

SUSTAINABILITY IMPACT ASSESSMENT OF THE EURO-MEDITERRANEAN FREE TRADE AREA

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Deloitte.

odi
Overseas Development Institute



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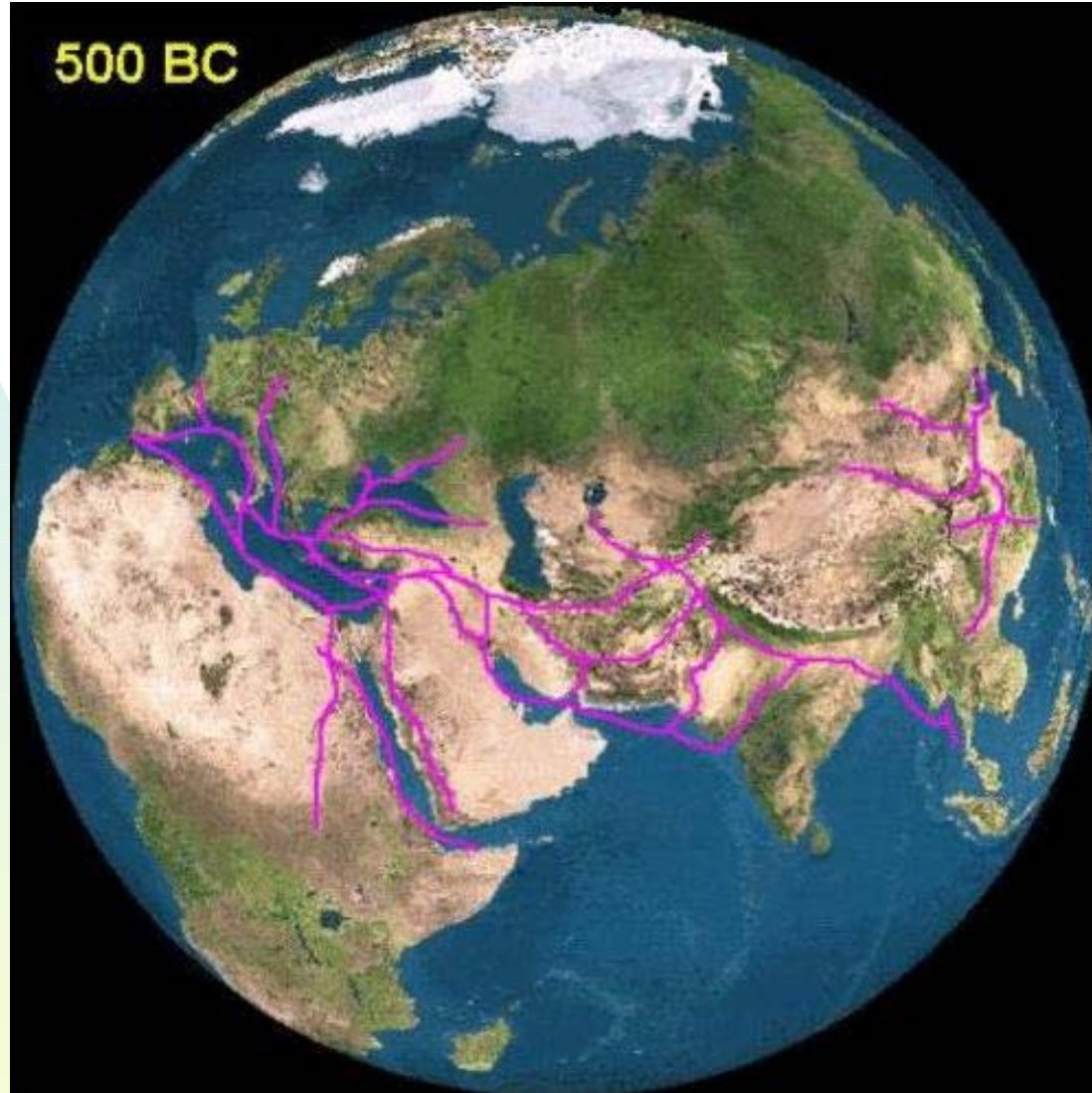
12 Greek and Phoenician Settlements in the Mediterranean Basin, about 550 B. C.



