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Deliverable 6.1:

Policy Brief on trade-related Multilateral Environmental Agreements (MEAs) enforcement in selected Countries



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 101000551

TRADE4SD

Fostering the positive linkages between trade and sustainable development

Programme: H2020-EU.3.2.1.3. - Empowerment of rural areas, support to policies and rural innovation

Topic: RUR-21-2020 - Agricultural markets and international trade in the context of sustainability objectives

Call: H2020-RUR-2020-2

Type of action: Research and Innovation Action (RIA)

Duration of the project: 01 June 2021 – 31 May 2025

Deliverable 6.1:

Policy Brief on trade-related MEAs enforcement in selected Countries

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Workpackage No. 6.

Due date: 30 November 2024 (M43)

Actual date: 30/11/2024

Dissemination level: Public

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About the TRADE4SD Project

Trade is a central factor in shaping not only global, but also regional and local development. Trade policy has an especially important part to play in achieving the UN Sustainable Development Goals (SDGs). The premise of the TRADE4SD project is that trade has the power to produce positive outcomes when the policies which define the rules of the game are framed and designed in a way to promote access to markets, fair prices and standards of living for farmers, as well as alleviating rural poverty and ensuring sustainable farming practices. Addressing the relation between trade and SDGs requires an integrated approach to policy-making and inclusive governance.

The main objective of the TRADE4SD project is to contribute to build new opportunities for fostering the positive sustainability impacts of trade supported by improved design and framing of trade policy at national, EU and global level, including WTO modernisation, increased policy coherence at different domains including agricultural, energy, climate, environmental and nutritional policies.

To meet this objective, the project will develop an integrated and systematic approach that combines quantitative models from different perspectives, and several qualitative methods recognising that SDGs and trade are highly context-related. On the one hand, a robust analysis of economic, social and environmental impacts is given by using diverse but integrated modelling techniques and qualitative case studies. On the other hand, a wide consultation process is implemented involving stakeholders both in the EU and in partner countries as well as those with a wide international scope of activity, providing opportunities for improved understanding, human capital building, knowledge transfer and dissemination of results. To this extent, the consortium involves, as co-producers of knowledge, a number of research and stakeholder participants with different backgrounds who will use their networks to facilitate the civil society dialogue and build consensus on the subject of gains from trade in view of sustainability.

Project Consortium

No.	Participant Organisation Name	Country
1	Corvinus University of Budapest (CORVINUS)	HU
2	University of Kent (UNIKENT)	UK
3	Consiglio per la Ricerca in Agricoltura e l'Analisi dell'Economia Agraria (CREA)	IT
4	Johann Heinrich von Thünen-Institut, Bundesforschungsinstitut für ländliche Räume, Wald und Fischerei (THUENEN)	DE
5	The University of Sussex (UOS)	UK
6	University of Ghana (UG)	GH
7	Luonnonvarakeskus (LUKE)	FI
8	Centrum Analiz Społeczno-Ekonomicznych-Fundacja Naukowa (CASE)	PL
9	Food and Agriculture Organization of the United Nations (FAO)	IT
10	Institut national de recherche pour l'agriculture, l'alimentation et l'environnement (INRAE)	FR
11	Confederazione Generale Dell'Agricoltura Italiana (CONFAGRICOLTURA)	IT
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Policy Brief on trade-related MEAS enforcement in selected Countries

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Integrating Trade and Sustainable Development Chapters: Insights from EU trade agreements with Ghana, Vietnam and Tunisia

Policy Brief

November 2024

Key messages

- 1 EU trade agreements increasingly incorporate Trade and Sustainable Development (TSD) Chapters to promote environmental protection, labor rights and fair economic cooperation, aligning with the EU Green Deal and the UN 2030 Agenda.
- 2 TSD Chapters aim to enforce labor and environmental standards, but their impact is mixed due to limited stakeholder engagement and enforcement challenges at the country level.
- 3 The EU's agreements with Ghana, Vietnam and Tunisia highlight distinct environmental issues, including deforestation concerns in Ghana and Vietnam, and desertification and water scarcity in Tunisia.
- 4 Non-trade provisions, such as sustainable natural resource management and International Labour Organization (ILO) requirements, face challenges in developing countries, where compliance can be constrained by limited training capacity and financial means.

Introduction

Preferential Trade Agreements (PTAs) have increased their prominence in the past few decades, aiming at promoting trade and economic cooperation between participating countries through tariffs' reduction and other trade-related benefits.

