

TRADE AND LABOUR:

Making effective use of trade sustainability impact assessments and monitoring mechanisms

Final Report – Executive Summary

Contract no. VC/2010/0029

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EXECUTIVE SUMMARY

Introduction

This report constitutes the final report for Contract no. VC/2010/029 on ‘Sustainability Issues – Green Jobs and Labour’ (Lot II): “Trade and Labour – Making effective use of trade sustainability impact assessments and monitoring mechanisms”. This project has been funded with support from the European Commission. This publication reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

The main purpose of this study is to explore **how workers’ and employers’ organisations might be better involved in the assessment (ex-ante) and monitoring (ex-post) of the links between employment and international trade**, both in Europe and in selected third countries /commercial partners. This executive summary reflects the structure of the main report and is set out in two main parts: the first on Trade Sustainability Impact Assessments, the second on ex-post monitoring.

PART I: TRADE SUSTAINABILITY IMPACT ASSESSMENTS

Overview

A Trade Sustainability Impact Assessment (SIA) is an **independent study undertaken during trade negotiations that seeks to identify the likely economic, social and environmental impact of a free trade agreement** between the EU and a third country or region. Trade SIAs are a key plank in the Commission’s approach to integrating employment and decent work into its trade policy, alongside GSP+ and the inclusion of Sustainable Development chapters in new trade agreements.

Our methodology

Our analysis principally relates to the 13 bilateral and bi-regional SIA studies that had been launched by the Commission as at 31 March 2009. Our work involved desk research, interviews with Commission officials, EU social partner representatives and SIA contractors and country visits to Ukraine, South Korea and Central America.

The SIA methodology

The SIA methodology has two main components:

1. **Assessment of the economic, environmental and social impacts** of the proposed trade agreement, based on economic modelling and causal chain analysis; and
2. **Stakeholder consultation**, undertaken in both the EU and the proposed trading partner.

The Commission holds these two components to be **‘mutually dependent elements of equal importance’** in the SIA process.

Nevertheless, we found that economic modelling is at the heart of the SIA process, as it provides the basis for assessing quantitative impacts in relation to the economic, social and environmental dimensions. Different models, including Computable General Equilibrium (CGE) modelling, are used to assess the likely consequences of policy changes on variables such as prices, income or welfare via resource allocation. However, there are **known limitations associated with economic modelling** and our research underlined the importance of making additional use of qualitative research techniques, such as stakeholder interviews and use of secondary sources, to assess decent work impacts.

Over time, stakeholder consultation has assumed an increasingly important role in the SIA methodology, both with respect to stakeholders in the EU and in the proposed trading partner. **Collective workshops and group meetings are the main vehicle for stakeholder consultation:** at a minimum, consultation usually comprises one workshop in the proposed trading partner and two to three meetings in the EU.

Our review of the final SIA reports suggested that there is no consistent framework for combining quantitative and qualitative methodologies, which risks compromising the quality and consistency of analysis across SIAs. Moreover, the current version of the SIA Handbook – which sets out the basic methodology – provides little guidance on how to assess decent work and employment impacts either quantitatively or qualitatively. We consider that it would be helpful to update the SIA Handbook to improve guidance for contractors on social impact assessment and consulting with the social partners, particularly sectoral organisations, as well as providing examples of best practice.

Review of past SIA reports and practices

Overall, we found that **the treatment of decent work issues in SIA reports and the conduct of stakeholder engagement have both improved over time.** Nevertheless, our desk review of the final SIA reports suggested that there is still considerable variation in the extent and quality of discussion on decent work and employment impacts and our review suggested that there is **still room for improvement in order to fully capture the likely impacts.** The depth of understanding of the Decent Work Agenda demonstrated by SIA reports varies considerably, particularly with respect to sensitive issues such as freedom of association.

Most contractor teams do not appear to include a member with specific expertise and experience on either decent work or stakeholder consultation. Instead, these matters tend to be handled by generalists or shared across the SIA team. Needless to say, this generalist approach to decent work issues and stakeholder consultation contrasts with the deep expertise of SIA teams on economic modelling and analysis. The value of greater expertise on decent work issues and stakeholder consultation is particularly important given that social impact assessment requires a combination of economic modelling with more qualitative techniques.