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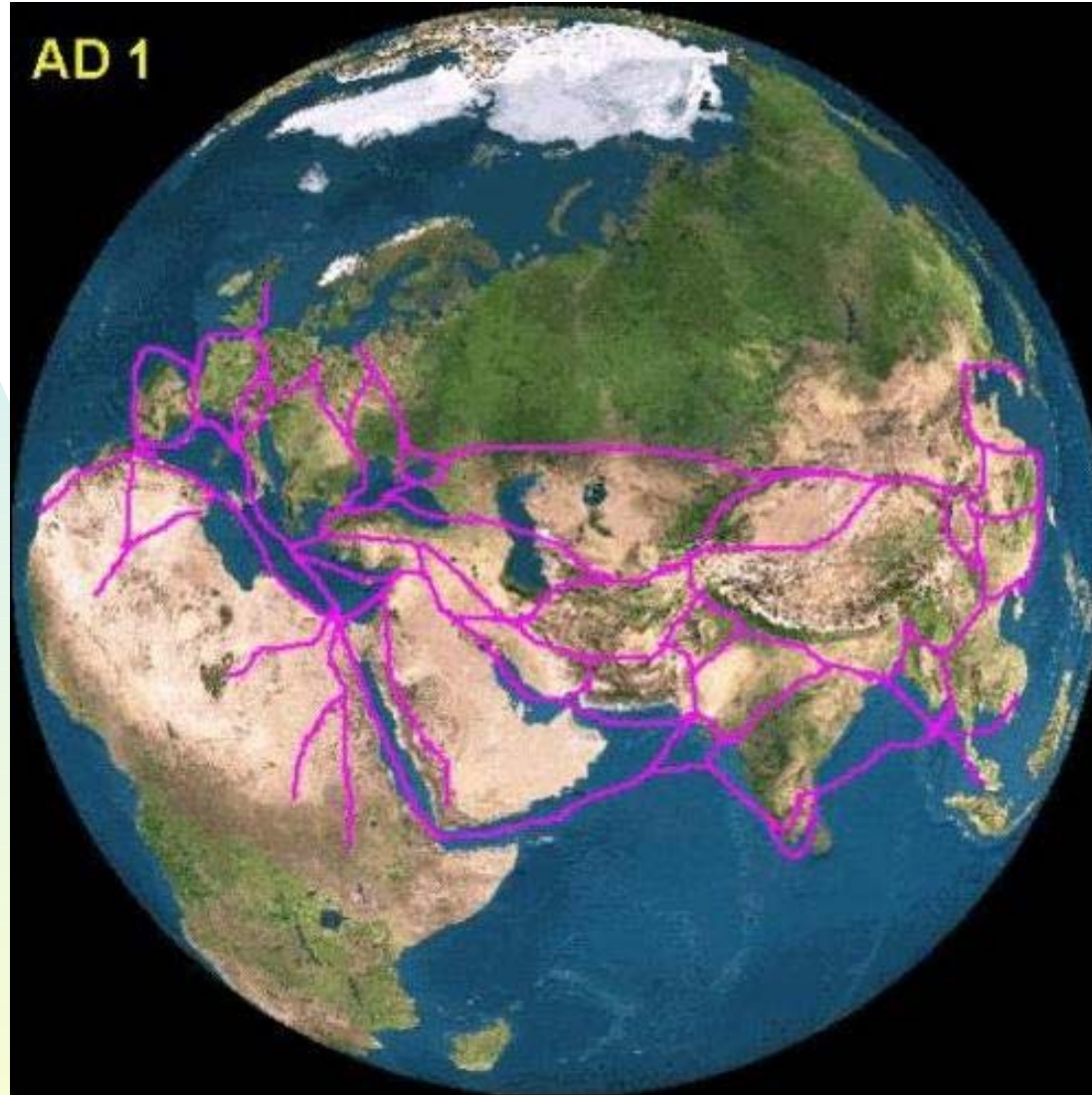


