

SUSTAINABILITY IMPACT ASSESSMENT OF PROPOSED WTO NEGOTIATIONS

**Overall Project Final Report
for**

**Fisheries and
Final Global Overview**

*Impact Assessment Research Centre
Institute for Development Policy and Management
University of Manchester*



Brussels
16th June 2006

The SIA-WTO Programme

Undertaken by Consortium of:

- IDPM (methodology and project management)
- Natural Resources Institute, NRI (fisheries)
- IDPM (final global overview SIA)

SIA Process

consultation



SCREENING/SCOPING



inception report



⇒ *comments*



INITIAL ASSESSMENT



mid-term report



⇒ *comments*



FINAL ASSESSMENT



final report

⇒ *critique*



published comments



NEGOTIATIONS

Consultation Process

- Contributions and responses
- SIA Newsletter
- Issues for discussion

Content of final report – fisheries SIA

- **Trade patterns**
- **The methodology used for the SIA study**
- **Country case studies**
- **Initial and longer term impacts - tariffs**
- **Initial and longer term impacts – subsidies**
- **Impact of other trade measures**
- **Proposals for prevention, mitigation and enhancement measures**

Content of final report – global overview SIA

- **Executive Summary**
- **Trade Liberalisation Scenario in Context of the Hong Kong Ministerial Declaration**
- **Methodology for Assessing the Impact of Doha Development Agenda on Sustainable Development**
- **Modelling the Impact of the Doha Development Agenda**
- **Impact of the Doha Development Agenda on Sustainable Development**
 - ◆ **Agriculture**
 - ◆ **Non-Agricultural Market Access (NAMA)**
 - ◆ **Services**
 - ◆ **Rules and other measures**
 - ◆ **Cumulative Impacts on Sustainable Development**
- **Opportunities for Enhancement, Prevention and Mitigation**
- **Proposals for future action**

Issues for discussion

- **Is there any important evidence of which you are aware that has not been taken into account, such that the assessment of impacts is misleading or incorrect?**
- **Are there faults in the analysis which may have led to incorrect conclusions?**
- **Do you have any suggestions for monitoring and evaluation of the SIA?**
- **Do you have any suggestions for further development of the SIA methodology and communication with experts and other stakeholders?**
- **Do you have any suggestions for capacity building in partner countries?**

Further information and feedback

website:

<http://www.sia-trade.org>

email:

sia-trade@manchester.ac.uk

SUSTAINABILITY IMPACT ASSESSMENT OF PROPOSED WTO NEGOTIATIONS

Final Global Overview SIA

Final Report

*Impact Assessment Research Centre
Institute for Development Policy and Management
University of Manchester*



Brussels
16th June 2006

Content of report

- **developed from Mid-Term report, including action on comments and suggestions**
- **further analysis of significant impacts**
- **further development of proposals for enhancement, prevention and mitigation**
- **proposals for monitoring sustainability indicators and evaluation of the SIA**
- **proposals for further development of the Trade SIA methodology**
- **proposals for maintaining the SIA-Trade Experts Network and capacity building in partner countries**

Chapter contents

Executive Summary

1. Introduction

2. Trade Liberalisation Scenario in Context of the Hong Kong Ministerial Declaration

3. Methodology for Assessing the Impact of Doha Development Agenda on Sustainable Development

4. Modelling the Impact of the Doha Development Agenda

5. Impact of the Doha Development Agenda on Sustainable Development

5.1 Agriculture

5.2 Non-Agricultural Market Access (NAMA)

5.3 Services

5.4 Rules and other measures

5.5 Cumulative Impacts on Sustainable Development

6. Opportunities for Enhancement, Prevention and Mitigation

7. Proposals for future action

Methodology for the final global overview SIA

- **Similar to methodology for previous studies**
- **Review of recent economic modelling studies**
 - ◆ **static welfare gains**
 - ◆ **impacts on production, employment and poverty**
- **Consultation, empirical evidence and causal chain analysis**
- **Impacts on principles of sustainable development – Rio Declaration**
- **Impacts on institutional capacity – principles of national sustainable development strategies**