PTAs now include provisions covering policy areas such as the environment or labour rights and they are widely recognized as tools to reach the United Nations Sustainable Development Goals (SDGs) (Dür & Elsig, 2015; Berger et al., 2020). The European Union (EU), a pivotal player in international trade relations, foresees a specific Trade and Sustainable Development (TSD) Chapter in its new generation of Free Trade Agreements (FTAs), using them as sustainable development promotion tools especially with developing countries (European Commission, 2006, 2012, and 2015).

The TSD Chapters require all parties to uphold international regulations and commitments on labor rights, environmental protection, and climate, and are notable for their comprehensive provisions and high level of ambition.

Methodology

Aiming at reviewing how SDGs are included in the EU trade agreements, three strategic products' value chains - cocoa, coffee and olive oil – have been analysed respectively in three countries: Ghana, Vietnam and Tunisia.

An important characteristic of the selected countries is that each of them has different types of trade agreements with the EU, each at different stages of negotiation and development (*Figure 1*).

Both for Vietnam and Tunisia, a Sustainability Impact Assessment (SIA) evaluating sustainability-related matters has been conducted by the European Commission and Ecorys (*Figure 1*). In all three case studies, a literature review and interviews with key stakeholders were carried out under the Trade4SD project to assess the current effects on non-product-related agricultural issues. In total, 53 key stakeholders were interviewed: 10 in Ghana, 27 in Vietnam and 10 in Tunisia.

Figure 1: Main features of EU trade agreements with Vietnam, Ghana and Tunisia.

	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

Source: Authors' elaboration based on case study reports from Task 2.2.

Ghana: The EU-Ghana Agreement is a reciprocal Economic Partnership Agreement (EPA), committed to a mutually beneficial partnership extending beyond tariff reductions. The EPA approach involves a spectrum of economic cooperation and partnership commitments and is expected to be replaced by the EU-ECOWAS EPA in the future, as the EU's long-term objective is to create a regional market. Questioned stakeholders recognized the need for cocoa producers to comply with the EU standards to grab new market opportunities, ensure long-term viability of the sector and the country's overall economic growth (Figure 2).

Figure 2: Cocoa plantation in Ghana.



However, there is scepticism among stakeholders about whether TSD provisions alone can bring about significant improvements in the cocoa value chain.

Vietnam: the FTA between Vietnam and the EU is labelled as a “new generation” agreement, designed to increase mutual benefits through trade exchanges, while enhancing environmental sustainability, human rights and the rule of law. It includes a specific TSD Chapter, providing a comprehensive example of the nature and structure of the foreseen environmental provisions. It includes a specific TSD Chapter, providing a comprehensive example of the nature and structure of the foreseen environmental provisions. Questioned stakeholders indicate that the main benefit of the EU-Vietnam Free Trade Agreement in the coffee value chain is the improved product quality, added value and welfare (Figure 3).

Figure 3: Coffee plantation in Vietnam.



Difficulties are found in market access procedures due to high-quality EU standards (for fertilizer and pesticide use; labour rights; corporate social responsibility; etc.) which may be an obstacle especially for small firms. Training, information and support are crucial in helping stakeholders complying with these. The TSD Chapter specifically seems having had a limited sustainability impact in the coffee production sector.

Tunisia: the EU and Tunisia's Association Agreement focuses on trade liberalization, particularly in the industrial sector. Although it dismantled tariffs and quotas on industrial goods, limitations persist as tariff protections and quotas continue in the agricultural sector. Negotiations for a future Deep and Comprehensive Free Trade Area (DCFTA) are still ongoing. Questioned stakeholders emphasized the need for refining agronomic strategies to face desertification and water scarcity. The DCFTA presents both opportunities and risks, as it may expand market access; however, without appropriate measures, there is a risk that it could marginalize smallholder farmers and increase pressure on natural resources (Figure 4). Therefore, engaging all parties in the negotiation process is perceived essential.

Figure 4: Olive orchard in Tunisia.