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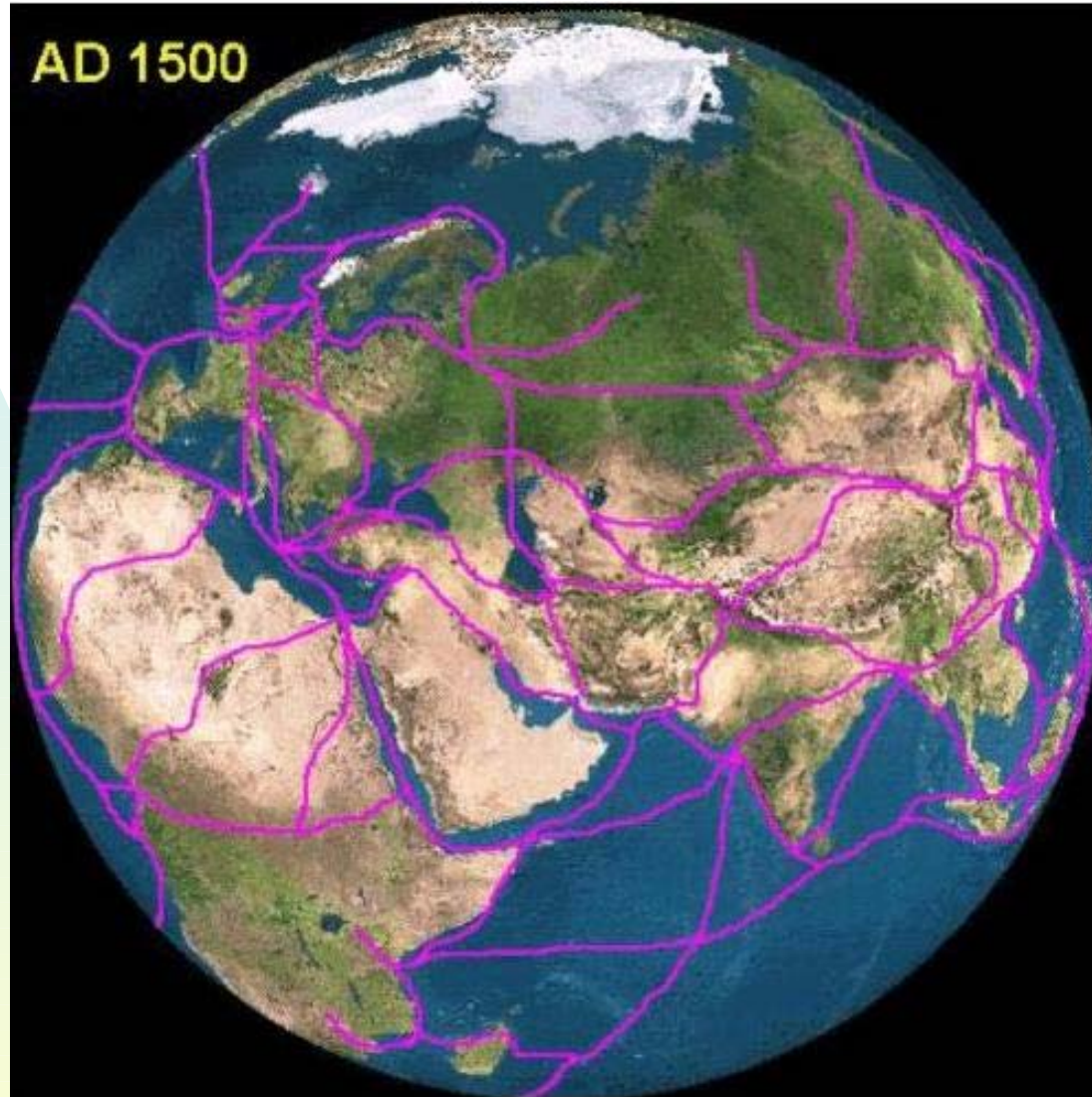
Trade Routes: the Growth of Global Trade, <http://www.archatlas.org/Trade/Trade.php>

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Project partners: UN ESCWA, Beirut; CITET Tunis; CIHEAM Montpellier; Bocconi University, Milan; Deloitte, Copenhagen; ODI, London ★

The Euro-Mediterranean Partnership

Political and security partnership

- Establish a common Euro-Mediterranean area of **peace and stability** based on fundamental principles including respect for human rights and democracy

Economic and financial partnership

- Create an area of **shared prosperity** through the progressive establishment of a **free-trade area** between the EU and its Partners and among the Mediterranean Partners themselves, accompanied by substantial EU financial support for economic transition in the Partners and for the social and economic consequences of this reform process

Social, cultural and human partnership

- Develop **human resources**, promote **understanding between cultures and rapprochement of the peoples** in the Euro-Mediterranean region as well as to develop **free and flourishing civil societies**

