



HORIZON 2020



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Sustainable Development and Preferential Trade Agreements: do provisions work?

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EU trade agreements and sustainable development

What are Preferential Trade Agreements?

Preferential Trade Agreements (PTAs) are designed to promote trade and economic cooperation between the participating countries by offering advantages such as reduced tariffs or other trade-related benefits.

PTAs have progressively started to include provisions that cover a wide range of trade-related policy, going from an average of 8 in the 1950s to 17 in recent years, including policy areas such as **environment, labour rights, investments, intellectual property rights, and migration.**



If the market opening is reciprocal they are called **Free Trade Agreements (FTAs)**



The “new generation” of FTAs contains a specific **Trade and Sustainable Development (TSD) Chapter** which is based on three pillars:



Binding commitments to labour and environmental standards



Structures to involve civil society



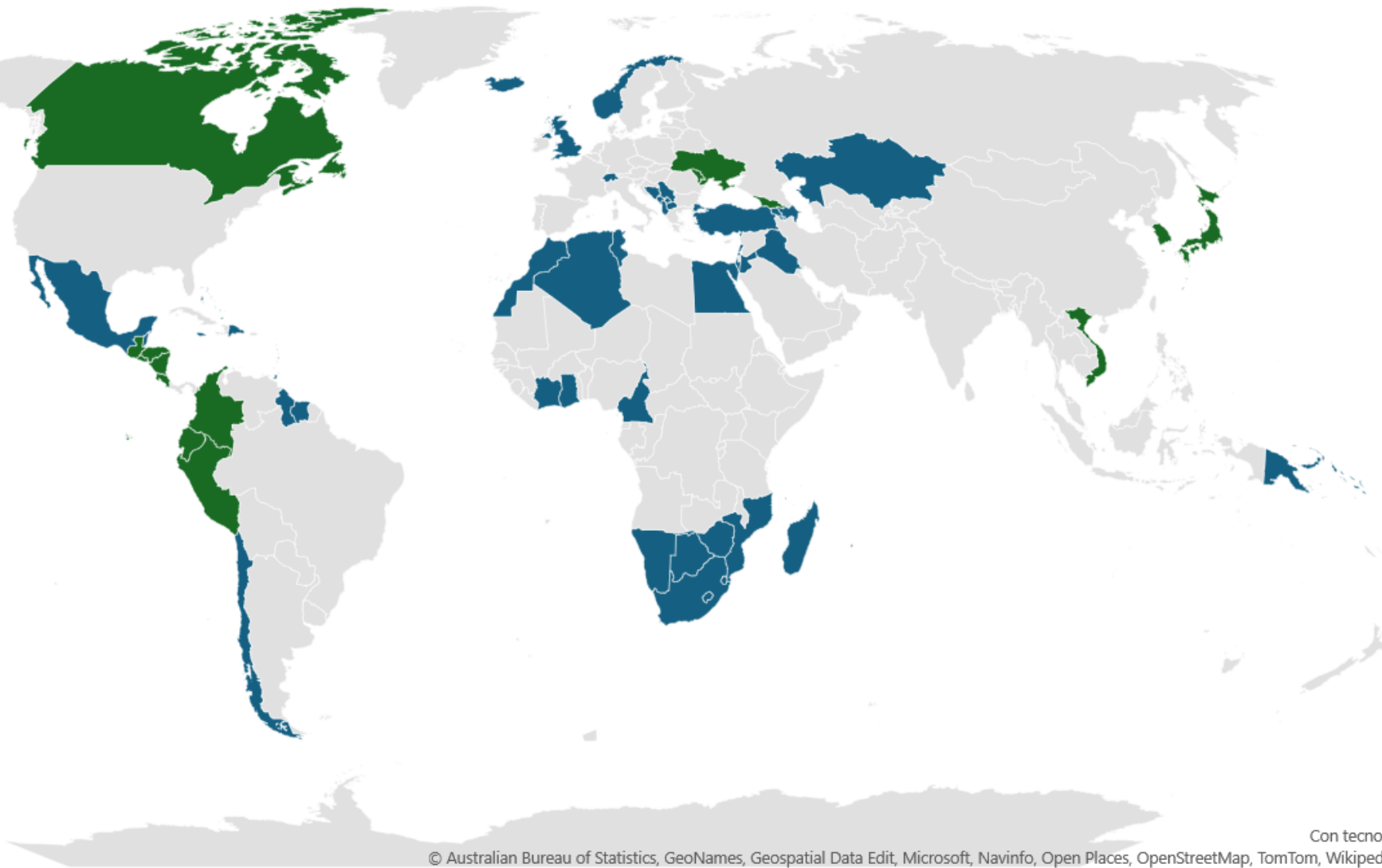
Dedicated dispute settlement mechanism





EU Trade Agreements in force with TSD chapters

■ Agreement in place ■ EU Trade Agreements in force with TSD



The EU has currently **42** PTAs in place with 74 partners.

