact studies do not address potential adjustment costs through temporary unemployment and re-training, and neglect any potential negative effects on employment in the long run”.

Bernhard Tröster, Werner Raza, *op. cit.*, 2021, p. V.

<sup>41</sup> Eurostats, *Unemployment statistics*, data up to August 2021. [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Unemployment\\_statistics](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Unemployment_statistics)

<sup>42</sup> E.g. in the Position Paper of the Commission on SIA for the EU–Australia trade agreement: “In this respect, it is again to be noted that the two modelled scenarios in the SIA might not reflect the actual negotiation outcomes and that the real effects of the future FTA in specific sectors are likely to differ from the simulations. In particular, the ambitious scenario is based on the assumption of a full elimination of tariffs and tariff rate quotas in the agricultural sector range of effects, which the FTA could have. This is not a realistic scenario nor a prediction of actual negotiation outcomes.”

European Commission, *European Commission services position paper on the sustainability impact assessment in support of negotiations for a free trade agreement between the European Union and Australia*, 16 July 2021, p. 9.

[https://trade.ec.europa.eu/doclib/docs/2021/july/tradoc\\_159743.pdf](https://trade.ec.europa.eu/doclib/docs/2021/july/tradoc_159743.pdf)

<sup>43</sup> Stefan Ambec et al., *Rapport au Premier ministre, Dispositions et effets potentiels de la partie commerciale de l'Accord d'Association entre l'Union européenne et le Mercosur en matière de développement durable*, April 2020, p. 32.

[https://www.gouvernement.fr/sites/default/files/document/document/2020/09/rapport\\_de\\_la\\_commission\\_devaluation\\_du\\_projet\\_daccord\\_ue\\_mercosur.pdf](https://www.gouvernement.fr/sites/default/files/document/document/2020/09/rapport_de_la_commission_devaluation_du_projet_daccord_ue_mercosur.pdf)

<sup>44</sup> “In both scenarios, concluded negotiations (with Canada, Japan, Mercosur, Mexico, and Vietnam) were modelled based on their actual outcome, in terms of tariff concessions and bilateral tariff rate quotas (TRQs).”

European Commission (Joint Research Center), *Cumulative economic impact on trade agreements on EU agriculture*, 2021 Update, 26 January 2021, p. 4.

<https://op.europa.eu/en/publication-detail/-/publication/d18952e8-6050-11eb-8146-01aa75ed71a1/language-en>

<sup>45</sup> C. Carrico et al., *Impacts of the EU-Mercosur trade agreement on the Dutch economy*, Wageningen: Wageningen Economic Research, 2020.

<sup>46</sup> Bernhard Tröster, Werner Raza, *op. cit.*, 2021, p. 15.

<sup>47</sup> Development Solutions, *op. cit.*, 2011, p. 14.

<sup>48</sup> LSE Consulting, *op. cit.*, December 2020a, p. 189.

<sup>49</sup> Ecorys, *SIA in support of the negotiations on a Transatlantic Trade and Investment Partnership, Final Report*, March 2017, p. 77.

<sup>50</sup> Bernhard Tröster, Werner Raza, *op. cit.*, 2021, p. 15.

<sup>51</sup> Samuel Delpeuch, *Évaluer le CETA, oui mais comment. Une évaluation des évaluations des accords de commerce*, Veblen Institute, 2017.

[https://www.veblen-institute.org/IMG/pdf/note\\_veblen\\_evaluation\\_accords\\_de\\_commerce\\_sept\\_2017.pdf](https://www.veblen-institute.org/IMG/pdf/note_veblen_evaluation_accords_de_commerce_sept_2017.pdf)

