EU and US: implications of different SIA approaches in negotiations

Both the EU and the US undertake environmental impact assessments of trade agreements to understand environmental impacts of trade liberalisation. Researchers have compared the different approaches taken by the EU and the US to understand difficulties and successes in promoting environmental protection as part of trade agreements.

In the EU, Sustainability Impact Assessments (SIAs) have become an integral part of trade negotiations since 1999 and cover environmental, social and economic issues. Since the 1990s, US trade agreements also include environmental considerations, partly based on separate Environmental Reviews (ER).

Whilst the EU assesses the economic, social and environmental impacts of trade agreements, both with respect to its own territory and that of its trading partner countries, the US focuses more on assessing domestic environmental impacts. The EU's approach is expensive and time consuming, but the benefits include better acceptance of the SIA in the partner country through greater stakeholder involvement. For the US, the assessment is simpler, less costly and is seen not to impose US ERs on the partner country.

In the EU, SIAs are typically prepared by consultants. The long reports cover broader impacts of environmental issues, such as the relationships between environmental problems and socioeconomic effects in partner countries. In contrast, the US reviews are prepared by Trade Policy officials, are generally shorter and focus specifically on likely environmental issues arising from the trade agreement. Consequences of the agreement on economic matters, such as employment, are addressed in a different report, making it harder to link the different issues.

The EU SIAs are based on a thorough analysis of environmental impacts, involving descriptive and statistical analyses, including extensive use of modelling techniques: the US depends mostly on expert opinion to identify environmental impacts arising from trade agreements. Although the EU has a more objective and evidence-based evaluation of environmental impacts, modelling can be constrained by lack of data and simplifying assumptions. The US approach is more pragmatic, but less rigorous in terms of modelling techniques.

There are also differences between the EU and the US in how the impact assessment studies recommend actions to address expected environmental impacts as a result of trade agreements. In the US, mitigation actions are explicitly identified in the side agreements or ERs. However, in the case of the EU the links between identified impacts of trade agreements and mitigation action are less clear, unless measures are specifically foreseen in the trade agreement.

The researchers suggest greater dialogue between relevant officials in the EU and the US could help each region improve their own approach by providing a greater understanding of other possibilities and experiences.


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