The new agreements that include **TSD chapters**:

- Canada
- Central America
- Colombia, Perù, Ecuador
- Georgia
- Japan
- Moldova
- Singapore
- South Korea
- Ukraine
- UK
- **Vietnam**





The project: TRADE4SD

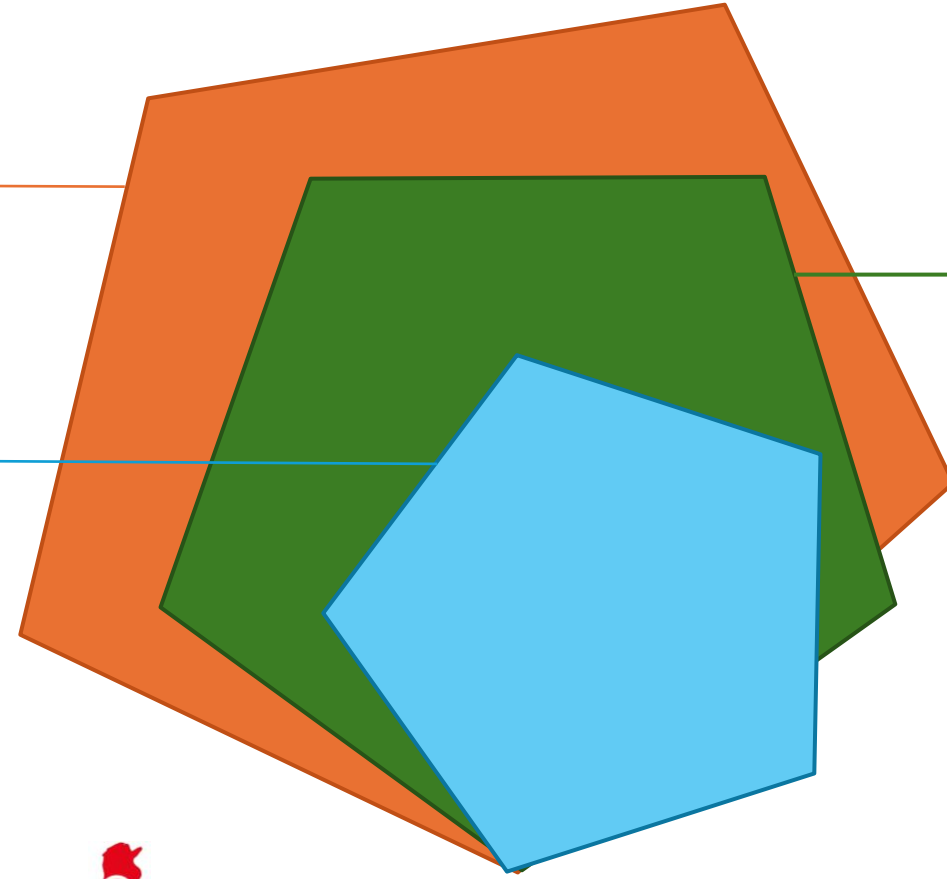


PROJECT'S MAIN SCOPE

Build new opportunities for fostering the positive sustainability impacts of trade supported by improved design and framing of trade policy

DELIVERABLE 2.2

Examining how non-product related agricultural issues are addressed in EU Free Trade Agreements (FTAs), and how effective the EU collaborative approach to Trade and Sustainable Development (TSD) chapters is.



WP2

The role of WTO, and EU bilateral and regional trade agreement to meet SDGs: gaps and best practices

Three case studies:



Vietnam

Coffee



Ghana



Cocoa



Tunisia



Olive oil





Deliverable 2.2

Why these three countries?



Vietnam, Ghana and Tunisia are important trade partners for the EU and they all have different types of trade agreements with the Union, each at different stages of negotiation and development.

What was the methodology used?

- Desk analysis: literature review
- Semi-structured interviews to the relevant stakeholders in the three countries in each sector (agricultural holdings, supply chain operators, NGOs, researches, policy makers)

Why these three value chains?

- Coffee, cocoa and olive oil are both EU significant agricultural imports and crucial productions to the selected exporting countries.
- Their production also raises important environmental issues in the three countries such as: excessive pesticide and fertilize use; deforestation (Vietnam and Ghana); water management and land degradation (Vietnam); water scarcity and desertification (Tunisia).

The research questions:



- How non-product related agricultural issues are addressed in the agreements with the EU?
- Evaluation of the impact of trade agreements (or the potential ones) on economic, social and environmental sustainability in the three selected countries.





Differences in EU trade agreements of case studies

Vietnam

Ghana

Tunisia

Type of Agreement

'New generation' Free Trade Agreement

Economic Partnership Agreement

Association Agreement (Deep and Comprehensive Free Trade Agreement under negotiation)

Entry into force

1st August **2020**

Provisionally applied since 1st December **2016**

1st March **1998**.
Ongoing negotiations on modernization since **2015**

Was a SIA conducted?



Not specifically for Ghana (one for ECOWAS region)



Is a TSD Chapter included in the agreement?