- 
- <sup>52</sup> European Court of Auditors, *op. cit.*, 2014, p. 45.
- <sup>53</sup> Official Journal of the European Union, *Opinion of the European Economic and Social Committee on Sustainability Impact Assessments (SIA) and EU trade policy*, 23 July 2011, section 1.2, p. 1.  
<https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2011:218:0014:0018:EN:PDF>
- <sup>54</sup> Cecilia Bellora, Jean Fouré, *op. cit.*, 2019, p. 51.
- <sup>55</sup> Development Solutions, *op. cit.*, 2011, p. 14.
- <sup>56</sup> Bernhard Tröster, Werner Raza, *op. cit.*, 2021, p. 19.
- <sup>57</sup> Haut Conseil pour le Climat, *Maîtriser l’empreinte carbone de la France, Réponse à la saisine du gouvernement*, Octobre 2020, p. 25.  
[https://www.hautconseilclimat.fr/wp-content/uploads/2020/10/hcc\\_rapport empreinte-carbone.pdf](https://www.hautconseilclimat.fr/wp-content/uploads/2020/10/hcc_rapport empreinte-carbone.pdf)
- <sup>58</sup> Cecilia Bellora, Jean Fouré, *op. cit.*, 2019, p. 54.
- <sup>59</sup> UNCTAD, *A practical guide to trade policy analysis*, Chapter 5, 2012, p. 199.  
[https://unctad.org/system/files/official-document/gds2012d2\\_ch5\\_en.pdf](https://unctad.org/system/files/official-document/gds2012d2_ch5_en.pdf)
- <sup>60</sup> Fan Zhai, *Armington Meets Melitz: Introducing Firm Heterogeneity in a Global CGE Model of Trade*, ADB Institute Discussion Paper n°108, May 2008, pp. 1-2.  
<https://www.adb.org/sites/default/files/publication/156747/adb-dp108.pdf>
- <sup>61</sup> Bernhard Tröster, Werner Raza, *op. cit.*, 2021, p. 15.
- <sup>62</sup> Werner Raza, Bernhard Tröster, *Assessing the claimed benefits of the Transatlantic Trade and Investment Partnership*, Paper presented at 20th Conference on Alternative Economic Policy in Europe, Rome, 25-27 September 2014, p. 4.  
[http://www2.euromemorandum.eu/uploads/raza\\_assessing\\_the\\_claimed\\_benefits\\_of\\_the\\_transatlantic\\_ttip.pdf](http://www2.euromemorandum.eu/uploads/raza_assessing_the_claimed_benefits_of_the_transatlantic_ttip.pdf)
- <sup>63</sup> Jeronim Capaldo, *The Trans-Atlantic Trade and Investment Partnership: European Disintegration, Unemployment and Instability*, GDAE Working Papers, 2014, p. 1.  
<https://ideas.repec.org/p/dae/daepap/14-03.html>
- <sup>64</sup> Pierre Kohler, Servaas Storm, *CETA without Blinders: How Cutting “Trade Costs and More” Will Cause Unemployment, Inequality, and Welfare Losses*, International Journal of Political Economy 45, September 2016, p. 1.  
[https://sites.tufts.edu/gdae/files/2019/10/16-03\\_CETAWithoutBlinders.pdf](https://sites.tufts.edu/gdae/files/2019/10/16-03_CETAWithoutBlinders.pdf)
- <sup>65</sup> Jeronim Capaldo, Özlem Ömer, *Trading away Industrialization? Context and Prospects of the EU-Mercosur agreement*, Boston University, Global Development Policy Center, GEGI Working Paper 52, June 2021, p. 1.  
[https://www.bu.edu/gdp/files/2021/06/GEGI\\_WP\\_052\\_FIN.pdf](https://www.bu.edu/gdp/files/2021/06/GEGI_WP_052_FIN.pdf)
- <sup>66</sup> Bernhard Tröster, Werner Raza, *op. cit.*, 2021, p. VI.
- <sup>67</sup> Cantamutto, Francisco et al., *Open Letter of 125 economists on the SIA EU-Mercosur*, 8 November 2020. The number of economists who signed this statement climbed to 197 by the end of November 2021.  
<https://s2bnetwork.org/open-letter-sia/>
- <sup>68</sup> Bernhard Tröster, Werner Raza, *op. cit.*, 2021, p. V.
- <sup>69</sup> Koen Berden, Joseph Francois, *Quantifying Non-Tariff Measures for TTIP*, July 2015.  
<https://www.ceps.eu/download/publication/?id=9025&pdf=SR116%20Berdens%20and%20Francois%20NTMs.pdf>
- <sup>70</sup> World Trade Organization, *Technical Information on Technical barriers to trade*.  
[https://www.wto.org/english/tratop\\_e/tbt\\_e/tbt\\_info\\_e.htm](https://www.wto.org/english/tratop_e/tbt_e/tbt_info_e.htm)
- <sup>71</sup> World Trade Organization, *Understanding the WTO Agreement on Sanitary and Phytosanitary Measures*.  
[https://www.wto.org/english/tratop\\_e/sps\\_e/spsund\\_e.htm](https://www.wto.org/english/tratop_e/sps_e/spsund_e.htm)
- <sup>72</sup> Pascal Lamy, Elvire Fabry, *Une négociation d’avant-garde stratégique pour les PME*, CCE International n°583, December 2015 (in French, our translation), p. 12.  
<https://institutdelors.eu/wp-content/uploads/2018/01/cce-international-pl-sur-le-ttip.pdf>
- <sup>73</sup> Koen Berden, Joseph Francois, *op. cit.*, July 2015.
- <sup>74</sup> Koen Berden, Joseph Francois, *op. cit.*, July 2015.
- <sup>75</sup> Bernhard Tröster, Werner Raza, *op. cit.*, 2021, p. 8.
- <sup>76</sup> Development Solutions, *op. cit.*, 2011.
- <sup>77</sup> For a critique of quantification of NTMs from other angles, see section “When positive impacts of regulations are ignored” of this study.
- <sup>78</sup> “It warns that policymakers who seek to rely on such studies need to be aware of the large number of assumptions that underlie the quantification of the non-tariff measures, including that regulation is necessarily

---

negative for trade, and other limitations of the methodology used.” Rashmi Banga, *Critique of Impact Assessment of Regional Trade Agreements using Non-Tariff measures*, UNCTAD, 15 September 2017.

[https://mpr.ub.uni-muenchen.de/81394/1/MPRA\\_paper\\_81394.pdf](https://mpr.ub.uni-muenchen.de/81394/1/MPRA_paper_81394.pdf)

<sup>79</sup> Cecilia Bellora, Jean Fouré, *op. cit.*, 2019 (our translation), p. 45.