Stakeholder consultation and engagement with the social partners

Our research suggests that the **quality of engagement with social partners** in the SIA process could be improved. Trade unions have only intermittently attended SIA consultation events, both inside and outside the EU. Business representatives attend more stakeholder meetings, but this tends not to be in their capacity as employer representatives; rather, they are more likely to send representatives specialised in trade and commercial issues. Overall, contractors noted that they had limited resources to pursue stakeholders to attend collective workshops, but in some cases, contractors deepened the consultation with social partners by using **additional one-on-one interviews or participating in additional joint social partner meetings.**

There are a number of **challenges associated with stakeholder consultation outside the EU,** which vary according to the geographic context. Most contractors and many stakeholders expressed a concern that one extra-EU workshop is not sufficient for consultation purposes, leading to stakeholder dissatisfaction about lack of follow-up. It was also suggested that workshops would be usefully accompanied by capacity-building exercises or other support to improve stakeholder contributions and participation. Contractors noted that discussions were likely to be more productive where civil society is better informed about trade issues.

Many contractors and stakeholders believed that Brussels consultation meetings had become stale, partly as a result of dwindling stakeholder interest. It was suggested that meetings of relevant

Sectoral Social Dialogue Committees (SDCs) could help to facilitate more focused dialogue on social impacts in Europe. Contractors noted that the presence of DG Trade officials involved in the negotiations was very important to attract stakeholders and stimulate discussion.

A **more active, targeted approach to certain stakeholders** could help to address some of the issues associated with collective workshops. Specialised interviews are not only important for bridging consultation gaps but also for allowing a deeper, more specialised discussion of employment and decent work issues with the social partners. There can be particular value in holding a series of specialised interviews or small meetings outside the EU, where – depending on the country or region – social dialogue is limited or strained and there is little trust between stakeholders.

Findings from interviews with EU social partners

Social partner representatives emphasised the importance of dialogue on SIAs, but acknowledged that their **attendance at SIA meetings in Brussels had been irregular**. The main reasons cited were:

- Lack of resources;
- The SIA process is perceived as having a limited influence on negotiating outcomes;
- It is not clear how their views are taken into account by contractors; and
- The meetings do not provide an appropriate forum for consultation with the social partners.

Principal concerns raised about the final SIA reports were that:

- SIA reports are too long and complex;
- There are gaps in the SIA methodology and serious limitations associated with CGE modelling;
- There is too much focus on the economic dimension of the SIA; and
- The design of flanking measures needs to be more focused.

Most social partner representatives were positive about the possibility of an **enhanced role for SDCs** in the SIA consultation process and drew our attention to examples of past collaboration by the social partners on relevant issues. However, social partners also flagged some obstacles to SDC involvement, including their limited resources, the need for SDCs to retain autonomy to set their own agenda and the fact that not all export-focused sectors have a dedicated SDC (e.g. the automotive sector).

Few social partners had been approached directly by contractors for specific inputs, despite the fact that social partners considered that they could provide useful information, such as detailed sectoral labour market information or stakeholder contacts in other countries. In response to perceived factual inaccuracies in one SIA, a business organisation chose to commission its own study on the impact of the proposed FTA on the agricultural sector.

The social partner representatives made a number of recommendations, including proposals to: improve contractor understanding of employment and decent work issues; ensure that contractors directly approach the social partners for information; and build the capacity of social partners to provide stronger contributions to the SIA.

PART II: EX-POST MONITORING

Overview

The second half of this project involved carrying out a retrospective monitoring exercise in Chile that sought to:



- **Build a picture of the effect of the EU-Chile Association Agreement (“AA”)** on employment and decent work in Chile, based on quantitative and qualitative methodologies;
- **Stimulate dialogue amongst stakeholders in Chile** on the effects of trade liberalisation on employment and decent work; and
- **Develop tools and recommendations** for future monitoring exercises.

Chile was selected for a pilot monitoring exercise on the grounds that the EU-Chile Association Agreement (AA) has been in operation since 2003 and is considered to have had notable effects on trade in goods and services with Europe. The EU-Chile AA does not contain any commitment to carry out monitoring, so this study was carried out on an ad hoc, exploratory basis.