Methodology - agriculture

- **Sectoral SIAs for:**
 - ◆ major food crops
 - ◆ agriculture general
- **Update scenarios for Hong Kong**
- **Recent modelling studies and other literature**

Methodology - NAMA

- **Sectoral SIAs for:**
 - ◆ **textiles, pharmaceuticals, non-ferrous metals**
 - ◆ **forest products**
- **Preliminary overview SIA for other sectors**
- **Update scenarios for Hong Kong**
- **Recent modelling studies and other literature**

Methodology - services

- **Sectoral SIAs for:**
 - ◆ **environmental services**
 - ◆ **distribution services**
- **Preliminary overview SIA for other service sectors**
- **Update scenarios for Hong Kong**
- **Recent modelling studies and other literature**

Methodology - rules and other measures

- **Preliminary overview SIA for other measures in the Doha negotiations**
- **Update scenarios for Hong Kong**
- **Recent literature**
- **Dialogue on Inception Report identified need for focus on:**
 - ◆ **trade and environment**
 - ◆ **trade facilitation**

Methodology - cumulative impacts

- **Recent modelling studies and other literature**
- **Collate SIA findings for agriculture, NAMA, services and other Doha measures**
- **Cumulative impacts from scale effects, technology effects and regulatory effects**

Impact tables

Impact	Countries / sectors affected	Causal factors	Factors affecting significance	Potential significance	
				short term	long term
<u>Economic</u> Real income Fixed capital formation Employment					
<u>Social</u> Poverty Health and education Equity					
<u>Environmental</u> Biodiversity Environmental quality Natural resources					
<u>Process</u> SD principles SD strategies					

Tables for Agriculture, NAMA, Services, Rules and Other Measures

In each area, table for developed countries, table for developing countries

Symbols: ↑ positive greater significant impact, ↓ negative greater significant impact, ⬆ positive lesser significant impact, ⬇ negative lesser significant impact, ⬆⬇ positive and negative impacts

Principal findings

- **The global economic impact likely to be modest, and smaller than had been predicted in earlier years**
- **Potential aggregate economic welfare gains are not necessarily shared by all countries or all socio-economic groups within these countries**
- **As a group, developing countries are expected to gain from the Doha trade liberalisation measures.**
- **Some countries, particularly in the LDC group, are likely to experience economic costs, at least in the short term.**
- **The social and environmental impacts are similarly differentiated.**
- **Global environmental impacts are expected to be negative as the volume of international trade increases.**
- **The potential economic benefits are likely to increase in the longer term, largely as a result of market adjustments to new conditions, productivity improvements and increased investment induced by greater trade openness.**
- **Areas for support include strengthening domestic capacity in environmental and economic regulation, and adjustment assistance to avoid adverse impacts on social groups that lose from trade-induced changes**
- **The various aid for trade initiatives that have been proposed need to be integrated in a coherent programme of support which uses trade opportunities as an engine for growth.**
- **Similar action at the global level is needed to counter impacts on climate change and biodiversity.**

Key impacts 1

- **Most countries experience beneficial impacts for some sections of society, but adverse short term impacts on others**
- **The transition period may be associated with increased unemployment or underemployment as labour and capital move from less to more efficient uses.**
- **The adjustment costs can be severe in developing countries where social protection is weak or absent.**
- **The global impact on social welfare is also modest, with a small reduction in absolute poverty levels in developing countries as a group**
- **The impact on poverty reduction is expected to be favourable in some large developing countries, such as India and China**
- **In some of the poorest countries, in sub Saharan Africa for example, poverty may worsen as they stand to lose economically from trade liberalisation and face severe supply side constraints.**
- **The adverse effects will be particularly severe in countries with high initial levels of protection and little or no comparative advantage in sectors where other countries' markets become more open.**