Policy Recommendations

The main policy recommendations for the EU are presented below:

- Promote capacity-building initiatives: The EU should develop targeted training programs and information-sharing mechanisms to help stakeholders meet EU sustainability standards.
- Strengthen sustainable development across agreements: The EU should ensure that sustainable development is embedded in all trade agreements by including a dedicated section referencing TSD provisions. Each new agreement should systematically incorporate a TSD Chapter, even if only by referencing or replicating content from previously ratified agreement.
- Ensure legal and enforceable provisions (Vietnam): strengthen enforceability by defining specific mandatory requirements for each value chain. This could include binding commitments, particularly on labor and environmental protections, and penalties for non-compliance.
- Prioritize the establishment of stable economic growth and the preservation of social and territorial cohesion (Tunisia): The EU should continue to focus on development aid and cooperation programs across various areas and sectors.
- Revise tariff quota system (Tunisia): To support the growth of Tunisia's olive oil sector, the EU should consider revising the existing tariff quota system, which currently restricts export volumes and limits opportunities for value-added benefit.

Country-specific recommendations:

- Incentivize compliance through support programs (Ghana and Vietnam): establish incentive schemes in collaboration with partner countries to encourage adherence to sustainable practices, such as financial assistance for sustainable practices and support for traceability along the value chain.
- Raise legal requirements and due diligence norms (Ghana and Vietnam): The EU should advocate for stronger legal requirements and due diligence norms on sustainability in partner countries, particularly to address environmental and labor standards in the cocoa and coffee sectors.
- Targeted technical support for cocoa farmers (Ghana): To address persistent challenges in adopting sustainable practices, the EU should prioritize targeted technical support to small cocoa farmers in Ghana, focusing on improving capacity to meet stringent EU market standards.
- Enhance human capital (Tunisia): The EU should prioritize training programs and technical assistance to strengthen human capital in the country.
- Support National Water Strategy (Tunisia): The EU is encouraged to provide technical support for implementing the National Water Strategy, helping address issues related to desertification and efficient water-use.

Conclusions

The EU's trade agreements with Ghana, Vietnam and Tunisia highlight the complex yet key role of integrating TSD chapters into FTAs. These case studies reveal that sustainable development provisions might become more effective with meaningful stakeholder engagement, strong compliance measures and tailored capacity-building support from the EU. By integrating TSD chapters, the EU can foster a globally responsible framework that benefits local economies and upholds environmental and labor standards. Achieving this balance will enhance trade benefits for all parties, ensuring that trade remains a powerful tool for sustainable growth and development.

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SDGs and PTAs: lessons learned from the study cases Ghana, Vietnam and Tunisia

Policy Brief

November 2024

Key messages

- 1 EU trade policy to achieve the 2030 SDGs.
- 2 The involvement of relevant stakeholders is fundamental.
- 3 The (Sustainability Impact assessment) SIA plays a pivotal role in elaborating TSD provisions.
- 4 Linkages between TSD provisions and national legislation are key.

Introduction

Preferential Trade Agreements (PTAs) have progressively included provisions that cover a wide range of trade-related policy, such as environment, labour rights, investments, intellectual property rights, and migration. These provisions can be used as targeted policy tools to step forward in reaching the United Nations SDGs. The underlying concept is that international trade, through the regulation of the behaviour of exporting countries, may have a positive impact on sensitive sustainability issues. The EU uses trade policy to achieve the 2030 SDGs which is part of the EU's larger strategy aimed at promoting sustainable growth and improving the overall quality of life (EC, 2012; Bastiaens and Postnikov, 2019). Over the last two decades, there has been a noticeable increase in the inclusion of environmental and social provisions in PTAs as more than 60% of new agreements that entered into force include these provisions (Adriansen and González-Garibay, 2013; Poletti and Sicurelli, 2018; Harrison et al., 2019).

Methodology

Since 1995, the EU has incorporated a human rights clause in all its trade, cooperation, partnership, and association agreements, except those of the WTO. This clause defines respect for fundamental human rights, including core labour rights, as an “essential element” of the agreement. The EU ensures that its trading partners adhere to the sustainability principles and the provisions on core labour standards. The analysis conducted in Task 2.2 of the WP2 was designed to offer an overview of how SDGs are included in the EU trade agreements. With this objective, value chains of three strategic products, cocoa, coffee and olive oil, were analysed respectively in Ghana, Vietnam and Tunisia (Figures 1, 2 & 3). An important characteristic of the selected countries is that each of them has different types of trade agreements with the EU, each at

different stages of negotiation and development (Table 1).

Figure 1: Cocoa plantation in Ghana.



The decision to select stories and countries with significant heterogeneity was made to highlight how nations with diverse characteristics have managed their relations with the EU. The purpose is to determine whether distinctive features, lessons learned, and policy recommendations emerge from diverse contexts. The EU-Ghana Agreement stands out as a reciprocal Economic Partnership Agreement (EPA). The EPA approach involves a broader spectrum of economic cooperation and partnership commitments between the EU and Ghana. The agreement is expected to be replaced by the EU-ECOWAS (Economic Community of West African States) EPA in the future, as the long-term objective of the EU is the creation of a single-regional market.