Our methodology

Overview

There are important **methodological challenges associated with attributing decent work and employment impacts to the operation of a single trade agreement**. Labour market developments may result from the individual or combined effect of any number of factors, such as domestic policies or the impact of other trade agreements. With respect to the latter, Chile has concluded a large number of bilateral trade agreements, making it particularly difficult to isolate the effects of the EU-Chile AA from those of other trade agreements. These issues were taken into account when designing both the quantitative and qualitative aspects of the methodology, but nevertheless place some important constraints on our ability to reach unqualified conclusions.

Quantitative methodology

Our quantitative methodology was based on the use of **publicly available data**, on the grounds that this provided a more cost-effective and transparent model and was more likely to be sustainable in Chile in the future (and potentially replicable in other geographic contexts). We used customs data to analyse trade flows and data from the national household survey (CASEN) for labour market information. For the employment data, we narrowed the period for analysis to 2000 to 2006 in order to avoid the distorting effects of the global financial crisis from 2008.

We used a **“difference in difference” approach** to analyse trade flows, comparing changes over time in Chile’s trade relations with the EU, compared with Chile’s relations with the rest of the world. Our two main indicators related to changes in trade volumes (“Euro Bias”) and changes in product and market diversification (“Euro Diversification”).

With respect to employment data, we used eight indicators for the quantitative analysis, which were chosen primarily on the basis of practical considerations (i.e. the available statistical data):

1. **Quantity of employment** (number of jobs);
2. **Income levels**;
3. **Type of contract** (proportion of workers with an indefinite contract);
4. **Average duration of contract**;
5. **Training levels**;
6. **Accident reporting rate**;
7. **Proportion of women workers**; and
8. **Proportion of indigenous peoples**.

Qualitative methodology and stakeholder engagement

While our quantitative analysis considered trade and employment trends across 10 export sectors, it was necessary to narrow the sectoral focus for our stakeholder engagement. A preliminary review of trade and employment data, accompanied by consultation with the EU Delegation in Santiago, suggested that the four sectors that appeared to have experienced the most significant impacts following the introduction of the EU-Chile AA were:

- **Salmon**
- **Wine**
- **Forestry**
- **Fruit**

Our qualitative methodology centred on interviews and workshops with stakeholders in these sectors and at the national level, with a particular focus on the social partners and government agencies. In particular, we conducted:

- A series of **semi-structured interviews** in Santiago, Concepción, Puerto Montt and Castro from December 2010 to April 2011; and
- Two **collective workshops** at the ILO's Santiago offices in January 2011 and April 2011.

We also sought to gain access to labour inspection and other data from the Chilean labour inspectorate, although we experienced some delays in this process which meant that we were unable to use this data in the final analysis.

Findings

Quantitative findings

We analysed the performance of Chile's ten major export sectors on the selected trade and employment indicators. With respect to trade, we found that some sectors' trading patterns with the EU had changed noticeably more than others in the three years after the EU-Chile AA came into effect. In particular, we found:

- A significant increase in the importance of EU trade for the wine and fisheries sectors;
- A notable increase for fruit and chemicals and plastics; and
- No measurable effect in relation to forestry (although this sector did improve its performance on market and product diversification in the EU over the period).

With respect to employment data, we compared trends across export sectors to determine which sectors were improving at a higher than average rate on each of the indicators. Overall, the strongest correlation between increased trade with Europe and performance on our individual employment indicators related to an improvement in training levels. Apart from this, there did not appear to be a strong correlation *within* individual indicators or sectors on increased trade with the EU.

However, looking at the employment indicators as a whole, we did find some **tentative evidence to suggest that there is a positive link between increased trade with the EU and improved overall sectoral performance on employment indicators**. In order to gain a holistic overview, each sector was assigned a score out of ten for each indicator, reflecting its ranking relative to the other sectors: the sector with the most positive performance on an indicator (e.g. the highest rate of job creation) was given 10 points, the next strongest 9 points and so on. These scores were then added up to give an overall figure for each sector on trade and labour (see 'Summary of results and ranking' table below).