<sup>80</sup> Breakdown of expected effects for TTIP:

EU: regulatory cooperation: 76%; reduction of tariffs: 24%

US: regulatory cooperation: 87%; reduction of tariffs: 13%

Average: regulatory cooperation: 81,5; reduction of tariffs: 18,5

Ecorys, *op. cit.*, 2017, p. 19.

<sup>81</sup> E.g. GDP impacts are broken down by EU Member States in the SIA for TTIP.

<sup>82</sup> Bernhard Tröster, Werner Raza, *op. cit.*, 2021, p. 4.

<sup>83</sup> LSE Consulting, *op. cit.*, 2020a, p. 56.

<sup>84</sup> Luciana Ghiotto, Javier Echaide, *Analysis of the agreement between the European Union and the Mercosur*, The Greens/EFA, Powershift, 16 January 2020.

<https://extranet.greens-efa.eu/public/media/file/8650/6294>

<sup>85</sup> Cecilia Bellora, Jean Fouré, *op. cit.*, 2019, p. 52.

<sup>86</sup> Ecorys, *op. cit.*, 2017, p. 125.

<sup>87</sup> LSE Consulting, *op. cit.*, 2020a, p. 20.

<sup>88</sup> UNFCCC, *Response measures models - E3MG*.

<https://unfccc.int/topics/mitigation/workstreams/response-measures/modelling-tools-to-assess-the-impact-of-the-implementation-of-response-measures/response-measures-models-e3mg>.

<sup>89</sup> Sectoral GHG intensity values come from the EDGAR database – Emissions Database for Global Atmospheric Research.

<https://edgar.jrc.ec.europa.eu/>.

<sup>90</sup> Ecorys, *op. cit.*, 2017, p. 49.

<sup>91</sup> The TTIP SIA includes a quantification of the additional pollution brought by the agreement (compared to the baseline), as well as an estimation of its social cost (between 127 million to 156 million € for the EU). The assessment of pollution in the EU-Mercosur SIA on the other hand is only qualitative. In both cases, the results are influenced by and inferred from the results of the CGE model.

<sup>92</sup> A. Cristea et al., *Trade and the Greenhouse Gas Emissions from International Freight Transport*, Journal of Environmental Economics and Management, n° 65, 2013, pp. 153-173; cited in Stefan Ambec et al., *Dispositions et effets potentiels de la partie commerciale de l'Accord d'Association entre l'Union européenne et le Mercosur en matière de développement durable*, Rapport au Premier ministre, April 2020, p. 138.

[https://www.gouvernement.fr/sites/default/files/document/document/2020/09/rapport\\_de\\_la\\_commission\\_devaluation\\_du\\_projet\\_daccord\\_ue\\_mercosur.pdf](https://www.gouvernement.fr/sites/default/files/document/document/2020/09/rapport_de_la_commission_devaluation_du_projet_daccord_ue_mercosur.pdf)

<sup>93</sup> International Maritime Organization, *Third IMO GHG study*, 2014.

<https://www.imo.org/en/OurWork/Environment/Pages/Greenhouse-Gas-Studies-2014.aspx>

<sup>94</sup> Stefan Ambec et al., *op. cit.*, 2020, p. 138.

<sup>95</sup> United Nations Framework Convention on Climate Change, Land Use, Land-Use Change and Forestry (LULUCF).

<https://unfccc.int/topics/land-use/workstreams/land-use--land-use-change-and-forestry-lulucf>

<sup>96</sup> LSE Consulting, *op. cit.*, 2020a, p. 73.

[https://trade.ec.europa.eu/doclib/docs/2021/march/tradoc\\_159509.pdf](https://trade.ec.europa.eu/doclib/docs/2021/march/tradoc_159509.pdf)

<sup>97</sup> The agreement could increase soybean production and related impacts through increased livestock production (when used for animal feed) and reduced export tax on soybeans in Argentina.

<sup>98</sup> Eugenio Arima et al., *Dynamic Amazonia: The EU-Mercosur Trade Agreement and Deforestation*, Land, 10(11), 2021, p. 1243.

<https://doi.org/10.3390/land10111243>

<sup>99</sup> Following the recommendations of: Rapport de la Commission présidée par Alain Quinet, *La valeur de l'action pour le climat. Une valeur tutélaire pour évaluer les investissements et les politiques publiques*, France Stratégie, February 2019, p. 6.

[https://www.strategie.gouv.fr/sites/strategie.gouv.fr/files/atoms/files/fs-2019-rapport-la-valeur-de-laction-pour-le-climat\\_0.pdf](https://www.strategie.gouv.fr/sites/strategie.gouv.fr/files/atoms/files/fs-2019-rapport-la-valeur-de-laction-pour-le-climat_0.pdf)

<sup>100</sup> Stefan Ambec et al., *op. cit.*, 2020, p. 139.

<sup>101</sup> *Ibid.*



---

<sup>102</sup> Ecorys, *op. cit.*, 2017, p. 202.