Environmental partnership

- **sustainable development** as a guiding objective

Mediterranean trade agreements

Euro-Mediterranean Free Trade Area (EMFTA)

- bilateral Association Agreements between the EU and 10 Partner Countries, plus south-south agreements:

Agadir Agreement

- Morocco, Tunisia, Egypt and Jordan

Bilateral agreements

- Egypt-Tunisia, Egypt-Morocco, Egypt-Lebanon, Egypt-Jordan, Morocco-Jordan, Morocco-Tunisia, Jordan-Lebanon, Syria-Lebanon, Turkey-Israel, Israel-Palestine

Arab Maghreb Union

- Algeria, Morocco, Tunisia – with Libya and Mauritania

Greater Arab Free Trade Area (GAFTA)

- Algeria, Egypt, Jordan, Lebanon, Morocco, Syria, Tunisia - with Libya, Iraq, the Gulf States and Saudi Arabia

US bilateral agreements

- Israel, Jordan, Morocco, Egypt

Scenarios assessed

- **baseline scenario – without EMFTA**

compared with:

- **EMFTA scenario – full liberalisation for:**
 - **industrial products EU-MPC**
 - **agriculture EU-MPC**
 - **services EU-MPC**
 - **south-south**

SIA-EMFTA

- **Phase 1**
 - methodology
- **Phase 2**
 - **assessment of sustainability impacts at regional level**
- **Phase 3**
 - detailed case studies
 - development of monitoring mechanism
 - final conclusions and recommendations

two year project extended to three

The SIA Process (EMFTA)

consultation



METHODOLOGY



Phase 1 final report

⇒ *comments*



BASELINE STUDY



baseline report

⇒ *comments*



SCENARIOS



scenario proposals

⇒ *comments*



OVERVIEW SIA AND
SCREENING/SCOPING



Phase 2 final report

Barcelona+10, Nov 2005

⇒ *comments*



DETAILED STUDIES



sector report

⇒ *comments*



CONCLUSIONS



recommendations

⇒ *comments*



REVIEW



Phase 3 final report

Ministerial conf. 2007



NEGOTIATIONS AND POLICY-MAKING

Stakeholder consultation

- EC Steering Committee
- Advisory Committee (UNEP, Plan Bleu, ERF, FoEMednet)
- civil society networks
- website and email correspondence
- public meetings in Brussels (with invitees from delegations and other partner country representatives)
- presentations and side events at stakeholder meetings in partner countries and EU - academic, economic, commerce, social/labour organisations, environmental NGOs
- meetings with parliamentarians (European Parliament, parliamentary groups, regional groups)
- published responses to contributions

Technical assessment

- analysis of about 50 economic modelling studies
- other economic effects assessed through review of the research literature
- consequent social and environmental effects assessed through a combination of logical analysis and review of the research literature
- static effects – change in equilibrium trade flows and production levels
- dynamic effects – changes in economic growth rates and processes of social and environmental change
- short to medium term adjustment to new equilibrium (may continue into long term)
- long term influence of dynamic effects

Findings

- **direct economic benefit (static equilibrium) small in both EU and Mediterranean Partner Countries (MPCs)**
- **potentially large dynamic economic benefits dependent on parallel policies in EU, MPCs and regionally**
- **in the absence of parallel mitigation measures:**
 - **significantly adverse local social and environmental impacts during the period of adjustment, primarily in MPCs**
 - **adverse impact on biodiversity and climate change**

Recommendations

- **A. Trade-related measures**
- **B. Domestic policy in the EU**
- **C. Domestic policy in MPCs**
- **D. EU development assistance**
- **E. EU support for stronger global governance**
- **F. Proposals for monitoring mechanism**

- **some evidence of response at Barcelona + 10 Ministerial conference**
- **possible further response through the proposed monitoring mechanism**

Proposed monitoring mechanism

Proposals for:

1. data to be monitored
2. indicators and sources of data
3. data analysis
4. consultation and participation
5. responsibilities for monitoring
6. integration with policy-making

Key recommendations:

1. regional body (government / civil society) to supervise monitoring mechanism
2. report results to Inter-Ministerial meetings and Euro-Mediterranean Parliamentary Assembly

Further information

all reports on:

www.sia-trade.org/emfta