Proposal under negotiation





Stakeholders interviews results: Vietnam



Advantages of EU-Vietnam FTA:



Increase in:

Coffee exports and investments

Quality and value added of coffee

Stakeholder's welfare

Challenges of EU-Vietnam FTA:



Market access difficulties due to limited capacity of small farmers

Small farmers face difficulties in compliance with EU standards

Limited use of cooperation mechanisms

EVFTA and sustainability:

Overall stakeholders in Vietnam think that the FTA pays enough attention to sustainability issues with refers to high agricultural standards rather than to the TSD chapter in general.





Stakeholders interviews results: Ghana



Advantages of EU-Ghana EPA :



Duty free access to EU market of cocoa

Overall economic growth

Important take:

Stakeholders in the Ghanaian cocoa sector perceive sustainability issues as crucial for the future of the country and trade relations with the EU

Challenges of EU-Ghana EPA:



Export of cocoa beans means lack of value added

Low cooperation with the EU

Does not pay enough attention to the environment

Main **environmental challenges** in cocoa sector that need to be addressed:

- Pesticides and fertilizers use
- Deforestation
- Mining





Stakeholders interviews results: Tunisia



Potential advantages of DCFTA:



Greater market opportunities

Overall economic growth

Modernisation of the olive oil sector

Potential challenges of DCFTA:



Risk of marginalisation of small producers

Small farmers may face difficulties in compliance with EU standards

Environmental concerns due to production intensifications

Negotiation matter:

EU importers mainly purchase Tunisian olive oil in bulk, limiting the ability to add value in the country. Tunisian producers aim to boost the share of bottled and branded olive oil exports (geographical indications, organic certification systems).





Lessons learned

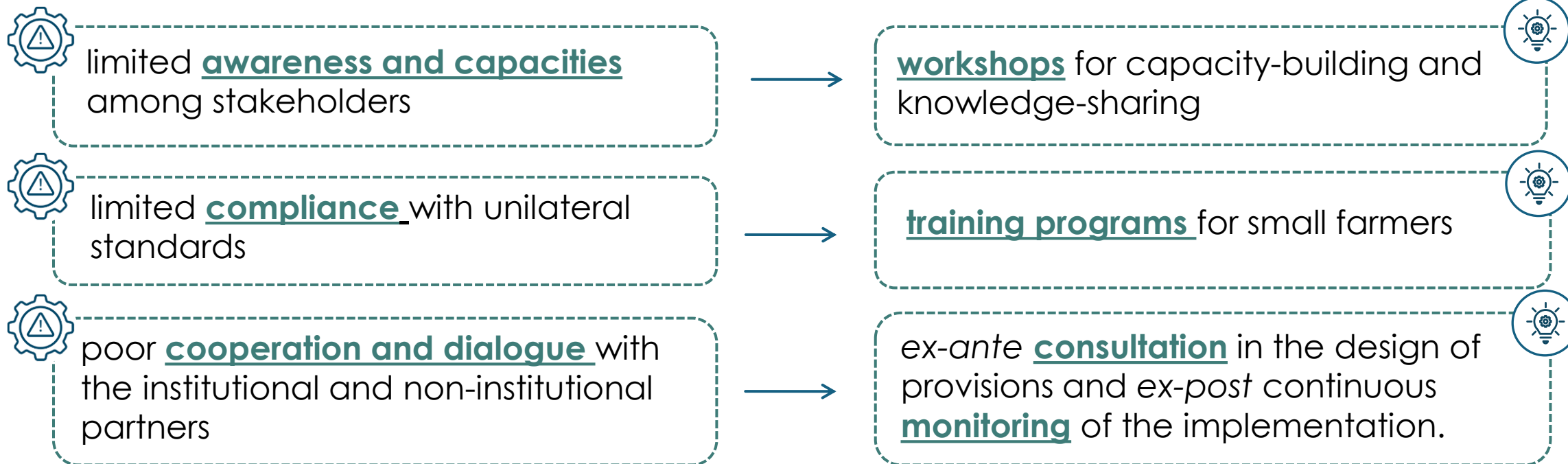
- Stakeholders in all three countries think that addressing environmental issues and embracing sustainability go hand in hand with smart and profitable business strategies.
- Insights from the three case studies emphasised the pivotal role of SIAs in elaborating TSD provisions.
- Low involvement of relevant stakeholders in the design of TSD provisions.
- TSD provision should be seen as a solid foundation for sustainability and cooperation should be complemented with additional measures to address specific challenges.
- The three case studies highlighted how sustainable development issues and their related provisions are scattered across various agreements each with unique natures, structures and stages, making their implementation challenging.
- The impact of international trade agreements on sustainability depends on how wide-ranging they are, the strength of national laws, and how local communities respond.





Policy recommendations

- The EU should incorporate the aspect of sustainable development into all agreements by creating a specific section that references all TSD provisions.
- To fully exploit the potential of TSD provisions, the EU needs to address some key challenges:



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