<sup>103</sup> LSE Consulting, *op. cit.*, 2020a, p. 189.

<sup>104</sup> *Ibid.*, p. 13.

<sup>105</sup> Stefan Ambec et al., *op. cit.*, 2020, p. 132.

<sup>106</sup> In answering a letter dated 13 September 2021 and sent by the S2B Network and Friends of the Earth Europe which made a reference to the French study (“A study, commissioned by the French government showed that deforestation for exports to the EU could increase by ±25%.”) Commissioner Valdis Dombrovskis wrote: “The Commission believes that there are considerable flaws in this study and that the high estimates rest on a number of false assumptions.” Valdis Dombrovskis, *letter to Ms Jagoda Munic, Director Friends of the Earth Europe*, dated 16 November 2021, Ref. Ares(2021)7048163 – 16/11/2021.

<sup>107</sup> Eugenio Arima et al., *op. cit.*, 2021, p. 1.

<sup>108</sup> Eg: “Natural lands and unimproved pasture offer the best conditions to support higher levels of biodiversity. As land is converted from wetland to cropland, habitat capacity is deteriorated. Agricultural production hinders biodiversity by reducing the quality and diversity of habitats for different species and forcing wild flora and fauna to compete with agricultural species for resources. In cases where they are successful, this can harm crop performance. Monoculture creates habitats that reduce the capacity for biodiversity.” Development Solutions, *op. cit.*, 2011, p. 91.

<sup>109</sup> “Though the Canadian agriculture industry is already mature and operating at scale, full liberalisation may increase output and export of agricultural products to the EU. This intensification could cause further harm to biodiversity, where marginal lands are converted to croplands. However, to the extent that crops allowing for greater surface cover and pasture are favoured, such as for grazing of cattle, the agricultural landscape could benefit biodiversity.”

*Ibid.*, p. 92

<sup>110</sup> Ecorys, *op. cit.*, 2017, p. 190.

[https://trade.ec.europa.eu/doclib/docs/2017/april/tradoc\\_155464.pdf](https://trade.ec.europa.eu/doclib/docs/2017/april/tradoc_155464.pdf)

<sup>111</sup> BKP, *Trade Sustainability Impact Assessment in support of FTA negotiations between the European Union and Australia*, March 2020, p. 98.

[https://trade.ec.europa.eu/doclib/docs/2021/july/tradoc\\_159745.pdf](https://trade.ec.europa.eu/doclib/docs/2021/july/tradoc_159745.pdf)

<sup>112</sup> *Ibid.*, p. 98

<sup>113</sup> ClientEarth, Conservation International, Fern and the Veblen Institute, *Comments on the draft final report / Sustainability Impact Assessment (SIA) in Support of the Association Agreement Negotiations between the European Union (EU) and Mercosur*, 5 August 2020.

<https://www.veblen-institute.org/L-evaluation-des-impacts-de-l-accord-UE-Mercosur-reste-lacunaire.html>

<sup>114</sup> IPBES, 2019, cited in Stefan Ambec et al., *op. cit.*, 2020, p. 117.

<sup>115</sup> European Commission, *EU-Mercosur trade agreement: The Agreement in Principle and its texts. Annex on Export duties*, 12 July 2019.

<http://trade.ec.europa.eu/doclib/html/158187.htm>

<sup>116</sup> European Commission, *New EU-Mercosur trade agreement. The agreement in principle*, 1 July 2019, p. 3.

<https://trade.ec.europa.eu/doclib/html/157964.htm>

<sup>117</sup> LSE Consulting, *op. cit.*, 2020a, p. 109-157.

<sup>118</sup> LSE Consulting, *op. cit.*, 2020a, p. 157-173.

<sup>119</sup> LSE Consulting, *op. cit.*, 2020a, p. 167.

<sup>120</sup> United Nations, *United Nations Declaration on the Rights of Indigenous People*, March 2008, article 31.

[http://www.un.org/esa/socdev/unpfii/documents/DRIPS\\_en.pdf](http://www.un.org/esa/socdev/unpfii/documents/DRIPS_en.pdf)

<sup>121</sup> Development Solutions, *Trade Sustainability Impact Assessment on the Environmental Goods agreement*, 2016, p. 19.

[https://trade.ec.europa.eu/doclib/docs/2016/august/tradoc\\_154867.pdf](https://trade.ec.europa.eu/doclib/docs/2016/august/tradoc_154867.pdf)

Cited in Joseph François, Bernard Hoekman, Hugo Rojas-Romagosa, *EU Trade Sustainability Impact Assessments: revisiting the Consultation Process*, December 2020.

[http://respect.eui.eu/wp-content/uploads/sites/6/2021/01/Francois\\_Hoekman\\_RojasRomagosa\\_SIA\\_Dec2820201.pdf](http://respect.eui.eu/wp-content/uploads/sites/6/2021/01/Francois_Hoekman_RojasRomagosa_SIA_Dec2820201.pdf)

<sup>122</sup> Bernhard Tröster, Werner Raza, *op. cit.*, 2021, p. 29.

