

Task specifications to Specific Contract No 1 (implementing framework contract No Trade 05-G3-01)

This annex specifies the tasks, activities and reporting which will be carried out during this specific agreement.

Requirements and timetables defined by the Commission must be strictly respected by the contractor.

For information related to the objectives and content of the Trade SIA methodological framework, see the terms of reference of the call for tender of the framework contract.

A) Main tasks and services of this specific agreement

This specific agreement 1 should assess how the trade aspects of the Association Agreement could affect sustainable development in the EU and beyond, in particular in the MERCOSUR countries.

The aims of this specific agreement are the following:

- 1) to up date the Overall Preliminary Trade SIA EU-MERCOSUR
- 2) to conduct three Trade SIAs including Automotives-Motor Vehicles and Agriculture

1) Up dated overall preliminary Trade SIA EU-Mercosur

The study will provide an overall assessment of the potential impact on sustainability of the trade aspects for an Association Agreement between the European Communities and Mercosur. The overall preliminary Trade SIA will allow for the cross-sectoral and cumulative impacts likely to result from the implementation of the trade aspects of the Association Agreement between the European Communities and Mercosur as a whole. The assessment will build on the preliminary overview Trade SIA done in 2003. The up dated overall preliminary Trade SIA will be based on an assessment of two scenarios:

- i.) a baseline scenario, without agreement
- ii.) a scenario with trade agreement

The overall preliminary Trade SIA will:

- Draw together the results of the earlier study and complement this with further analysis in order to up date the preliminary overall Trade SIA results in light of the progress made so far in trade negotiations.
- On this basis, identify, as far as possible in quantitative terms, the likely impacts on the three key areas of sustainability – economic, social and environmental development – of the different aspects of the proposed EU-Mercosur trade agreement.
- On the basis of identified impacts, propose mitigation and enhancement measures in different areas of public policy, including trade policy.
- Identify the generic issues (potential sustainability impacts and policy options for optimising outcomes) which can inform negotiators and policy-makers.
- Evaluate the Trade SIA methodology and identify areas for further development and refinement in future Trade SIAs.

- Provide proposals for the ongoing monitoring of key sustainability indicators affected by trade liberalisation and for ex-post evaluation of the overall preliminary Trade SIA EU-Mercosur.
- Contribute to enhancing the dialogue concerning the overall preliminary Trade SIA EU-Mercosur with interested stakeholders, inside and outside of the EU.
- Produce an SIA-Trade Newsletter and distribute in electronic and paper format.
- Contribute to the development of a credible international network of Trade SIA experts in other countries and within other international organisations, particularly in relation to Mercosur.

2) Three Sectoral Trade SIAs including Automotive-Motor Vehicles and Agriculture

Each of the sectoral Trade SIAs should aim to achieve:

- An update of the Trade SIA methodology for these sectors and assessment tools to be used.
- A clear overview of the current trade situation in the three sectors, together with a definition of the options/scenarios to be considered and a clear analysis of causal chain analysis and the mechanisms through which the different options will affect social, economic and environmental areas.
- An analysis of the expected significance of these impacts for the sector, using appropriate measures and indicators for assessment of impacts and making use of appropriate qualitative and quantitative techniques.
- Identification cross-cutting links between these sectors and other sectors.
- Propose preventive as well as flanking measures or other adjustments that would prove effective in tackling any adverse impacts of liberalisation, and/or in promoting its positive impacts, in these three sectors.
- Contribute to enhancing the dialogue concerning the above Trade SIA with all interested stakeholders: inside and outside of the EU, particularly in Mercosur countries.
- Contribute to the development of a credible international network of Trade SIA experts through participation in policy debate on Sustainability Impact Assessments with experts in other countries and within other international organisations.

B) Preliminary sustainability assessment of the overall preliminary Trade SIA and of the three sectoral Trade SIAs

The aim of preliminary assessment of the trade aspects of the Association Agreement EU-MERCOSUR is to present an overview of all the three dimensions of sustainable development (economic, social and environmental) at stake in the trade aspects of the Association Agreement between EU and Mercosur for each of the Trade SIAs to be developed in the scope of this specific agreement 1.

Attention should be paid to building a coherent and rigorous assessment framework. This should include quantitative analysis and modelling as set out in the consultant offer for the framework contract No Trade 05-03-01.