Key impacts 2

- **Most of the adverse effects are likely to be short to medium term, and may be highly significant if liberalisation is rapid or not accompanied by effective social policies.**
- **These impacts may continue into the longer term in the absence of appropriate policies to support the creation of new employment opportunities.**
- **Countries with high initial protection may also experience a significant loss of tariff revenues, with possible negative indirect social impacts if expenditure on health, education and social support programmes is reduced.**
- **Women tend to be among the most vulnerable to adverse impacts, although opportunities also arise for higher skilled jobs and improved working conditions.**
- **Global environmental impacts are expected to be negative as the volume of international trade increases.**
- **The impacts on climate change and global biodiversity are adverse overall, arising primarily through increased transport and pressures for increased agricultural production in biologically sensitive areas.**
- **Local effects occur for water, air and soil quality, water quantity, soil erosion and biodiversity, and are particularly significant in areas of high existing stress.**
- **These adverse environmental effects can in principle be countered by technology or regulatory measures. However, in many developing countries, environmental regulation tends to be insufficiently strong to counter adverse effects.**

Implications for enhancement, prevention and mitigation 1

- **The achievement of a trade Round that is truly a ‘Development Round’ will necessitate a set of additional and complementary measures to be agreed and implemented by the members of the WTO and the wider international community, as acknowledged in the Hong Kong Ministerial Declaration.**
- **If the potential losses by some countries are not to become an impediment to the successful conclusion of negotiations whose potential overall benefits for sustainable development exceed its costs, then it is important that negotiators and policymakers establish a consensual and realistic understanding on the aid for trade package that will be implemented at the conclusion of the Doha Round negotiations.**
- **Credibility and predictability of funding is important both for the successful conclusion of the negotiations and for a developmental outcome from the Doha Round.**

Implications for enhancement, prevention and mitigation 2

- **The need for additional aid for trade resources should be seen in the general context of the increased flow of resources to developing countries that is needed if the Millennium Development Goals are to be met.**
- **If aid for trade is properly integrated with broader development strategy and planning, its impact will extend beyond the immediate trade area and support efforts to achieve the MDGs by 2015.**
- **Trade liberalisation alone is unlikely to have a significant impact on long term sustainable development trajectories. However, greater engagement with the international economy as part of a carefully sequenced process of liberalisation which is matched by assistance in strengthening the domestic economy's capacity to adjust and respond to new trading opportunities, can make a significant contribution to the process of sustainable development, particularly in poorer countries.**

Proposals for future action

- **Monitoring sustainability indicators and evaluation of the SIA**
 - ◆ Monitoring implementation of the provisions of the Doha Round agreement itself
 - ◆ Monitoring and Evaluation of the sustainability impacts of the agreement, as implemented
 - ◆ Evaluation of the *ex ante* SIA studies to compare their predictions with actual outcomes, and explain any significant differences
- **Further development of the Trade SIA methodology**
 - ◆ Continue to promote the concept of sustainability (or integrated) impact assessment
 - ◆ Strengthen links with other bodies involved in trade assessment work, including UNEP, UNCTAD, CEC, Canada, United States and NGOs
- **Experts Network and capacity building**
 - ◆ Formation of a SIA-Trade Information and Resources Centre
 - ◆ Maintain the SIA-Trade Network
 - ◆ Organisation of Training Workshops (initially regionally) on Trade-SIA
 - ◆ Involve negotiators, other trade officials, finance ministries, social development ministries and other policy makers, as well as environmental officials
 - ◆ Capacity building in areas for mitigation and enhancement policy, such as environmental protection and social support, with a focus on trade-induced impacts

Issues for discussion

- **Is there any important evidence of which you are aware that has not been taken into account, such that the assessment of impacts is misleading or incorrect?**
- **Are there faults in the analysis which may have led to incorrect conclusions?**
- **Do you have any suggestions for monitoring and evaluation of the SIA?**
- **Do you have any suggestions for further development of the SIA methodology and communication with experts and other stakeholders?**
- **Do you have any suggestions for capacity building in partner countries?**

Further information and feedback

website:

<http://www.sia-trade.org>

email:

sia-trade@manchester.ac.uk