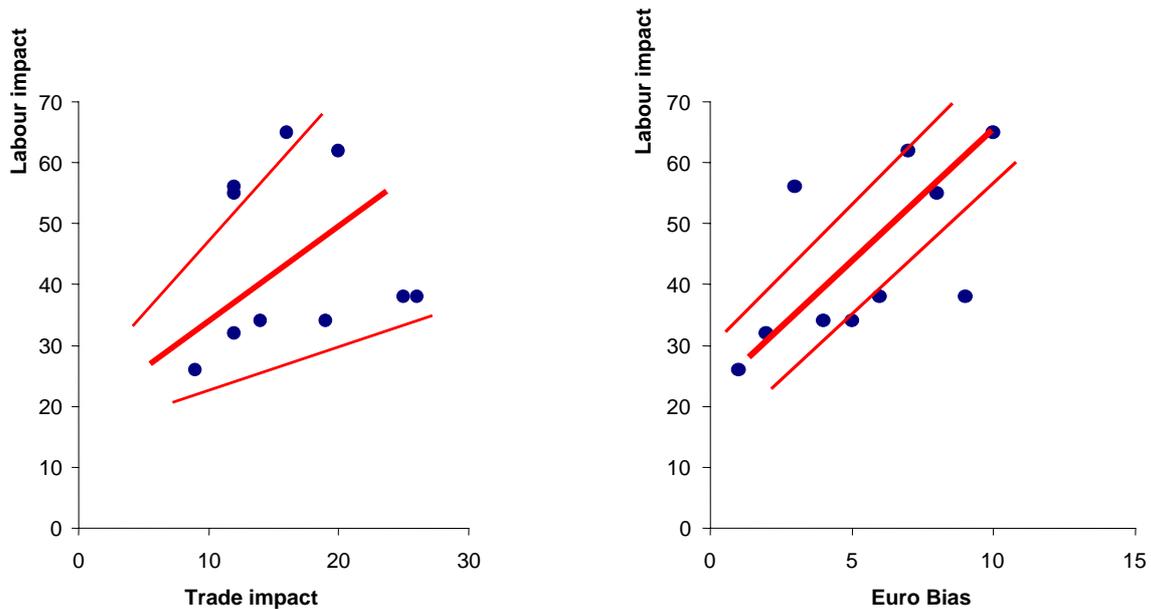


Summary of results and rankings

	Trade impact			Euro effect Trade	Employment impact								Euro effect Labour
	Bias	Product	Market		Quantity	Indefinite contract	Training	Duration	Wages	Women	Indigenous	Accidents	
Wood, paper, cellulose & furniture	6	10	10	26	5	6	5	3	8	6	2	3	38
Chemicals & plastics	9	9	7	25	4	5	8	10	3	1	6	1	38
Other fruits & derived foods	7	4	9	20	7	9	7	9	6	9	9	7	63
Fishing, pisciculture & derived foods	10	1	5	16	8	10	9	6	9	5	10	8	65
Wine & grapes	8	2	2	12	1	7	10	7	10	10	1	9	55
Other agriculture & derived foods	3	3	6	12	6	8	6	8	5	8	8	6	55
Copper & its manufacture	2	6	4	12	10	3	2	2	2	4	5	5	33
Molybdenum	1	5	3	9	9	2	1	1	1	3	4	4	25
Other minerals & metals manufacturing	4	7	8	19	3	4	4	5	7	2	7	2	34
Industrial equipment & manufacturing	5	8	1	14	2	1	3	4	4	7	3	10	34

We then used these scores to create two scatter plots to show the relationship between the two variables (see below): the first plots total trade scores against total labour scores, while the second plots the Euro Bias (i.e. change in trade volumes) against the labour scores.

Trade and labour impacts



Together, these scatter plots suggest that there is some **positive correlation between increased trade with Europe and positive impacts on employment** (bearing in mind our previous comments on the limitations of the data). This relationship is stronger in the second graph, which uses Euro bias as the trade variable and does not take diversification into account as an indicator of increased trade. Naturally, the strength of the trend is difficult to demonstrate conclusively given the small number of points and the variation in performance on indicators between sectors, but there is nevertheless a **clear suggestion that the impact of European trade is more likely to be positive than negative.**

Results of stakeholder engagement

Wine and grapes

The EU is the main export destination for Chilean wine. For the most part, stakeholders agreed with the findings of our quantitative analysis, which suggested that there had been **stronger than average improvements on training levels and wage levels**, close to average performance on the proportion of indefinite contracts and the average duration of contracts and a decline in the number of jobs.