Figure 2: Coffee plantation in Vietnam.



Although the EPA's main objective is to promote sustainable development and reduce poverty in Ghana, there is no specific provision

Figure 3: Olive orchard in Tunisia.



on the matter in the text of the agreement. The Free Trade Agreement (FTA) between Vietnam and the EU is a “new generation” agreement, designed to increase mutual benefits through trade exchanges, while enhancing environmental sustainability, human rights, and the rule of law.

The FTA includes specific Trade and Sustainable Development (TSD) Chapter, providing a comprehensive example of the nature and structure of the environmental provisions within this Chapter.

Finally, the relation between the EU and Tunisia is regulated by an Association Agreement (AA), focusing on trade liberalization.

The negotiations for a future Deep and Comprehensive Free Trade Area (DCFTA) between Tunisia and the EU are still ongoing. In Tunisia and Vietnam a Sustainable Impact Assessment (SIA) was conducted.

A SIA was not conducted exclusively for Ghana as the assessment was carried out for the ECOWAS in the context of EPAs between the EU and the ACP countries. Despite these limited references to sustainable development, since EPAs are based on the Cotonou Agreements, which themselves include the respect of human rights and sustainability principles, they are directly applicable in the context of the EPAs.

Table 1: Differences in EU trade agreements with Vietnam, Ghana and Tunisia

	Vietnam	Ghana	Tunisia
Type of agreement	'New generation' of FTA	EPA	Association Agreement (DCFTA under negotiation)
Entry into force	1 st August 2020	Provisionally applied since 1 st December 2016	1 st March 1998
Was a SIA conducted?	Yes	Not specifically for Ghana (one for ECOWAS region)	Yes
Is a TSD Chapter included in the agreement?	Yes	No	Proposal under negotiation
Value chains analysed	Coffee	Cocoa	Olive oil
Existing trade barriers	No, it was duty and quota free before the agreement	No, duty free and quota free access on EU markets due to the agreement	Yes, preferential access with tariff rate quotas

Source: Authors' elaboration based on case study reports from Task 2.2

Lessons Learned

A qualitative survey was conducted, involving interviews with 53 key stakeholders across three value chains: cocoa in Ghana (10 stakeholders), coffee in Vietnam (27 stakeholders), and olive oil in Tunisia (10 stakeholders). Both in Ghana and Vietnam the aim of the research questions was to assess the impact of the current agreements on sustainable development. On the Tunisian case, stakeholders were asked to evaluate the expected impact of a future DCFTA on non-product related agricultural issues.

The main lessons learned have been highlighted as follows:

- **The design of TSD provisions has suffered from a low involvement of relevant stakeholders, including civil society organizations and other interest groups, from the beginning of the negotiation process, including the SIA exercise.** Giving special consideration to the voice of the most vulnerable groups, including smallholder farmers, is of paramount importance.
- **Reaching a robust international agreement can result in subsequent adjustments to internal legislation which may be beneficial at national level (virtuous circle).** Recognizing the linkages between TSD provisions, national legislation and responsiveness of different stakeholders is crucial for implementing effective and harmonized sustainability measures.
- **Overall, stakeholders recognize that addressing environmental issues and embracing sustainability aligns with sound and profitable business practices.** Consequently, there is a widespread consensus favouring the implementation of environmental provisions. Notably, environmental private standards and certifications are perceived by the stakeholders, as more effective than the mandatory requirements for accessing the EU market. Conversely, challenges arise in applying labour standards, particularly those related to ILO Conventions, where the implementation of formal contract faces notable difficulties.
- **Insights from the three case studies emphasised the pivotal role of SIAs in elaborating TSD provisions.** SIAs faced some criticisms due to their limited effectiveness and partial coverage of certain aspects of the agreements (social and environmental dimensions). A crucial lesson is the significance of conducting timely SIAs, as final reports, often published years after negotiations, diminish their influence on the negotiation process. Additionally, SIAs tended to focus more on quantitative aspects, neglecting comprehensive evaluations of qualitative factors, including social and cultural dimensions. Moreover, limited stakeholder engagement in SIAs hampered the ability to address the adverse effects of trade liberalization effectively and formulate appropriate measures. Therefore, the methodology of SIAs should be clear, tailored to each agreement, inclusive, and encompass a broad spectrum of social, environmental and economic issues to enhance the effectiveness of SIAs within TSD formulations.
- **The capacity-building services targeted to all stakeholders across the value chains is essential.** This involves not only increasing the exchange of information and training but also fostering a comprehensive understanding of TSD provisions to ensure compliance. A critical aspect of this effort is aiding stakeholders in comprehending mandatory requirements, including those related to Sanitary and Phytosanitary Standards (SPS) and traceability. Equally, important is the ability to differentiate between these mandatory requirements and private and voluntary certifications, such as Corporate Social Responsibility (CSR) and Rainforest Alliance, which often have applicability to specific countries and/or market segments. The improvement of capacity-building services will be beneficial for all participants in the value chain, enabling them to address varying requirements effectively and ensuring compliance with TSD rules.

