

TRADE SIA METHODOLOGY: CURRENT DEVELOPMENTS AND CHALLENGES

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THE TRADE SIA METHODOLOGY

- PURPOSE

- 1.To provide for an ex ante evidence-based assessment of the impact of Trade Policy
- 2.To provide an assessment of the potential impacts on sustainable development
- 3.To inform the decision making process
- 4.To follow the principles of good governance in terms of consultation, transparency and accountability

TRADE IA AND REGULATORY IMPACT ASSESSMENT

- RIA IS:
 1. Tool for systematic examination of potential impacts of government action (or non-action)
 2. Tool for improved governance:
 - better information for policy-makers
 - greater involvement of stakeholders
 - higher transparency in decision-making
 3. Intended to result in better policy making

- ‘RIA is a tool for better decision making, it is not a decision making tool’
- RIA in UK and EC focuses on assessing impacts on Sustainable Development
- Trade policy is covered in the EC’s IA procedures at the pre-negotiation stage
- Proposals to amend IA procedures in UK and EC in response to criticism

TRADE SIA METHODOLOGY

- **Does the Trade SIA Approach meet the ‘Fit for Purpose’ Test?**

Should the Trade SIA methodology be assessed in terms of its methodological ‘rigour’ or its impact on decision making?

THE CHALLENGES

- 1. METHODOLOGICAL CHALLENGES
- 2. EVALUATION CHALLENGES

THE CHALLENGES TO TRADE SIA

1. Methodological Challenges

What impacts should be included in the assessment?

economic? Environmental? Sustainable development?

the role of economic valuation of impacts?

use of economic modelling (CGE and PE)?

EU TRADE SIA METHODOLOGY

Comments and feedback from EC officials and civil society on Reports have been used in an ongoing process of refining the details of the methodology while retaining the original methodological framework:

EU TRADE SIA METHODOLOGY

Refinements to the Methodology:

- Balanced sustainability assessment
- Proportionate analysis: prioritisation of potentially significant issues
- Choice of indicators
- Quantitative and qualitative analysis
- Linkage between assessment and consultation

- 2. EVALUATION CHALLENGES
- Can Trade IA contribute to better policy making?
- - the need for high level political ‘buy in’
- - difficulty of demonstrating impact in terms of outcome indicators
- - the boundaries between consultation, transparency and accountability

Political and institutional context

Conflict 1

- **negotiation: biased negotiating positions, give and take**
- **SIA “objective and impartial”: but sponsored by one party to the negotiations**

Conflict 2

- **development of negotiating position: internal process with limited consultation, confidential documents**
- **SIA: stakeholder involvement, published documents**

Conflict 3

- **trade policy: maximises economic gains and minimises losses for the most influential interest groups**
- **SIA: examines economic, social and environmental effects for all interest groups**

Potential changes to trade policy:

- **detailed content of trade agreement and phasing of implementation**
- **parallel domestic policy (EU and trading partners)**
- **EU development assistance**
- **integration with regional/global non-trade policy (MDGs, regional/global SD strategies)**

HAS THE TRADE SIA PROGRAMME HAD AN IMPACT?

- review of stakeholders' views as expressed in contributions to SIAs
- stakeholder contributions at two EC seminars reviewing the SIA programme
- questionnaire survey
- analysis of official EC position papers responding to SIAs
- analysis of inter-Ministerial agreement for EMFTA (Barcelona+10)
- parliamentary questions prompted by SIAs
- qualitative analysis and informal observation of the policy-making process

Research findings of the SIA programme

- little direct influence on EC negotiating positions
- little direct influence on parallel domestic policy in EU or partner countries
- (cf the recent trade strategy communication)
- potential direct influence on priorities for EU development assistance (cf ‘aid for trade’ paper)
- evidence of significant indirect influence on negotiations, via NGOs, parliamentarians and partner country negotiators
- significant change of emphasis in EC trade negotiators’ presentations and speeches, consistent with SIA findings and parallel research
- high potential for developing countries to use the same research methods (SIA) to strengthen their negotiating positions and improve their trade-related policies

Contribution to inducing changes in trade policy / policy-making processes

- new mechanism for involvement of non-trade EC departments in developing EU trade policy, with supporting information on a wide range of economic and non-economic impacts
- information for MEPs and other parliamentarians in steering EU trade policy
- independent information for NGOs wishing to influence trade policy
- priority setting for EU development assistance, and EU contributions to regional/multilateral sustainable development initiatives
- contribution to a gradual movement of the international trade agenda away from traditional trade issues towards development issues
- identifies significant issues which partner countries might investigate more fully in developing their trade policies, negotiating positions and parallel domestic policies (e.g. tax reforms, industry support, privatisation policy, employment policy, rural development policy, environmental regulation)

Success factors in the contribution of SIA to changes in trade policy

- effective working relationship between trade policy-makers and the research team, facilitated by high level support and a determined and skilful co-ordinating unit within the policy-making body
- strong multi-disciplinary management of the research team
- close liaison with influential civil society organisations representing all stakeholder viewpoints
- close liaison with active Members of Parliament
- timing of reports to coincide with preparations for critical stages in the negotiations