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Addressing conflictualization in international environmental policies - How to deal with the external dimensions of the Green Deal in a new geopolitical context?



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REFORM

Addressing conflictualization in international environmental policies - How to deal with the external dimensions of the Green Deal in a new geopolitical context?

At the 2025 edition of the Think2030 conference on 28 March 2025, IEEP – Institute for European environmental policy hosted high-level speakers to discuss “Addressing conflictualization in international environmental policies - How to deal with the external dimensions of the Green Deal in a new geopolitical context?”. Moderated by Pierre Leturcq, IEEP Head of programme on Global Challenges and SDGs, the session featured insightful interventions from the following speakers: Zuzanna Nowak, Analysis Director, Opportunity Institute; Sébastien Treyer, Executive Director, IDDRI; John Asafu-Adjaye, Senior fellow and Head of research, African Center for Economic Transformation; Michaela Summerer, Associate Expert, International Trade Center.

This policy brief presents the key takeaways from the discussion, addressing the external spillovers of the European Green Deal policies.

Key recommendations:

- **Double down on engagement with the G20:** Leverage ongoing negotiations with G20 countries to work towards a plurilateral declaration calling for a moratorium on sectoral “green equivalents”
- **Build consensus before COP30:** Ease tensions before landing in Belem and work with Global South partners towards establishing a CBAM revenue recycling mechanism, while avoiding granting pure exemptions under CBAM, EUDR and ESPR.
- **Make the most out of new partnerships:** Make CTIPs and SIFAs coincide with investment governance reform; Support tailored cooperation mechanisms for co-developing green industrial strategies; Expand investment beyond the Global Gateway.
- **Reinforce strategic coherence across EU institutions:** This could materialise through dedicated interservice sessions and a systematic involvement of these Directorate Generals in the Sustainability Impact Assessment (SIA) processes ahead of the conclusion of any partnership.

"It is of utmost importance to collaborate with partner countries, understand the local impacts of these measures and support through appropriate accompanying measures."

Michaela Summerer – International Trade Centre

A Matter of Global Leadership – Staying the course starts with addressing the spillovers of the European Green Deal

The mandate of the first Von der Leyen Commission concluded with the identification of a fundamental challenge: the **coherence** of EU sustainability policies¹—namely, the alignment between their objectives and their global socio-economic impacts, and the interference of those with other EU policies with extraterritorial effect. The second Von der Leyen Commission began with an answer: **simplification**. In many instances, however, this has effectively meant **deregulation**, here defined as the relaxation, the postponement, or in some cases, the removal of legal obligations related to sustainable development for European economic actors.

This policy brief proposes an alternative pathway to simplification: one grounded in **cooperation** as the foundation for maintaining the EU's ambition and policy trajectory while building global leadership. Rather than suspending or weakening regulatory frameworks, the European Commission should aim to **align existing measures and partnership agreements** to ensure both their effectiveness and the consolidation of EU leadership rooted in the European core values of legality, justice and international solidarity. The **European Green Deal** (EGD) is an unprecedented policy framework for achieving sustainable growth in Europe. Its ambition goes beyond climate neutrality by 2050 and encompasses biodiversity protection and restoration, the reduction of pollution, and the promotion of a circular economy. As the EU implements this wide-ranging transformation, the Green Deal's external effects are becoming increasingly visible, from a race to Critical Raw Materials (CRM) to the implementation of unilateral measures with extraterritorial reach.

