

The SIA-GCC team

The European Commission awarded this project to a consortium comprising two highly experienced organizations:

PricewaterhouseCoopers (PwC) Sustainable Business Solutions and EcoMod (Global Economic modeling network based at the Free University of Brussels).

PricewaterhouseCoopers is the consortium leader and coordinator of this project. The company has extensive experience in monitoring, implementing, managing and evaluating external assistance programs/projects across a wide range of sectors (Financial Sector, Private Sector Development, Public Sector Reform, Social Protection, Transport and Energy). PricewaterhouseCoopers has fully-fledged offices in the EC and GCC countries. The company has established a strong reputation with its ability to manage large budget, complex projects, its quality assurance system and backstopping capacity.

ECOMOD is an independent, non-profit, non-partisan international research and educational network dedicated to promoting advanced modeling techniques in policy analysis, forecasting, and policy development. EcoMod brings together prominent policy modeling experts and users worldwide. EcoMod's research, training and workshops focus on policy-relevant issues in order to help decision-making and to bridge the gap between academics, policy-makers, and business. EcoMod also organizes the largest training activities in the world in economic and financial modeling as well as in econometric and mathematical software.

The Consortium will engage the services of Maeander Enterprises to help develop and undertake the SIA. This association brings extensive experience working on issues of trade, sustainable development and SIA to the project. Where necessary, additional outside experts will be retained to make specific contributions to the project.

The consortium will both undertake the sustainability impact assessment of the negotiations of the trade agreement between the European Community and the Countries of the Cooperation Council for the Arab States of the Gulf (GCC) and organize the continuous and comprehensive communication process with all stakeholders. For this purpose, a dedicated website has been launched, providing background information, a periodic newsletter and an on-going communication channel between the consortium and stakeholders. All the information about the SIA EC-GCC is posted the website www.sia-gcc.org.

For further information and/or comment, do not hesitate to contact the consortium:

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Sustainability Impact Assessment (SIA) of the negotiations of the trade agreement between the **European Community** and the **Countries of the Cooperation Council for the Arab States of the Gulf (GCC)**



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Context

The European Community is currently involved in trade liberalisation negotiations at the multilateral level in the World Trade Organisation (WTO), at the bilateral level, and with several partners at the regional level. Among the regional negotiations underway are those for a Free Trade Agreement (FTA) between the European Community and the Cooperation Council for the Arab States of the Gulf (GCC). As part of its commitment to undertake SIAs of trade negotiations, the European Commission (EC) has launched this SIA of the EC-GCC FTA.

The European Community and the Cooperation Council for the Arab States of the Gulf (GCC) signed the EC-GCC Co-operation Agreement in June 1988. This agreement provided the basis for discussions leading the Parties to enter into trade liberalization. The EC and the GCC Secretariat resumed negotiations on the basis of a working document in March 2002. A GCC Customs Union has been in place since 1 January 2003.

The main objective of the FTA is to deepen existing relations between the Parties on the basis of reciprocity and mutual interest.

To this end, the FTA will:

1. strengthen commercial and economic relations through trade liberalisation and will reinforce and broaden cooperation in related areas, by establishing a free trade area and progressively eliminating tariffs and non-tariff barriers on substantially all trade between the Parties;
2. simplify requirements and procedures related to imports and exports, based on international standards;
3. provide for the progressive and reciprocal liberalisation of trade in services aimed at assuring a comparable level of market access opportunities;
4. include liberalisation of public procurement aimed at ensuring comparable and effective access to the Parties' procurement markets based on the principles of nondiscrimination and national treatment;
5. seek to effectively and adequately protect and enforce intellectual, industrial and commercial property rights in accordance with the international standards;
6. include coverage related to customs and administrative cooperation, standardisation and conformity assessment, competition, current payments and capital movements.

Sustainability Impact Assessment

Trade liberalisation is not an end in itself, but rather an essential tool contributing to sustainable development. In order to maximise its contribution to all pillars of sustainable development, the full impacts of proposed liberalisation and trade measures need to be assessed and fully understood for policy decision-making. This will be done through the SIA of the negotiations.

Sustainable development is development that *"meets the needs of the present without compromising the ability of future generations to meet their own needs"* and *"requires dealing with economic, social, and environmental policies in a mutually reinforcing way"*. (*Our Common Future, 1987*)

The general objectives of the SIA are five fold:

1. to provide in-depth information on linkages between trade, the environment and development to ensure that EC-GCC negotiations take account fully of sustainable development;
2. to integrate the results of relevant studies and research activities that will accompany the negotiations;
3. to contribute to the definition of policies that can be adopted both by the EC and the GCC to contribute to the optimal outcome of negotiations for all components of sustainable development;
4. to create a basis for the discussion with European and GCC stakeholders about implications of the negotiations on sustainability;
5. to build capacity by helping GCC countries participate actively in negotiations in a way that promote sustainable development.

The SIA will:

- include a clear definition of the options/scenarios considered and a clear analysis of the mechanisms through which the different options will affect social, economic and environmental areas;
- define the trade measures and scenarios that might be included in an EC-GCC FTA
- provide an analysis of the mechanisms through which the measures under negotiation might impact the economic, environmental and development aspects of sustainability.
- provide an assessment of the expected magnitude of these impacts, using appropriate measures and indicators for assessment of impacts, and making use of both qualitative and quantitative techniques as appropriate;
- identify policy measures (trade and non-trade related) that could effectively address any adverse impacts of liberalisation, and/or promote positive impacts;

This analysis will be presented in such a way as to give a concrete input for negotiators in their search for a balanced set of policies on which to base their negotiating position. The study will include trade and non-trade policy measures to mitigate any negative impact(s) on sustainability and to enhance positive impacts.

This project will include a comprehensive consultation process by which all stakeholders, including regional organisations, GCC representatives, civil society and business representatives, can provide inputs into the SIA process. The organisation of this consultation process will include information exchanges through dedicated website, meetings and conferences and the publication of a periodic newsletter providing an update on progress of the project.