<sup>123</sup> Friends of the Earth Europe, *Putting People, Health and the Planet for sale. The true cost of the EU-Mercosur trade agreement*, May 2020.

[https://friendsoftheearth.eu/wp-content/uploads/2020/11/en\\_eu-mercotur\\_paper.pdf](https://friendsoftheearth.eu/wp-content/uploads/2020/11/en_eu-mercotur_paper.pdf)

---

<sup>124</sup> OHCHR, *End-of-visit statement by the United Nations Special Rapporteur on human rights and hazardous substances and wastes, Baskut Tuncak on his visit to Brazil*, June 2019.  
<https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=25434>

<sup>125</sup> *Ibid.*

<sup>126</sup> There are various recent studies on the impact of the EU-Mercosur Agreement on the exportation of pesticides and the impacts they will have in the Mercosur countries, see as one example Vanessa Reithinger, *EU-Mercosur: Double standards concerning agrotoxics, How the EU and German companies profit from the sale of pesticides detrimental to biodiversity, Brief analysis on pesticides in the context of the EU-Mercosur trade agreement*, Greenpeace, May 2020.  
[https://www.greenpeace.de/publikationen/eu\\_mercosur\\_double\\_standards\\_concerning\\_agrotoxics\\_2020.pdf](https://www.greenpeace.de/publikationen/eu_mercosur_double_standards_concerning_agrotoxics_2020.pdf)

<sup>127</sup> LSE Consulting, *op. cit.*, 2020a, p. 13.

<sup>128</sup> *Ibid.*, p. 93.

<sup>129</sup> Larissa Mies Bombardi, *Geography of Asymmetry, the vicious cycle of pesticides and colonialism in the commercial relationship between Mercosur and the European Union*. The Left group in the European Parliament, May 2021, p. 48.  
<https://documentcloud.adobe.com/link/review?uri=urn%3Aaaid%3Aascds%3AUS%3A5587d57e-d34a-4618-95a2-c291d30d47ab#pageNum=49>

<sup>130</sup> LSE Consulting, *op. cit.*, Annex V, 2020a, p. 407.

<sup>131</sup> *Ibid.*, p. 37.

<sup>132</sup> See for instance:

FNE, Mighty Earth et Sherpa, *Devoir de vigilance et Déforestation. Le cas oublié du Soja*, March 2019.

[http://www.mightyearth.org/wp-content/uploads/rapport\\_soja\\_WEB\\_bassdef2.pdf](http://www.mightyearth.org/wp-content/uploads/rapport_soja_WEB_bassdef2.pdf)

Amazon Watch, *Complicity in destruction II: How northern consumers and financiers enable Bolsonaro's assault on the Brazilian Amazon*, 2019.

<https://amazonwatch.org/assets/files/2019-complicity-in-destruction-2.pdf>

Jonathan Watts, *We must not barter the Amazon rainforest for burgers and steaks*, The Guardian, 2 July 2019.

<https://www.theguardian.com/environment/commentisfree/2019/jul/02/barter-amazon-rainforest-burgers-steaks-brazil>

Greenpeace, *Imaginary trees, real destruction, How licensing fraud and illegal logging of Ipe trees are causing irreversible damage to the Amazon rainforest*, March 2018.

[https://www.greenpeace.org.br/hubfs/Greenpeace\\_Report\\_Imaginary\\_Trees\\_Real\\_Destruction\\_March\\_2018.pdf?\\_ga=2.120888392.1558796435.1573643548-680280348.1573643548](https://www.greenpeace.org.br/hubfs/Greenpeace_Report_Imaginary_Trees_Real_Destruction_March_2018.pdf?_ga=2.120888392.1558796435.1573643548-680280348.1573643548)

<sup>133</sup> Luciana Ghiotto, Javier Echaide, *op. cit.*, 2020.

<sup>134</sup> Official Journal of the European Union, *op. cit.*, 2011, section 2.6, p. 2.

<sup>135</sup> Dani Rodrik, *The War of Trade Models*, 4 May 2015.

[https://rodrik.typepad.com/dani\\_rodriks\\_weblog/2015/05/the-war-of-trade-models.html](https://rodrik.typepad.com/dani_rodriks_weblog/2015/05/the-war-of-trade-models.html)

<sup>136</sup> Development Solutions, *op. cit.*, 2011, p. 41.

<sup>137</sup> Cecilia Bellora, Jean Fouré, *op. cit.*, 2019, p. 52 (our translation).

<sup>138</sup> European Environment Agency, *Growth without economic growth*, Briefing, 11 January 2021.

<https://www.eea.europa.eu/publications/growth-without-economic-growth>

See also: European Environmental Bureau, *Decoupling Debunked*, July 2019.

<https://mk0eeborgicuyptcf7e.kinstacdn.com/wp-content/uploads/2019/07/Decoupling-Debunked.pdf>

<sup>139</sup> Giorgos Kallis, Jason Hickel, *Is Green growth possible?*, New Political Economy, volume 25, 2020.

<https://www.tandfonline.com/doi/abs/10.1080/13563467.2019.1598964?journalCode=cnpe20>

<sup>140</sup> UNCTAD, *The economics behind non-tariff measures: theoretical insights and empirical evidence*, Policy issues in international trade and commodity Study Series n°57, 2013, p. 14.