The brief draws on the outcomes of a **Think2030 workshop organised in Warsaw on 28 March**, with the support of the Polish Presidency of the Council of the EU. It focuses on the unilateral measures with the most significant impact on countries in the Global South – **with a focus on the African continent**, and which have resonated most strongly in recent international climate negotiations: the **EU Carbon Border Adjustment Mechanism** (CBAM), the **EU Deforestation Regulation** (EUDR) and the **Ecodesign for Sustainable Products Regulation** (ESPR). The intensity of this debate

¹ Coherence was the guiding question of the Trade Policy Seminar "*Trade, Sustainability and Coherence: Impact on Trade of EU Internal Instruments*" organised on 27 May 2024 by the Belgian Presidency of the EU Council.

in international climate negotiations has even led some to refer, in the context of the last UNFCCC COP, to a “*CBAM bomb*” to debunk. In light of the current climate landscape, characterised by the United States' withdrawal from the Paris Agreement and a broader context of international mistrust, engaging all willing actors in constructive cooperation is imperative. The imposition by the Trump administration of tariff duties of unprecedented scale in modern History, including on the poorest countries² must lead the EU to assume stronger leadership for international legality and solidarity.

This brief advocates for a **multidimensional approach** involving greater integration of policy objectives across the EU’s domestic and external actions. It calls for enhanced synergies between **trade policy, cooperation programmes, and the EU’s international climate strategy**, grounded in respect for internationally agreed objectives and commitments enshrined in multilateral environmental agreements (MEA).

This reflection piece aims to demonstrate that the time has come to address the international dimension of EU Green Deal legislation more systematically and rigorously. It concludes by posing a number of practical questions that will be explored further in a forthcoming IEEP research report, which will be published in June 2025.

1. Double down on engagement with the G20

Leverage ongoing negotiations with G20 countries, ie. Clean Trade and Investment Partnership (CTIP) with South Africa³, ongoing negotiations towards Free Trade Agreements with the UAE⁴, India (alongside an Investment Protection Agreement)⁵, Australia⁶ and Indonesia⁷, recently reviewed and signed agreements respectively with Mexico⁸ and Mercosur (Brasil, Argentina)⁹, as well as current diplomatic engagement with Brazil in the context of its COP30 presidency¹⁰, to work towards a plurilateral

² Colette Van der Ven, EU needs to support developing countries, Commentary, Borderlex, 23 April 2025 <https://borderlex.net/2025/04/23/enlightened-interest-the-eu-should-support-poor-countries-hit-by-trump-tariffs/>

³ EU – South Africa – Clean Trade and Investment Partnership https://ec.europa.eu/commission/presscorner/detail/en/ip_25_774

⁴ EU and UAE agree to launch free trade talks, Reuters, 10 April 2025 <https://www.reuters.com/world/eu-uae-agree-launch-free-trade-talks-2025-04-10/>

⁵ EU Commission, EU India FTA, Factsheet, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/india/eu-india-agreement_en

⁶ EU Commission, EU-Australia FTA, Factsheet, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/australia/eu-australia-agreement_en

⁷ EU Commission, EU-Indonesia FTA, Factsheet, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/indonesia/eu-indonesia-agreement_en

⁸ EU Commission, EU-Mexico FTA, Factsheet https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/mexico/eu-mexico-agreement_en

⁹ EU Commission, EU Mercosur FTA, Factsheet, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/mercosur/eu-mercosur-agreement_en

¹⁰ UN Climate Change Conference, COP 30 - <https://unfccc.int/cop30>

declaration calling for a moratorium on sectoral “green equivalents”, starting with the steel sector, the interoperability of industrial decarbonisation policy frameworks, and the use of Paris Agreement Article 6 credits (whether Internationally Tradeable Mitigation Outcomes – ITMOs¹¹ - or voluntary credits) in the context of Border Carbon Adjustments (BCA).

2. Build consensus before COP30

Ease tensions before landing in Belem: negotiate and secure public statements from key partner countries committing not to challenge the CBAM before the WTO’s Dispute Settlement System in exchange for support mechanisms or plurilateral revenue-sharing arrangements.

Work with Global South partners towards a solution on CBAM proceeds¹²: Establish a mechanism to ensure that CBAM-generated revenues contribute directly to decarbonisation efforts in affected countries either at the source, through the recognition of alternative carbon pricing or liability systems under the definition of CBAM’s “effective carbon price”¹³, or via the creation of dedicated funds co-managed by the EU and regional development banks to support decarbonisation in affected countries.