Conclusions

The impact of the international trade agreement on sustainability issues varies depending on the scope of the arrangement and on the maturity of national legislation. Agreements are also affected by the responsiveness of different local actors (e.g., small and large farmers) on stringent areas such as those related to deforestation and the use of chemicals in agriculture. The three case studies highlighted how SD issues, and their related provisions, are scattered across various agreements with different natures, structures and stages, making their implementation challenging. There is a necessity to create a more coherent and unified framework to include all the sustainable development provisions from the different agreements.

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Cross-cutting and country specific policy recommendations in the short and long run allowing a sustainable implementation of FTAs

Policy Brief

November 2024

Key messages

- 1 Cross-cutting policies to be addressed in the long-run generally foresee EU commitment in promoting capacity-building actions for local stakeholders and including sustainable development aspects into all preferential trade agreements.
- 2 Policies to be addressed in the short-run concern mainly technical, legal and strategic support to schemes, strategies and programs already put in place at country level, in all the three countries considered (Vietnam, Ghana and Tunisia).
- 3 Policies to be addressed in the long run at country level refer mainly to economic and human capital growth.

Introduction

The “new generation” of European Free Trade Agreements (FTAs) contains a specific Trade and Sustainable Development (TSD) Chapter based on three pillars: binding commitments to labour and environmental standards, structures to involve civil society organizations and a dedicated dispute settlement mechanism. These provisions vary within the PTAs with developing countries, especially when it comes to their level of bindingness, enforceability, and transparency (Adriansen and González-Garibay, 2013; Poletti and Sicurelli, 2018; Harrison et al., 2019).

The analysis conducted in Task 2.2 aimed at giving an overview of how SDGs are included in the EU trade agreements of Ghana, Vietnam and Tunisia, for three strategic chains: cocoa, coffee and olive oil (*Figures 1, 2 & 3*). They differ in types, stages of negotiation and development. The analysis – through primary and secondary data – allowed to summarize the key differences among the agreements, drawing a list of lessons learned from negotiations and implementations processes and listing a group of policy recommendations hereby presented.

Figure 1: cocoa plantation in Ghana.



Methodology

With the aim of providing an overview of the way in which SDGs are typically treated in EU agreements, the three case studies of task 2.2 were focused on investigating the functioning of sustainability provisions within trade agreements.

Figure 2: coffee plantation in Vietnam.



The decision to select stories and countries with significant heterogeneity was made to highlight how nations with diverse characteristics have managed their relations with the EU. The purpose was to determine distinctive features from Vietnam, Ghana and Tunisia which allowed to draw important lessons learned and to draft cross-cutting and specific policy recommendations considering the diverse contexts characteristics of the countries involved and the value chains considered. The value chain analysis was accompanied by a qualitative survey in each country. This method allowed to gather stakeholders for the value chain of cocoa in Ghana, coffee in Vietnam and olive oil in Tunisia, who were interviewed for understanding current and expected FTA's impacts.

More specifically, in both Ghana and Vietnam the aim of the research questions was to assess the effects of the current agreements on sustainable development.

Figure 3: olive orchard in Tunisia.



In Tunisia, being the agreement still in negotiation, stakeholders were asked to evaluate the expected effects on non-product related agricultural issues. In total, 53 key stakeholders were interviewed: 10 in Ghana, 27 in Vietnam and 10 in Tunisia.

Environmental issues were at the centre in all three case studies. Particular attention was paid to specific problems affecting the most the analysed production, such as deforestation for Ghana and Vietnam and water scarcity for Tunisia.

Thanks to stakeholders' consultations, some key aspects have been underlined in terms of gaps to be bridged through technical efforts and policy interventions.