Stakeholders noted that there are a number of domestic factors shaping improvements in working conditions; for example, labour shortages during the harvest season are driving up wages. However, the wine exporters' association suggested that increased trade with European companies is having some influence on industry practices regarding labour standards and working conditions. Over a number of years, the industry has become increasingly proactive about how it deals with these issues and one important motivating factor has been the pressure exerted by European companies for evidence of compliance with certain labour and environmental standards in the supply chain.

Fruit

The EU is also a major export destination for Chilean fruits. Our data analysis suggested that there had been **improvements for workers in a number of areas in the fruit sector, with respect to the quantity and quality of employment** (proportion of indefinite contracts, average duration of contracts and training levels).

Once again, it is difficult to attribute these changes directly to increased trade with Europe. Instead, as with the wine sector, stakeholders suggested that rural labour shortages are leading businesses to offer more attractive working conditions in order to secure the necessary labour supply. These improvements do not, however, extend to wages: high levels of temporary employment and low levels of unionisation still make it difficult for workers to bargain for better wages. Nevertheless, stakeholder interviews suggested that the export industry's ongoing efforts to ensure compliance with international social standards such as GlobalGap may be helping to create an environment in which further progress can be made on working conditions.

Salmon

There were **positive developments in the quality and quantity of work** in the salmon industry over the period 2002-2006, but it is difficult to attribute these developments to increased trade with the EU, given that the EU accounts for such a small proportion of Chile's exports. Rather, many of these improvements may be attributed to labour shortages in an industry that was prospering over the period under analysis. Improvements over the period 2000-2006 have now been overtaken to a large extent by the repercussions of the ISA virus crisis, which detrimentally affected both the quality and quantity of work, although stakeholders suggested that the industry may now be in recovery mode.

Forestry

Of the four selected sectors, the forestry sector was the industry with the **lowest performance on the employment indicators**. Interviews with stakeholders suggested that one of the main reasons for this is the widespread practice of subcontracting, which trade union representatives frequently raised as a factor that undermines decent work opportunities in the sector. Subcontracting not only has implications for individual employees with respect to the type and duration of their contracts, but also means that collective negotiations are more difficult, as unions cannot bargain directly with

the actors who control the industry (i.e. large conglomerates), as they are no longer the direct employers.

Synthesis of findings

Considered together, the findings of our quantitative and qualitative research provide **tentative evidence of a link between improved performance on employment indicators (quantity and quality) and increased trade with Europe**. We note once more that it is very difficult to draw definite conclusions about the impact of the EU-Chile AA as a result of data and methodological limitations, including the inevitable issue of attribution.

Our quantitative findings suggested that, on the whole, **sectors that had experienced increased trade with Europe over the period 2000-2006 were more likely to show improvements on the selected employment indicators** than sectors whose trade with Europe remained steady or decreased following the introduction of the EU-Chile AA. Not unexpectedly, our interviews with stakeholders in the wine, fruit, salmon and forestry sectors gave us a more nuanced understanding of the results and a strong indication that **there was no definitive evidence from stakeholders to link improvements on employment indicators and increased trade with Europe**. In particular, one of the key factors driving improvements in some sectors (wine, salmon and fruits) was **labour shortages in rural areas**. Also, stakeholders in the salmon sector noted that the influence of trade with Europe was limited by the fact that it represents a very small proportion of their overall exports.

One clear positive finding from both the quantitative and qualitative analyses was that there are **increased levels of employer investment in training** across the selected sectors. Our quantitative analysis showed that in two of the four sectors (wines and fisheries) there had been an improvement in training levels that was significantly higher than the average and an improvement in two others (fruits and forestry) that was slightly above average. This development is not attributable to the EU-Chile AA alone, but given the opening of Chile's economy over the past ten years, it is possible to surmise that increased interaction with global markets (including the EU) and the consequent need to maintain competitiveness by maintaining and enhancing the industry skills base is one of the factors driving this development.

In addition, there was some **tentative evidence to suggest that ethical trade and certification schemes were encouraging export industries to be more proactive on social and environmental standards in their supply chain**. In particular, business representatives in the fruit and wine sectors stated that European buyers were placing increasing pressure on Chilean exporters to demonstrate compliance with certain social and environmental standards in their supply chains. These ethical trade initiatives are not directly linked to the EU-Chile AA or associated technical assistance; however, they may be indirectly linked to the extent that the AA may have facilitated greater trade between Chilean and EU companies. Further research would help to ascertain the extent of the influence of EU social and environmental standards on working conditions in Chile's fruit and wine industries.

