Sustainability Impact Assessments do not capture all impacts of trade

**The Trade Sustainability** Impact Assessments (SIAs) conducted by the European Commission are important elements in trade negotiations between the EU and its trading partners, but recent analysis suggests that trade SIAs are not as helpful in negotiations as might be hoped because they do not sufficiently assess the underlying reasons why negotiators are reluctant to conclude trade deals.

**EU Trade SIAs**, which are undertaken in parallel to negotiations, assess the potential economic, social and environmental impacts that could result from trade liberalisation, with a view to taking them into account in the positions taken during trade negotiations.

Thus, EU Trade SIAs seek to contribute to sustainable development, by ensuring that trade liberalisation does not occur at the expense of the environment or society. For civil society, trade SIAs are also an opportunity for stakeholders to voice their concerns and to understand the issues and potential effects of trade liberalisation.

As part of an appraisal of trade and globalisation, a recent book chapter has critically evaluated the role played by SIAs in trade talks. In this context, the authors suggest that trade SIAs have not had the desired effect of integrating sustainable development with trade liberalisation. The authors argue that this is because Trade SIAs do not capture the full range of environmental, economic and social impacts of trade, some of which may be the reasons for why negotiating parties do not choose to embrace trade liberalisation. Unrevealed by SIAs, these impacts may not be taken into account during the negotiation process.

The authors identify four main reasons (not always fully captured by SIAs) why negotiators may not want to conclude trade agreements. Firstly, special interest groups in the negotiating countries may seek to protect domestic enterprises (e.g. businesses and industries) from the effects of competitive imports. Governments can use trade agreements to counter strong lobbying by national interest groups and increase the overall welfare of citizens through trade liberalisation, but vested interests can be very powerful.

Secondly, the costs of making the necessary short-term structural changes related to trade liberalisation can be large. The benefits are clear in the long-term, but unless this short-term barrier is recognised in the negotiations this issue could be a stumbling block.

Additionally, trade liberalisation could potentially harm non-market goods and services provided by the environment, society and culture. For example, services provided by ecosystems include the provision of clean air and water. Potential damages caused by trade liberalisation to these non-market goods and services needs to be taken into account during the negotiating process.

Finally, a more open trading system could have a destabilising effect on the social and cultural values held by a society. Concerns that the collective choices a society makes could be constrained under the terms of a trade agreement should also be addressed during trade negotiations.


**Contact**: tancred.voluitiez@iddri.org

**Themes(s)**: Sustainable development and policy assessment

The contents and views included in this Thematic Issue are based on independent, peer reviewed research and do not necessarily reflect the position of the European Commission.

To cite this article/service: "Science for Environment Policy": European Commission DG Environment News Alert Service, edited by SCI, The University of the West of England, Bristol.