[https://unctad.org/system/files/official-document/itcdtab58\\_en.pdf](https://unctad.org/system/files/official-document/itcdtab58_en.pdf)

<sup>141</sup> Robert Joumard, *La prise en compte de l'environnement dans l'évaluation des impacts des traités de libre échange*, 20ème colloque international en évaluation environnementale, SIFEE, Octobre 2016.

<https://hal.archives-ouvertes.fr/hal-01404118/document>

<sup>142</sup> As examples see

Gabriel Siles-Brügge and Nicolette Butler, *Regulatory chill? Why TTIP could inhibit governments from regulating in the public interest*. Democratic Audit UK, 17 Jun 2015.

<https://www.democraticaudit.com/2015/06/17/regulatory-chill-why-ttip-could-inhibit-governments-from->



---

[regulating-in-the-public-interest/](#)

Fabian Flues, *Dirty Deals: How trade talks threaten to undermine EU climate policies and bring tar sands to Euro*, Friends of the Earth Europe et al., Brussels, July 2014.

[http://www.foeeurope.org/sites/default/files/publications/foee-fqd-trade-ttip-170714\\_0.pdf](http://www.foeeurope.org/sites/default/files/publications/foee-fqd-trade-ttip-170714_0.pdf)

<sup>143</sup> LSE Consulting, *op. cit.*, 2020a, p. 160.

<sup>144</sup> Stefan Ambec et al., *op. cit.*, 2020, p. 5.

<sup>145</sup> Development Solutions, *Sustainability Impact Assessment (SIA) in support of Free Trade Agreement (FTA) negotiations between the European Union and the Republic of Indonesia*, 2019, p. 7.

[https://trade.ec.europa.eu/doclib/docs/2020/july/tradoc\\_158901.pdf](https://trade.ec.europa.eu/doclib/docs/2020/july/tradoc_158901.pdf)

<sup>146</sup> European Commission, *European Green Deal: Commission proposes transformation of EU economy and society to meet climate ambitions*, Press release, 14 July 2021.

[https://ec.europa.eu/commission/presscorner/detail/en/IP\\_21\\_3541](https://ec.europa.eu/commission/presscorner/detail/en/IP_21_3541)

<sup>147</sup> Development Solutions, *op. cit.*, 2019, p. 7 and p. 125.

<sup>148</sup> Development Solutions, *op. cit.*, 2019, p. 12.

<sup>149</sup> Giulia Bottaro, *What is carbon capture and storage and why are environmentalists concerned*, Euronews, 1 February 2021.

<https://www.euronews.com/green/2021/02/01/what-is-carbon-capture-and-storage-and-why-are-environmentalists-concerned>

<sup>150</sup> Greenpeace website, *Bioenergy*.

<https://www.greenpeace.org/eu-unit/tag/bioenergy/>

<sup>151</sup> RTE, *Futurs énergétiques 2050, principaux résultats. Résumé exécutif*, October 2021.

[https://assets.rte-france.com/prod/public/2021-10/Futurs-Energetiques-2050-principaux-resultats\\_0.pdf](https://assets.rte-france.com/prod/public/2021-10/Futurs-Energetiques-2050-principaux-resultats_0.pdf)

<sup>152</sup> Example in the EU-Japan SIA: “Negative effects (if any) would be offset by the increased exchange of environmentally friendly technologies (for example in the motor vehicles). The analysis supports the view that trade liberalisation is likely to promote the development of green technology between the EU and Japan and thus help to mitigate the potential increase in waste and use of resources.”

LSE Enterprise, *op. cit.*, 2016, p. 250.

<sup>153</sup> Veblen Institute, FNH, *Contribution of the Veblen Institute for Economic Reforms and Fondation Nicolas Hulot – Draft Interim Report of the Sustainability Impact Assessment of the 3<sup>d</sup> of October 2019*, 29 October 2019.

[https://www.veblen-institute.org/IMG/pdf/institut\\_veblen\\_fnh\\_comments\\_on\\_sia\\_291019.pdf](https://www.veblen-institute.org/IMG/pdf/institut_veblen_fnh_comments_on_sia_291019.pdf)

<sup>154</sup> Joseph Shapiro, *The environmental bias of trade policy*, Energy Institute WP 305, May 2020, p. 1.

<http://joseph-s-shapiro.com/research/Shapiro%20The%20Environmental%20Bias%20of%20Trade%20Policy.pdf>

<sup>155</sup> *Ibid.* p. 3.

<sup>156</sup> Development Solutions, *op. cit.*, 2011, p. 169.

<sup>157</sup> Hannah Ritchie, Max Roser, *CO2 emissions by fuel*.

<https://ourworldindata.org/emissions-by-fuel#coal-oil-gas-cement-where-do-co2-emissions-come-from>

<sup>158</sup> LSE Consulting, *Sustainability Impact Assessment (SIA) in support of the negotiations for the modernisation of the trade part of the Global Agreement with Mexico*, August 2019, p. 121.