We consider that the findings of this study are sufficiently noteworthy to justify further monitoring in Chile – both analysis and dialogue – of the type carried out in this study. Following the second workshop, a number of stakeholders expressed their interest in participating in further dialogue on trade and employment. We consider that any further work of this kind in Chile could build on the lessons learned in this project, in terms of methodology and process, to build an even stronger platform for monitoring. In particular, further research could explore the influence of European companies' on social and environmental standards in Chile.

Lessons learned

Some of the key practical lessons that emerged from our practical experience of carrying out ex-post monitoring in Chile included:

- As the EU's local representative, the EU Delegation in Santiago is a key partner and a major target audience for the study. Some involvement by the local Delegation will help to provide a greater sense of legitimacy to the exercise, which may be necessary to persuade some stakeholders – particularly national government and business – to participate in the study.
- Similarly, international or local partner organisations (such as the ILO) can provide important assistance, including with respect to meeting arrangements, and give the exercise greater legitimacy or neutrality in the eyes of stakeholders.
- Planning for stakeholder engagement should take place as early as possible and include contingency plans, including how to address delays in dealing with government or disinterest on the part of certain stakeholder groups.
- It should be made clear during stakeholder engagement that the main goal is to obtain information about general trends, rather than specific outcomes which can be directly linked to the text of the agreement.
- It is important to hold at least two collective workshops in order to give stakeholders the opportunity to reflect on the results presented in the first workshop.
- Specialised interviews play a critical role in the research and stakeholder engagement process, particularly where certain stakeholder groups cannot be induced to attend stakeholder workshops.
- Trade unions are more likely to lack specific expertise on international trade than employer organisations, particularly at the sectoral level, and would benefit from capacity building exercises, especially in connection with ongoing monitoring.

Ex-post monitoring and EU FTAs: the role for social partners

One of the objectives of our work in Chile was to reflect on best practices for designing and supporting effective mechanisms to monitor the sustainability impacts of the EU's FTAs.

Monitoring arrangements with respect to sustainability impacts have assumed a more prominent role in the EU's recent trade agreements, as part of an increasing emphasis on promoting and monitoring the role of trade in sustainable development. Whereas earlier agreements (such as the EU-Chile AA) did not make specific provision for monitoring sustainability impacts or civil society dialogue mechanisms, such concepts have become a standard inclusion in more recently concluded agreements with Korea, the CARIFORUM countries, Colombia, Peru and Central America. In line with the EU's approach to labour provisions in trade agreements, the focal point for monitoring sustainability impacts in each agreement is a clear commitment to establish intergovernmental and civil society mechanisms. Alongside dialogue mechanisms, there are also more general commitments to monitoring sustainability impacts (although no precise specifications regarding ex-post monitoring).

We spoke to a number of EU social partner representatives about the potential role for social partners in monitoring mechanisms. On the basis of these interviews, it is clear that European social partners and civil society groups are very keen to participate in dialogue-based and other forms of monitoring of trade impacts, although they have limited resources to participate in detailed data-based monitoring. In this sense, independent ex-post monitoring could play an important role in supporting their involvement.

There are a small handful of international programmes that provide examples of the types of support and capacity-building that could accompany ex-post monitoring and enhance the role of social partners and other civil society organisations in dialogue mechanisms.

Recommendations

PART I: SUSTAINABILITY IMPACT ASSESSMENTS

Terms of reference and contractor selection

Recommendation 1

The technical specifications for team composition for each SIA should include a requirement for one team member with specific experience of:

- Analysing a range of qualitative and quantitative employment and decent work issues; and
- Consulting with social partners in different geographic contexts.

Methodology

Recommendation 2

The Commission should provide more concrete support and guidance for the assertion that economic modelling and stakeholder consultation are of equal importance and how contractors should achieve this balance in practice.

Recommendation 3

We recommend that there should be better guidance available for SIA contractors on both:

- Assessing the decent work and employment impacts of trade; and
- Stakeholder consultation.