Avoid granting pure exemptions under CBAM, EUDR and ESR¹⁴: Instead of undifferentiated exemption regimes, build support schemes that reflect countries’ capabilities and reward climate ambition. Exemptions such as the definition of a “no-risk” category¹⁵ would create loopholes and significantly reduce the effectiveness of Regulations, as well as pose WTO compliance issues.¹⁶

¹¹UNFCCC, key Outcomes from COP29: Article 6 of the Paris Agreement; https://unfccc.int/sites/default/files/resource/COP29%20outcomes_A6.2_6.4_6.8.pdf

¹² Green Trade Network, Summary for decision-makers: Four guiding principles for CBAM design and implementation, 2022 <https://ieep.eu/publications/summary-for-decision-makers-four-guiding-principles-for-cbam-design-and-implementation/>

¹³ Sandler, Ely and Daniel Schrag. “Leveraging Border Carbon Adjustments for Climate Finance: Matching Carbon Tax Assets with Carbon Tax Liabilities.” *Science, Technology, and Public Policy Program, Belfer Center*, December 2, 2024

¹⁴ World Resources Institute, *Proposed Amendments to EU Deforestation Law Create Dangerous Loopholes and Uncertainty*, 18 November 2024 <https://www.wri.org/news/statement-proposed-amendments-eu-deforestation-law-create-dangerous-loopholes-and-uncertainty> ; Tulip Consulting, *WTO implications of the proposed ‘no risk’ amendment to the EUDR*, 2 December 2024

¹⁵ Amendments proposed by the European Parliament to introduce a no-risk category in the EUDR’s country benchmarking was avoided.

¹⁶ Tulip Consulting, *WTO implications of the proposed ‘no risk’ amendment to the EUDR*, 2 December 2024

¹⁷ Van der Ven, Azevedo, Lamy & Pons, A New Era of EU Mini Trade Deals, Europe Jacques Delors, policy Paper, March 2025, <https://www.europejacquesdelors.eu/publications/a-new-era-of-eu-mini-trade-deals>

¹⁸ Columbia Center on Sustainable Investment, *Overhauling Investment Governance for a Just Zero-Carbon Future* <https://ccsi.columbia.edu/content/investment-governance-climate-energy>

3. Make the most out of new partnerships:

Make CTIPs and SIFAs coincide with investment governance reform: The Clean Trade and Investment Partnerships and Sustainable Investment Facilitation Agreements are interesting new investment-for-decarbonization vehicles, but they could be a drop in the ocean if they remain – as currently envisaged – non-binding agreements¹⁷. Furthermore, these new types of agreements do not exempt EU Member States from a termination of existing extra-EU bilateral investment agreements (BIT) including Investor-to-State Dispute Settlement provision, which constrain political and fiscal space and, in doing so, undermine the climate ambition of States¹⁸

Support tailored cooperation mechanisms for co-developing green industrial strategies: These platforms should provide investment planning, capacity-building, and local value creation mechanisms, especially in sectors affected by CBAM and EUDR.

Expand investment beyond the Global Gateway: Scale up technology transfer, regional value chain development (e.g. in green hydrogen or critical minerals), and private sector mobilisation through de-risking instruments.

4. Reinforce strategic coherence across EU institutions:

Improve coordination between DG CLIMA, DG TRADE, DG INTPA, and DG GROW to align trade, climate, and development goals and ensure joined-up external action. This could materialise through dedicated interservice sessions and a systematic involvement of these Directorate Generals in the Sustainability Impact Assessment (SIA) processes ahead of the conclusion of any partnership.

About Think2030

Launched by IEEP and its partners in 2018, Think2030 is an evidence-based, non-partisan platform of leading policy experts from European think tanks, civil society, the private sector and local authorities.

By focusing on producing relevant, timely and concrete policy recommendations, Think2030's key objective is to identify science-policy solutions for a more sustainable Europe.

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