Training, information and support are considered crucial to help stakeholders comply with EU requirements.

The low level of stakeholders' involvement in the TSD Chapter activities as collaborative mechanisms also emerged, consequently the various possibilities offered are not fully exploited.

Using the cooperation and dialogue mechanisms instituted by some of the TSD Chapters of the PTAs considered, can support the implementation of the EU's sustainability regulation at country level.

Some of the main difficulties faced by stakeholders concern also the market access for the studied value chains' products, especially for small farmers who struggle to meet the high-quality EU standards (ie. For fertilizer and pesticide use, etc.).

In fact, even though stakeholders generally acknowledged the importance of embracing sustainability in the considered productions for accessing EU markets and for the long-term viability of these pivotal sectors at national level, provisions alone seem not be enough.

To bring about significant improvements within the value chains, the need to utilize existing cooperation mechanisms, such as ex-ante consultation, capacity-building programs, and continual monitoring systems for achieving the SDGs, is emphasized.

Policy Recommendations

Figure 1: Short and long run policy recommendations

Policy recommendations	Short run (less than 2 years)	Long run (more than 2 years)
Cross-cutting		
Promote capacity-building initiatives		x
Strengthen sustainable development across agreements		x
Country-specific recommendations		
Incentivize compliance through support programs (Ghana and Vietnam)	x	
Raise legal requirements and due diligence norms (Ghana and Vietnam)	x	
Targeted technical support for cocoa farmers (Ghana)	x	
Ensure legal and enforceable provisions (Vietnam)	x	
Prioritize the establishment of stable economic growth and the preservation of social and territorial cohesion (Tunisia)		x
Revise tariff quota system (Tunisia)	x	
Enhance human capital (Tunisia)		x
Support National Water Strategy (Tunisia)	x	

Source: Authors' elaboration based on case study reports from Task 2.2

The policy recommendations collected in Figure 1 stem from a desk analysis and from the stakeholders' interviews conducted with government institutions, NGOs, farmers' associations and certification agencies, involved in the three value chains in Ghana, Vietnam and Tunisia. For these reasons, they reflect multiple points of view.

Two main cross-cutting policy recommendations addressed to the EU cover common aspects emerged from the three contexts which should be adopted in the long-run:

1. Leverage the potential of TSD provisions as a crucial tool to address some key challenges such as limited awareness and capacities among stakeholders, compliance with unilateral standards and poor dialogue with the institutional and non-institutional partners.
2. Incorporate sustainable development aspects into all agreements by creating a specific section that references all TSD provisions, through the systematic inclusion of a dedicated TSD Chapter in each new agreement.

Other additional **8 country-specific policy recommendations** were drafted, all with short- and long-term achievement targets.

Those to be addressed in the short-run concern mainly technical, legal and strategic support to schemes, strategies and programs already put in place in all of the three reference countries. Those concerning long-run engagement refer mainly to economic and human capital growth, both related specifically to the Tunisian context.

Conclusions

Overall, what emerge from the analysis and from the drafting of policy recommendations is that the EU should focus on strategic participatory measures such as workshops, training programs, exchanges of best practices, etc. as pivotal tools to promote sustainability and foster collaboration among the EU institutions and relevant stakeholders involved in the value chains to pave the way for a comprehensive and mutually beneficial international trade exchange. The inclusion of a TSD Chapter in the new agreements should be accompanied with a compliance monitoring process and a prompt action plan to be taken in cases of non-compliance with sustainability provisions.

A real and constant support should be then given to countries involved in the new mechanisms through technical assistance for sector's stakeholders and to improve traceability and sustainability along the value-chains. This commitment could also bring positive solutions to the persistent challenges hindering the smooth adoption of sustainable practices in the value chains considered.

Social aspects such as labor rights, social protection, and the adoption of sustainable agricultural practices could be boosted also with development aid and cooperation programs which would help to prioritize the establishment of stable economic growth and the preservation of social and territorial cohesion, as well as rural regions support.

A participatory and collaborative approach could be the key also to address some environmental threats and issues that affect in different ways the value chains analysed. Engaging in collaborative efforts is then pivotal for advancing sustainability achievements through international trade.

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Building a structured dialogue between Institutions: a Theory of Change (ToC) approach

Policy Brief

November 2024

Key messages

- 1 Policy coherence is necessary among institutional levels.
- 2 Policy integration contributes to the fulfillment of the established goals.
- 3 The theory of change confirms sustainability as a key to solve STCs.
- 4 The theory of change supports institutional building and change.
- 5 Institutional dialogue implies all stakeholders' involvement.