<sup>159</sup> “Nationally determined contributions (NDCs) are at the heart of the Paris Agreement and the achievement of these long-term goals. NDCs embody efforts by each country to reduce national emissions and adapt to the impacts of climate change. The Paris Agreement (Article 4, paragraph 2) requires each Party to prepare, communicate and maintain successive nationally determined contributions (NDCs) that it intends to achieve.”

See UNFCCC, *Nationally Determined Contributions (NDCs)*.

<https://unfccc.int/process-and-meetings/the-paris-agreement/nationally-determined-contributions-ndcs/nationally-determined-contributions-ndcs>

<sup>160</sup> United Nations Environment Programme, *The Heat is on: a world of climate promises not yet delivered*, Emissions Gap report 2021, October 2021.

<https://www.unep.org/resources/emissions-gap-report-2021>

<sup>161</sup> LSE Consulting, *op. cit.*, 2019, p. 121.

<sup>162</sup> Friends of the Earth Europe, *The EU Emissions Trading System: failing to deliver. Reliance on the EU-ETS leaves Europe failing to meet its share of the climate challenge, and obstructing real action*, October 2010.

[https://www.foeeurope.org/sites/default/files/publications/foee\\_ets\\_failing\\_to\\_deliver\\_1010.pdf](https://www.foeeurope.org/sites/default/files/publications/foee_ets_failing_to_deliver_1010.pdf)

See also:

Corporate Europe Observatory, *5 reasons to scrap the ETS*, 26 October 2015.

<https://corporateeurope.org/en/environment/2015/10/eu-emissions-trading-5-reasons-scrap-ets>

---

CAN Europe, *Position on the revision of the EU Emissions Trading System (ETS)*, Position Paper, 26 May 2021.

<https://caneurope.org/emissions-trading-system-ets-can-europe-position>

<sup>163</sup> Stefan Ambec et al., *op. cit.*, 2020, p. 33.

<sup>164</sup> Bernhard Tröster, Werner Raza, *op. cit.*, 2021, p. 15.

<sup>165</sup> *Ibid.*, p. V.

<sup>166</sup> Veblen Institute and Fondation Nicolas Hulot, *op. cit.*, 2019.

<sup>167</sup> LSE Consulting, *op. cit.*, 2020a, p. 408.

<sup>168</sup> Anna Jean Kaiser, 'Exterminator of the future': Brazil's Bolsonaro denounced for environmental assault, *The Guardian*, 9 May 2019.

<https://www.theguardian.com/world/2019/may/09/jair-bolsonaro-brazil-amazon-rainforest-environment>

<sup>169</sup> Unearthed, *Brazil pesticide approvals soar as Jair Bolsonaro moves to weaken rules*, 12 June 2019.

<https://unearthed.greenpeace.org/2019/06/12/jair-bolsonaro-brazil-pesticides/>

<sup>170</sup> Larissa Mies Bombardi, *Geography of Asymmetry, the vicious cycle of pesticides and colonialism in the commercial relationship between Mercosur and the European Union*. The Left group in the European Parliament, Brussels, May 2021, p. 48.

<https://documentcloud.adobe.com/link/review?uri=urn%3Aaaid%3Aascds%3AUS%3A5587d57e-d34a-4618-95a2-c291d30d47ab#pageNum=49>

<sup>171</sup> A sector study on agriculture has been carried out in order to better take into account the cumulative impacts of the FTAs under preparation. And its usefulness seems to be welcomed by a large number of stakeholders. See E. Ferrari et al., *Cumulative economic impact of trade agreements on EU agriculture*, EUR 30496 EN, Publications Office of the European Union, Luxembourg, 2021, ISBN 978-92-76-27157-4, doi:10.2760/501873, JRC123037.

[https://ec.europa.eu/info/sites/default/files/food-farming-fisheries/trade/documents/jrc-cumulative-economic-impact-of-trade-agreements-on-eu-agriculture\\_en.pdf](https://ec.europa.eu/info/sites/default/files/food-farming-fisheries/trade/documents/jrc-cumulative-economic-impact-of-trade-agreements-on-eu-agriculture_en.pdf)

<sup>172</sup> Stefan Ambec et al., *op. cit.*, 2020, p. 33.

<sup>173</sup> For a description of the potential impacts of the EU-Mercosur agreement, see: Veblen Institute, FNH, *Un accord perdant-perdant. Analyse préliminaire de de l'Accord de commerce entre l'Union Européenne et le Mercosur*, November 2019 [in French].

[https://www.veblen-institute.org/IMG/pdf/analyse\\_accord\\_ue\\_mercosur\\_fnh\\_veblen.pdf](https://www.veblen-institute.org/IMG/pdf/analyse_accord_ue_mercosur_fnh_veblen.pdf)

<sup>174</sup> Joseph François, Bernard Hoekman, Hugo Rojas-Romagosa, *op. cit.*, 2020, p. 13

<sup>175</sup> EU Ombudsman, *op. cit.*, 26 February 2016.

<sup>176</sup> See European Parliament, Report on the annual report on the activities of the European Ombudsman in 2020, 2021.