We recommend that this information be provided through a revision to the Handbook. It is particularly important that the Handbook reflects current practice and thinking if the Commission intends to continue cross-referencing it in the terms of reference for SIA studies. In addition to (or in lieu of) the Handbook revision, DG Trade could develop a guide that could be annexed to the Handbook, which could include checklists for SIA contractors on labour issues and stakeholder consultation. These should be organised on the basis of a stage-by-stage outline of the kinds of issues that need to be addressed and the likely outputs in relation to each phase of the SIA.

Stakeholder consultation - general

Recommendation 4

We recommend that steps are taken to ensure that employers (as distinct from business representatives) are better represented in relation to the SIA process; i.e. representatives of employer organisations or social affairs and employment specialists from business organisations.

Recommendation 5

We recommend that contractors are encouraged to use one-on-one meetings more routinely to gather information, both inside and outside the EU, particularly at an inter-professional level (ETUC and BusinessEurope).

Recommendation 6

We recommend that an assessment is made of the needs for capacity building amongst stakeholders and, where appropriate, budget lines and / or implementation partners are identified to support this, both inside and outside the EU. These avenues for funding support should then be clearly communicated to the social partners.

Stakeholder consultation within the EU

Recommendation 7

We recommend that the input of the social partners in the SIA consultation process should be improved in the EU consultation process. This should involve making SDC meetings a standard part of the stakeholder consultation process.

Stakeholder consultation outside the EU

Recommendation 8

With respect to consultation outside the EU, we recommend that there should be a separate meeting of the social partners on the decent work and employment impact of the proposed trade agreement, in addition to the standard workshop.

Recommendation 9

We recommend that steps are taken to encourage SIA contractors to make greater use of local partners in relation to stakeholder consultation and treatment of employment and decent work issues. In particular, we recommend that the local partner team should:

- Include a team member with knowledge of local labour market issues and experience of consulting with the social partners;
- Be given a more active role in scoping and developing flanking measures and any recommendations on monitoring;
- Be given a clearer role in identifying participants and organising the stakeholder meetings; and
- Be given responsibility for carrying out regular bilateral meetings throughout the SIA process.

Recommendation 10

We recommend that SIA contractors should liaise with the local ILO representative, at the country or regional level.

Recommendation 11

We recommend that SIA contractors make contact with the European Economic and Social Committee at the beginning of the project to determine whether it has previously conducted (or plans to conduct) roundtables / seminars with the tripartite partners in the proposed trading partner country. Similarly, we also recommend that SIA contractors should identify existing platforms for dialogue that they could use to improve communication with stakeholders. This applies to consultation both inside and outside the EU.

Recommendation 12

We recommend that there should be more systematic follow-up procedures after SIA workshops in third countries. Ideally, we recommend that this involve a follow-up dissemination event, but at the least should involve circulating written material to stakeholders, translated into their language, to show how their comments have been interpreted and what influence they will have on the SIA study.

Report-writing

Recommendation 13

We recommend that the final SIA report should include the following headings:

- Key decent work issues (this should be considered for inclusion in relation to context and impact assessment, both in the general and sectoral analysis);
- Outline of contacts with stakeholders (including social partners) in Europe;
- Outline of contacts with stakeholders (including social partners) in the third country / region;
- Anticipated adverse impacts on employment and decent work arising from modelled outcomes; and
- Steps to be taken in relation to mitigating adverse decent work impacts.

Recommendation 14

We recommend that the final SIA report should:

- Always include a list of stakeholders consulted / workshop participants;
- Clearly set out key stakeholder positions and points of views;
- List issues raised by stakeholders in the workshop / meetings and how these have been reflected in the report; and
- Set out what changed as a result of the consultation.

Where possible, the key points raised by stakeholders and their impact on the final report should be reflected in the executive summary.

PART II: EX-POST MONITORING

Establishing ongoing ex-post monitoring schemes

Recommendation 15

In order to obtain the most meaningful results, monitoring to assess the impact of free trade agreements should be carried out at regular intervals over a long term (rather than on an ad hoc basis).

Recommendation 16

The structure of an ex-post monitoring scheme should be tailored to the circumstances of each country / region.

Recommendation 17

Where it is known that there will be an ongoing monitoring scheme, a preliminary study should be carried out as early as possible to design a methodology for the monitoring regime and provide a baseline.