These preliminary assessments should rely on:

- 1) **scenarios and findings** delivered by the previous economic and trade analysis;
- 2) an analysis of the **underlying sustainability context** (economic, social and environmental context);
- 3) a clear **analysis of the mechanisms** through which the different scenarios of the agreement will affect social, economic and environmental areas.

The specific preliminary assessments should provide an analysis in the EU at a regional/national and if appropriate sub national (regional, NUTS 2) level with:

- a preliminary assessment of possible economic impacts of the trade aspect of the Association Agreement between EU and MERCOSUR;
- the preliminary social, and environmental impacts of the trade aspects of Association Agreement between EU-MERCOSUR with an analysis of the **causal chains** which identify the significant cause-effect link between a proposed change in trade policy and its social (including gender and poverty), environmental (including all media) and economic impacts. This analysis should as far as possible combine qualitative and quantitative approaches and a wide range of indicators.

This analysis should cover all trade-related aspects of each sector, highlighting the potential positive and negative effects on sustainability as well as preliminary reflections on possible complementary measures which such effects require.

The main output will comprise:

- 1) a first identification of **key sustainability** issues and most potentially-affected **social groups** and **geographical areas**;
- 2) as a next step, proposal of a set of **sector studies for study in the next phase of the contract, to be agreed in consultation with the Commission and Civil Society.**

C) Detailed study of sub-sectors and case studies

Sub-sectors will be analysed in detail notably with the help of **at least one case study** for each sector.

This work will include:

- **Quantitative analysis** informed by modelling results according to the consultant offer for the framework contract No Trade 05-03-01 as well as qualitative assessments of the impact of potential outcomes in the sub-sector concerned. This work should be undertaken on the basis of case studies and economic, social and environmental analysis (including environmental impact assessment(s), using appropriate methodology, measures and indicators, and making use of both qualitative and quantitative techniques as appropriate. Impacts shall be as much as possible differentiated amongst **EU regions (in particular for the weakest regions of the enlarged EU)** - NUTS 2 level.
- Analysis of cross sectoral effects.
- Suggest possible amendments or adaptations (including phasing in) of the assessed trade measures or new rules whose potential sustainability impacts are expected to be important, taking into account the existing regulatory frameworks and domestic policies.
- Based on the existing regulatory frameworks and domestic policies of the countries/regions under review, suggestions on what complementary measures might be introduced to best address the negative impacts and maximise the positive impact of

further liberalisation / changes in rule-making. This should include an assessment of the various options for mitigating and enhancing measures, including those which could be introduced on a domestic or regional level, in international fora, or in other areas of the ongoing negotiation processes. Identify inherent trade-offs where they exist and specify on which basis and principles the choices on measures have to be made (e.g. precaution, prevention, cost-effectiveness, internalisation of external environmental costs, Treaty obligation of a high level of environmental protection).

The consultants shall select an adequate team of local experts to assist them for the geographical case studies. The list of local experts should reflect the three dimensions of sustainable development in a balanced manner. Particular attention should be paid in finding suitably qualified environmental local experts (in Mercosur countries).

D) Process and consultation

Particular attention should be paid to the involvement of stakeholders, not only from the EU but also from developing countries, in particular Mercosur countries.

Recent experience of the Trade SIA shows a deficit of information and consultation both inside and outside the EU and in particular difficulty in involving third country representatives and stakeholders.

This need for better local consultation was also confirmed at the Trade SIA seminar organized by DG Trade in Brussels on 6-7 February 2003 (see more information on http://trade-info.cec.eu.int/civil_soc/docconsult.php?action=list).

Consultation in the EU and abroad is a major challenge which must be met in order for the EU's Trade SIA process to ensure its credibility and legitimacy.

The objectives of the consultation process are:

- a) to ensure a **better understanding** of the Trade SIA process by society inside and outside Europe;
- b) to **disseminate the Trade SIA methodology**, process and results inside and outside the EU. Trade SIA results should also be validated and complemented with opinions from experts in order to improve the analytical work and next steps;
- c) to contribute to the **identification of priority areas and key issues** (see previous section);
- d) to extend the **network of Trade SIA** expertise.