Introduction

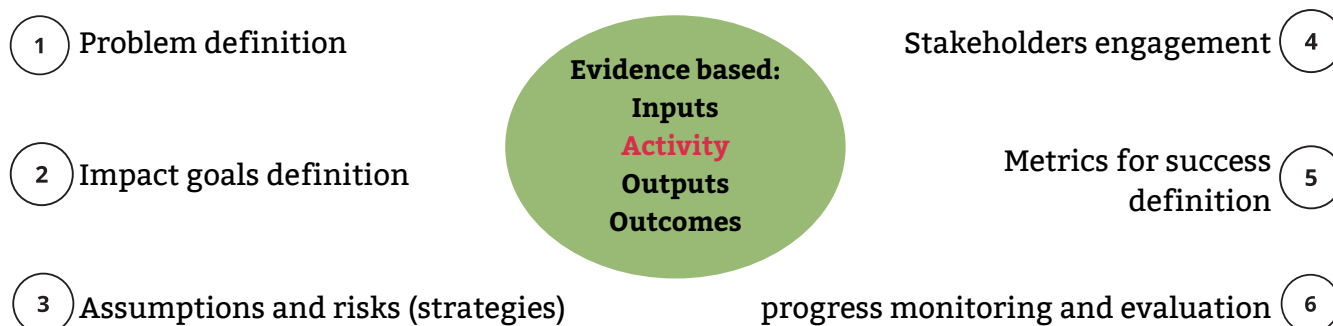
Institutional building is a key element for linking trade and sustainability. Trade reduces poverty and encourages poorer countries to join the international arena, but this can be costly not only in economic terms but also in social and environmental ones. Institutions can contribute to building a bridge between trade and SDGs, ensuring that each component of the global value chain is actively involved in this process of integration. Institutional building can be pursued mainly through two paths: policy coherence and policy integration (Cejudo and Michel, 2017). Policy coherence is necessary among different institutional levels that contribute to the construction of links between trade and sustainability, cooperating rather than overlapping and competing on pursuing common goals. At the same time, policy integration ensures that measures and interventions in different fields (agriculture, trade, labour, safety standards, ecoservices, and so on) will contribute to the set of goals established. It is also evident from the outcomes of WP2 that institutional building is an incremental endogenous process (Pain, 2022) requiring the involvement of all the actors interested in (Figure 1). Such a process is well represented by the Theory of Change (ToC), which has been implemented in the analysis of the case studies proposed.

Methodology

Most NTMs are represented by Sanitary and Phyto-Sanitary (SPS) measures, that dominate in agri-food trade. In WTO, the SPS Agreement covers regulations on food safety and animal and plant health standards, thus directly addressing issues related to sustainable development. This leads to an increasing friction among countries over SPS measures because of their potential to distort international trade and also because they have an indirect impact on sustainability through trade. Under the SPS Committee a peer review system exists to allow countries to learn more about each other's national implementation of SPS measures when they are considered adversely affecting trade in light of international obligations (Hoekman et al., 2023). This system, referred to as Specific Trade Concerns (STCs), is considered a transparent tool to defuse potential trade conflicts by resolving trade concerns non-litigiously (Posada et al., 2022; Wolfe, 2020).

An extensive literature has analysed STCs as a good proxy for non-tariff measures that constitute trade barriers (Laget and Deuss, 2023;), but there is a gap in exploring sustainability issues behind STCs and the different perception of such issues among trading partners. Task 2.3 of WP 2 aims to fill this gap through three case studies which are

Figure 1: Theoretical representation of a context-specific ToC



Source: Authors' elaboration.

representative of different behavioural dynamics of the EU and its partners, in terms of reciprocity and asymmetries between countries regarding sustainability goals. Moreover, we try to add new evidence to Wolfe's (2020) work on the use of STCs to manage conflicts within the WTO. In this context, we consider the ToC as a useful tool to improve this system and contribute to the resolution of international frictions (Vogel, 2012), keeping in mind the goal of fostering positive linkages between trade and sustainable development.

The logical framework of the ToC has dominated the institutional construction and capacity buildings of the major international agencies and agreements over the last decades. The ToC is conceived within the large framework of institutional change, and it is intrinsically connected to transition economics and economic development (Kingston and Caballero, 2009). The key points of the ToC can be summarised as follows:

- 1) the theory attempts to hold together concepts such as context, actors and a sequence of logically linked events leading to long-term change, although there may be many combinations and differently developed applications of these.
- 2) the approach is easily adaptable according to the nature, scope and level of detail of the change being implemented in different organisations and agencies.
- 3) the ToC is seen as a more realistic and flexible thinking tool than other current logical framework approaches.

