



# HORIZON 2020



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LUMSA  
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**Workshop 19 September 2024 - Fostering the positive linkages between trade and sustainable development**

# How SDGs are currently included in Preferential Trade Agreements and how to apply sustainability provisions

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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**



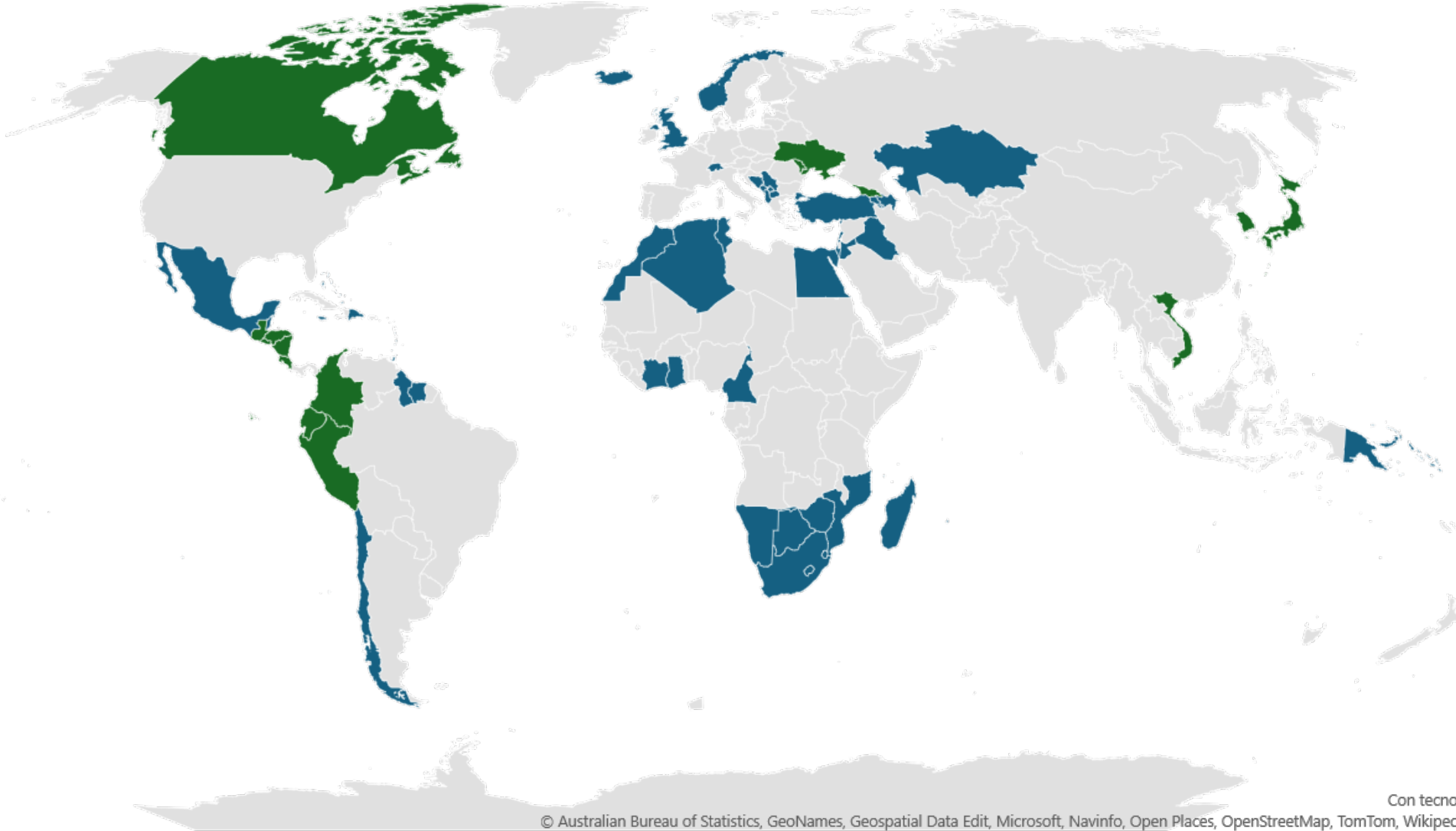
**Dedicated dispute settlement mechanism**