This specific agreement should look at maintaining and strengthening the existing Trade SIA consultation process by which the Commission can ensure transparency of the Trade SIA process and enable civil society and other stakeholders to provide inputs during the study. This will include:

- Presentations of the inception, mid-term and final reports at public meetings in Brussels.
- Electronic dissemination of the inception, mid-term and final report, using Experts Network and project website.
- Produce a SIA-Trade Newsletter and distribute in electronic and paper format.
- Participate in international meetings and consultations on impact assessment, and make oral or written presentations on the Trade SIA Trade methodology and work programme.

E) Composition and competence of the working team of the overall preliminary Trade SIA and of the three sectoral Trade SIAs

Before starting the work on this specific agreement the consultant should provide an indicative list which sets up a minimum qualification team for the overall preliminary Trade SIA and for the three sectoral Trade SIAs.

F) Working meetings in Brussels

The Contractor will be required to attend meetings in Brussels with Commission officials. These will include: working meetings at the launch of both studies, presentations and explanations by the Contractor of work completed, further information from the Commission on negotiating developments and discussion of future work.

This will usually entail, as a minimum, one meeting at the start of the specific contract 1 and thereafter one meeting for each phase of the Trade SIAs work (inception, mid-term and final reports), with other meetings arranged on an ad hoc basis as necessary. A set of six working meetings of one day should be foreseen within this specific agreement.

The consultant will be asked to draft a complete report for each of these meetings.

G) Public meetings

The Contractor will be required to participate in public meetings organised by the Commission involving representatives of Member States, the European Parliament and Civil Society. It must present and explain work completed and provide the opportunity for interested stakeholders to provide direct input.

This will usually entail a minimum of three meetings (held back-to-back with the meetings with the Commission).

The consultant will be asked to draft a complete report for each of these meetings.

H) Electronic documentation

The Contractor must create and maintain a web-site dedicated to the above SIA project with a link to the DG Trade web-site. All reports, meeting reports, outputs presented to the Commission including the news letter, the list of consultant networks and consultation documents will be published by the Contractor on this web-site.

The web-site should incorporate a feedback function allowing all interested parties to provide input and setting up of a forum of discussion to further stimulate the involvement of civil society.

I) Deliverables

i) Content of the reports for each of the four Trade SIAs:

The two first reports (interim and midterm) should aim to describe 1) the state of play of the study and 2) the way ahead and to propose some further developments to be discussed with the Commission.

The Commission draw the attention of the consultant to a necessity of transparency in reports which must include all the references, analytical paths needed to understand fully the outcomes and results of the study.

Interim report:

This interim report will provide the Commission with:

- An overview of the consultant's proposed approach to the study, including a presentation of the conceptual framework of the sustainability assessment analysis.
- A description of preliminary methodological developments or changes from past studies.
- A review of literature, list of tools and references to be uses, list of contact in Mercosur countries.
- A preliminary screening exercise for the key sustainability issues/impacts associated with the trade agreement, based as far as possible on quantitative indicators.
- A preliminary discussion on the selection of sector specific indicators relevant for this study.
- Outlines of the contents for both the mid-term and final reports.

Midterm report:

The midterm report summarise the work that has been undertaken on the project and its principal outcomes in September.

In particular, it will describe:

- Implementation of the methodology: a summary of the process by which the methodology has been implemented in the case of EU-Mercosur negotiations
- Information on communication activities:
 - Creation of the web site and links to other web sites. Number of hits.
 - Consultations and dialogue with external experts ad civil society: summary of comments and suggestions received (via e-mail, web site comment function, ordinary mail, meetings etc.) and the uses made of these.
 - Development of network of Trade SIA experts: contacts undertaken, information supplied and comments received.
- State of play of study underway, outcomes regarding the screening phase, design of sector studies
- The way ahead to complete the study

Final report:

The final report will entail the following elements

- The methodology used for the Trade SIA
- The outcomes and results of the assessment
- Proposals of flanking measures
- Communication actions, networking

- Conclusions
- References and key sources

ii) Timing:

Deliverables for this preliminary, will be produced in accordance with the following timetable:

	Inception Report	Mid-Term Report	Final Report
Overall preliminary Trade SIA	July 2006	November 2006	March 2007
Sectoral Trade SIAs:	July 2006	November 2006	March 2007