Following this theory, the main objective is to identify accelerators and enablers, bottlenecks and solutions to enhance the country's ability to prioritize actions to achieve sustainable issues along the three pillars of sustainability: economic, social and environmental.

The case studies

STCs are raised because SPS measures are perceived to be overly trade-restrictive, in Task 2.3 of WP 2 we analyse three STCs (Table 1) with the EU as a trading partner to identify potential problems that standards and their implementation pose for trade with a view on sustainability issues.

Moreover, given the general framework of the ToC, we assess the extent to which this has been followed in the setting of the three cases. The reading of STCs through the ToC represents a pathway to the modernization of WTO by investigating the links between trade and sustainability through a constructive and ongoing process of cooperation and consensus-building aimed at overcoming trade-offs and developing win-win situations.

The EU-China case. This STC deals with Chinese country-wide ban on imports of pigs and pig products from the EU Member states where ASF has been detected, not recognising the EU regionalisation. The EU considers the ban overly trade restrictive.

The EU-India case. This STC concerns India's Phytosanitary import restrictions, due to the requirement of fumigation of plants and plant material with Methyl bromide (MBr), that is a potent ozone depleting gas whose production and consumption are banned worldwide.

The Senegal-EU case. This STC was raised by Senegal. It concerns the EU's restriction of mango imports from Senegal due to the interception of the fruit fly in imports from Senegal.

Three different behaviours regarding sustainability it emerges:

- a) **divergent (EC-China case):** China more pronounced toward food security and the EU on economic concerns (the defence of its pig industry);
- b) **negotiable trade-offs (EU-India case):** India presents a trade-off between sustainability objectives focusing on food security (the control of some quarantine pests of plants and plant-derived materials) while the EU on climate change (the effects of MBr on ozone layer);
- c) **cooperative (Senegal-EU case):** the two trading partners share the same sustainability goals that is the contribute of the mango sector to Senegal’s sustainable economic growth.

The only coherent case to a ToC approach is the Senegal-EU. The clear understanding of the problem, on which the two partners converge, has allowed to identify the correct strategy, involving local actors and small producers.

EU-China and EU-India cases both appear inconsistent with the ToC framework, showing weakness already in the definition of the problem (the different sustainability objectives of the two-trading), thus affecting the following steps.

Figure 2: Case studies on STCs

Case studies	EU-China on ASF	EU-India on Fumigation with MBr	Senegal-EU on Mango
EU position in STC	raising	raising	respondent
Number of times STC was raised (until Feb. 2024)	19 (since July 2015)	3 (since March 2004)	1 (June 2008)
International organizations involved in SPS	World Organisation for Animal Health (WOAH)	International Plant Protection Convention - IPPC	International Plant Protection Convention - IPPC
Primary subject keyword in STC document	Animal Health	plant health	food safety
Other keywords (from literature)	Food Security	climate change food security	food security
EU position in trade	exporter	exporter	importer
risk perception on sustainability issues	China: Defensive approach for economic and social effects on its territory EU: economic concerns in defence of its pork industry	India: trade-off between sustainability objectives (food security vs climate change) EU: the effects of MBr on climate change	EU-Senegal: cooperative approach between the two trading partners on economic, social and environmental concerns.
Global dimension of STC	yes	yes	no
Status of STC	still unsolved	solved	solved

Source: Authors’ elaboration

Conclusions

The reading the case studies through the ToC confirms the importance of taking sustainability issues into account to resolving STCs. Only the case of cooperative behaviour (Senegal-EU case) has proven to be more consistent with the application of a hypothetical ToC. Correctly identifying the problem and engaging stakeholders in a participatory, collaborative and coordinated process could further improve the link between trade and sustainability and enable international trade to contribute to sustainable development. The other two cases seem inconsistent with the ToC framework starting from the definition of the problem, thus affecting the subsequent phases. These two cases are the ones that have been going on the longest, that have been raised numerous times and still remain unresolved (or partially solved). STCs, by definition, bring with them sustainability issues and they, if fully considered, can contribute to the resolution of frictions more easily and quickly. In this context, the ToC could be a way to manage STCs that brings together both trade and sustainability aspects, favouring a structured dialogue between institutions and an endogenous process of institutional building.

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