# 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

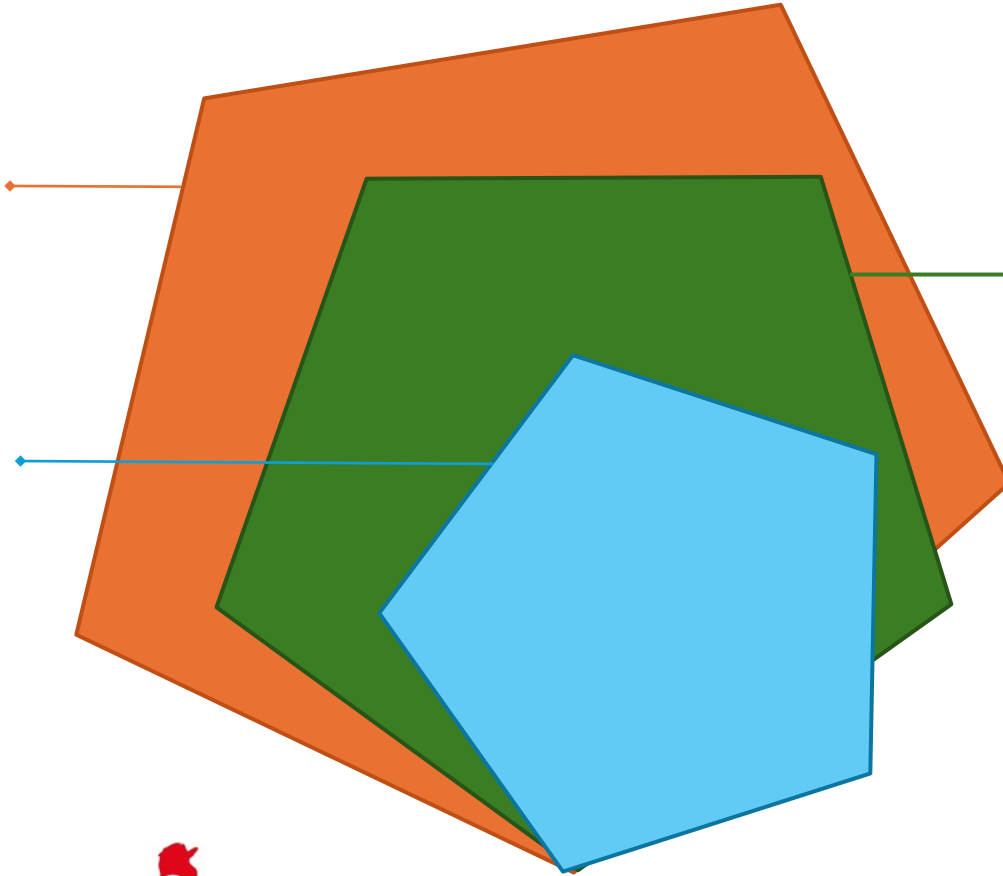


## PROJECT'S MAIN SCOPE

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.

## 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).

## 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)

## 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.





## 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

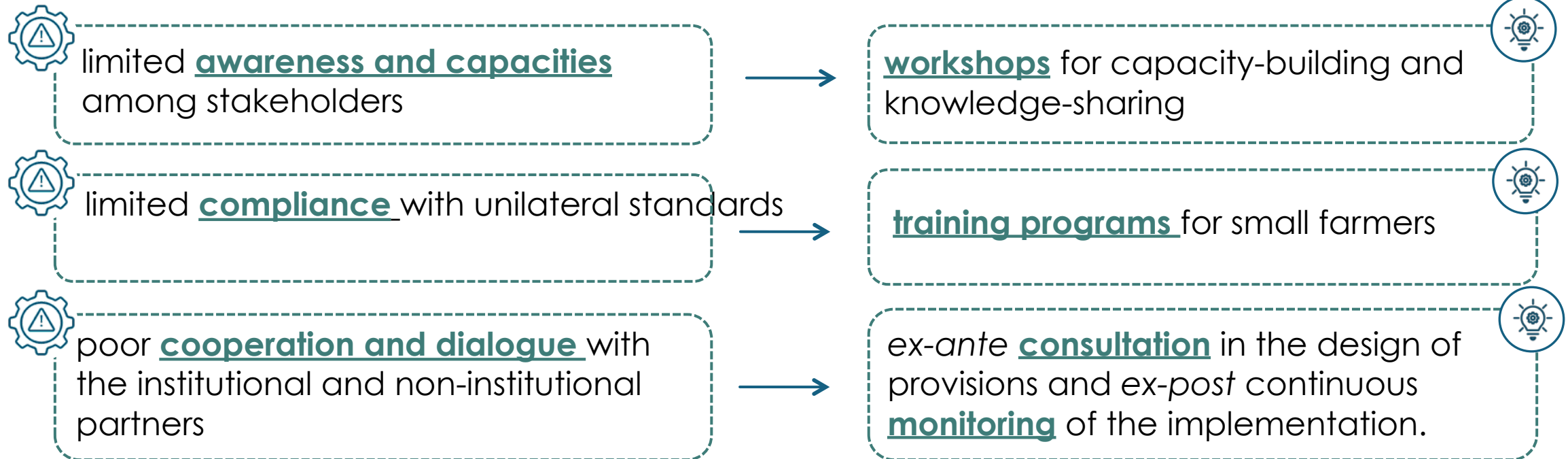
- Stakeholders in all three countries think that addressing environmental issues and embracing sustainability go hand in hand with smart and profitable business strategies.
- Insights from the three case studies emphasised the pivotal role of SIAs in elaborating TSD provisions.
- Low involvement of relevant stakeholders in the design of TSD provisions.
- TDS 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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