[https://www.europarl.europa.eu/doceo/document/A-9-2021-0342\\_EN.html#title1](https://www.europarl.europa.eu/doceo/document/A-9-2021-0342_EN.html#title1)

<sup>177</sup> See European Parliament, Resolution of 16 February 2022 on the annual report on the activities of the European Ombudsman in 2020, 2021.

[https://www.europarl.europa.eu/doceo/document/TA-9-2022-0031\\_EN.html](https://www.europarl.europa.eu/doceo/document/TA-9-2022-0031_EN.html)

<sup>178</sup> European Commission, Handbook for Trade Sustainability Impact Assessments, 2<sup>nd</sup> edition, 2016, p. 24.

[https://trade.ec.europa.eu/doclib/docs/2016/april/tradoc\\_154464.PDF](https://trade.ec.europa.eu/doclib/docs/2016/april/tradoc_154464.PDF)

<sup>179</sup> Veblen Institute and Fondation Nicolas Hulot, *op. cit.*, 2019.

<sup>180</sup> Joseph François, Bernard Hoekman, Hugo Rojas-Romagosa, *op. cit.*, 2020, p. 21.

<sup>181</sup> J. Orbie et al., *Promoting sustainable development or legitimising free trade? Civil society mechanisms in EU trade agreements*, *Third World Thematics*, a TQW Journal, 1 (4), 2017, p. 526-546.

<https://www.tandfonline.com/doi/full/10.1080/23802014.2016.1294032>

<sup>182</sup> Joseph François, Bernard Hoekman, Hugo Rojas-Romagosa, *op. cit.*, 2020, p. 13.

<sup>183</sup> *Ibid.*, p. 21.

<sup>184</sup> The following quote is an excerpt from the summary of interviews conducted by the researchers. It is therefore not the view of one single participant, but rather an average view of the consultants who participated in SIAs.

<sup>185</sup> *Ibid.*

<sup>186</sup> See OHCHR, *Current and Former Mandate-Holders for Existing Mandates - Valid as of 1 November 2021*.

<https://ohchr.org/EN/HRBodies/SP/Pages/Currentmandateholders.aspx>

<sup>187</sup> Joseph François, Bernard Hoekman, Hugo Rojas-Romagosa, *op. cit.*, 2020, p. 5.

<sup>188</sup> *Ibid.*

<sup>189</sup> University of Manchester, *op. cit.*, 2009, p. 53.

---

<sup>190</sup> Veblen Institute and Fondation Nicolas Hulot, *op. cit.*, 2019.

<sup>191</sup> LSE Consulting, *op. cit.*, 2020b, p. 19.

<sup>192</sup> ClientEarth, Conservation International, Fern and the Veblen Institute, *op. cit.*

<sup>193</sup> This quote is an excerpt from the summary of interviews conducted with consultants by the researchers (see Joseph François, Bernard Hoekman, Hugo Rojas-Romagosa, *op. cit.*, 2020, p. 22). It is therefore not the view of one single participant, but rather an average view of the consultants who participated in SIAs.

<sup>194</sup> Development Solutions, *Sustainability Impact Assessment (SIA) in support of an investment protection agreement between the European Union and the Republic of the Union of Myanmar*, June 2016, p. 164.  
[https://trade.ec.europa.eu/doclib/docs/2016/december/tradoc\\_155121.pdf](https://trade.ec.europa.eu/doclib/docs/2016/december/tradoc_155121.pdf)

<sup>195</sup> Joseph François, Bernard Hoekman, Hugo Rojas-Romagosa, *op. cit.*, 2020, p. 23.

<sup>196</sup> J. Orbie et al., *op. cit.*, 2017, p. 529.

<sup>197</sup> *Ibid.*, p. 540.

<sup>198</sup> Nadia Ashraf, Jeske van Seters, *Making in count: civil society engagement in EU trade agreements*, Discussion Paper n°276, ecdpm, July 2020, p. 14.

<https://ecdpm.org/wp-content/uploads/Making-Count-Civil-Cociety-Engagement-EU-Trade-Agreements-Discussion-Paper-276-July-2020-ECDPM.pdf>

<sup>199</sup> UNCTAD, *The Global Policy Model (GPM)*.

<https://unctad.org/debt-and-finance/gpm>

<sup>200</sup> Katheline Schubert et al., *L'impact de l'Accord Économique et Commercial Global entre l'Union européenne et le Canada (AECG/CETA) sur l'environnement, le climat et la santé*. Rapport au Premier Ministre, September 2017.

[https://www.gouvernement.fr/sites/default/files/document/document/2017/09/rapport\\_de\\_la\\_commission\\_devaluation\\_du\\_ceta\\_-\\_08.09.2017.pdf](https://www.gouvernement.fr/sites/default/files/document/document/2017/09/rapport_de_la_commission_devaluation_du_ceta_-_08.09.2017.pdf)

<sup>201</sup> Stefan Ambec et al., *op. cit.*, 2020, p. 139.

<sup>202</sup> Katheline Schubert et al., *op. cit.*, 2017.

<sup>203</sup> Stefan Ambec et al., *op. cit.*, 2020.