Actors involved

Recommendation 18

There should be a long-term coordinator with responsibility for ongoing ex-post monitoring schemes, ideally an independent local institution that is perceived as a relatively neutral actor (such as a respected university or research institution).

Recommendation 19

The Delegation should be involved in the monitoring study from the outset and, as appropriate, provide guidance and support to the contractor.

Recommendation 20

Relevant supporting partners for ex-post monitoring studies should be identified and approached by the contractor as early as possible to discuss their possible role.

Stakeholder engagement

Recommendation 21

Ex-post monitoring studies should be understood as an important opportunity to engage with government and civil society on issues regarding the impact of free trade agreements and should not be conceived of solely as pure research / data collection exercises. This should be taken into account at each stage of the monitoring exercise, including dissemination of results.

Recommendation 22

The social partners (including sectoral organisations) should have a recognised role in any ex-post monitoring studies.

Recommendation 23

The design of ongoing monitoring schemes in developing countries should always include a needs assessment for technical assistance for government agencies and consideration of the possibilities for dialogue or exchange of best practice on data collection, civil society dialogue or stakeholder engagement.

Recommendation 24

Part of the planning for long-term monitoring should include an early assessment and consultation to determine whether there is a need for targeted technical or financial assistance for the social partners and other civil society stakeholders. Particular consideration should be given to the needs of the sectoral and (as appropriate) regional social partners.

Recommendation 25

Where capacity building or other financial support is provided for the social partners, consideration should be given to providing funding to the ILO as an implementation partner to ensure that social partners in partner countries are able to access funding and/or capacity building opportunities related to ex-post monitoring or international trade.

Recommendation 26

Early awareness-raising on the possible impacts of a trade agreement can encourage stakeholders to start recording or taking note of developments that are relevant to later monitoring or dialogue.

Recommendation 27

Consideration should be given to providing social partners (and other stakeholders) with funding to carry out their own studies to accompany the broader monitoring regime. This can be used to fuel debates in the civil society dialogue forum (where this is provided for in the trade agreement) and can also complement / inform the more general monitoring studies.

Methodology

Recommendation 28

Stakeholder engagement must be explicitly identified as being of equal importance to econometric analysis in the monitoring methodology. This must be underlined at each stage of the process.

Recommendation 29

With respect to both long term and ad hoc studies, there should be a balance of expertise in the research team and the composition should not be weighted towards economic analysis. There should be expertise on social and environmental issues, as well as experience in stakeholder engagement.

Recommendation 30

Significant consideration should be given to the initial sectoral selection in the study in order to ensure that there is an early focus on sectors most likely to have been affected by changes in trade flows. In the case of long-term ex-post monitoring, the selection of sectors under consideration should be continually reviewed.

Recommendation 31

As far as possible, indicators on decent work and employment should seek to cover a broad range of areas, including job quantity and quality and labour standards, but there should be some flexibility in the choice of indicators, given that the breadth of analysis will depend on the availability of data,.

Recommendation 32

In order to ensure the sustainability and transparency of the monitoring process, indicators should be primarily selected on the basis of information that:

- Is in the public domain;
- Is the subject of regular and representative statistical surveys; and
- Can be collected without disproportionate cost or effort.

Recommendation 33

At the beginning of each monitoring study, there must be a clear plan for stakeholder engagement, including the conduct of collective workshops, use of individual stakeholder interviews and consultation with sectoral social partners.

Recommendation 34

Where possible, any monitoring exercise should seek to involve European companies sourcing from the third party country in sectors that are known to be heavily influenced by Corporate Social Responsibility (CSR) practices and responsible supply chain trends.



Reporting and dissemination strategies

Recommendation 35

As far as possible, monitoring reports and other outputs should be prepared in a format that is easily understood and digested by a broad range of stakeholders. The presentation of the findings of monitoring studies should not be restricted to formal studies, as important as these will be, but should also take the form of shorter focussed reports and presentations delivered during the course of the monitoring process. These may be disseminated directly to stakeholders, or through electronic means, such as dedicated websites or discussion groups and social media.

Recommendation 36

Any monitoring studies should include a chapter in the body of the report that highlights the views of stakeholders in order to ensure that the outcomes of stakeholder engagement are adequately reflected and that the report is not overly focused on data analysis.