

# Beyond Borders: Strategic Autonomy and Global Fairness in the EU's Clean Energy Transition

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## 1. Introduction

The European Union (EU) has long positioned itself at the forefront of global decarbonisation, setting some of the world's most ambitious climate targets. With the European Green Deal, it committed to cutting greenhouse gas emissions by at least 55% by 2030 and achieving climate neutrality by 2050, while reshaping energy systems, industry and markets at unprecedented speed. Internationally, the EU has also played a central role in shaping global climate governance, notably in securing the Paris Agreement at the COP21, and it remains the largest provider of climate finance to developing countries ([Council of the European Union, 2026](#)).

However, the context in which the EU's green transition is now unfolding is fundamentally different from that of the past decade. Climate action is increasingly contested as strategic competition, trade tensions, wars and energy insecurity, combined with inflationary pressures and social discontent, reshape the political and economic space for climate policy within Europe and beyond. The war in Ukraine and broader geopolitical tensions have already shifted energy security priorities, while trade disputes, tariffs and the rising cost of living risk slowing down the green transformation. At the same time, growing domestic political pressures, including far right and anti-climate movements, may dilute ambitious policies if they are seen as economically harmful or disconnected from citizens' immediate concerns. Together, these dynamics make it harder to sustain political and societal support for the EU's decarbonisation agenda at home and abroad.

The EU's green transition depends as much on internal regulation as on its external economic and political relationships. The expansion of EU climate, industrial and sustainability frameworks, now extending beyond Europe into the Clean Industrial Deal, the competitiveness agenda and strategic autonomy, has far-reaching effects on partner countries' development, industrialisation and decarbonisation pathways. Standards, carbon pricing, due diligence obligations, circular economy rules and sustainable finance requirements

increasingly shape access to EU markets and capital. Whether these effects are perceived as enabling or constraining will directly influence the EU's ability to sustain alliances, secure supply chains and defend climate ambition. The conflict in Iran has tightened Strait of Hormuz transit, injecting renewed volatility into energy markets and re-igniting debates about the pace and strategic logic of the clean transition in ways that extend well beyond oil and gas markets.

The EU must recognise the planetary context in which these dynamics are evolving. Extreme weather events, ecosystem degradation or water stress are already undermining livelihoods and economic stability across the world. Many countries with minimal historical responsibility for climate change – particularly in sub-Saharan Africa – still face major energy access gaps and will need to increase energy use to achieve basic development objectives (IEA et al., 2025). A European transition that fails to account for these realities risks exporting adjustment costs, resource pressures, and political resistance abroad, ultimately weakening global decarbonisation efforts.

The logic of “strategic autonomy” – the ability of the EU to shape its own economic and industrial destiny – cannot be separated from the reality of global interdependence. Europe's internal market, while large, is not large enough to sustain the scale-up of clean industries without access to external demand. The EU does not possess sufficient domestic reserves of critical raw materials and other resources to support electrification, renewable deployment, or industrial decarbonisation. Nor does it have a workforce base that can meet the projected demand for skills across clean energy, manufacturing, construction, and circular economy sectors.

As a result, the EU's green transition is structurally dependent on deep, long-term cooperation with partner countries and their development, industrialisation and decarbonisation trajectories. This is not a political preference but an economic reality. How cooperation is framed, governed, and perceived will shape not only decarbonisation outcomes, but also the EU's credibility as a global actor.

The EU cannot deliver its green transition objectives on its own. Global fairness is not an ethical add-on but a condition for effective delivery. In this brief, fairness refers to whether EU policies distribute costs, risks and opportunities in ways that allow partners to adapt in practice. Measures that constrain policy space, overlook capacity constraints or externalise environmental and social costs risk rebounding on Europe through supply disruptions, political resistance, trade tensions and weakened alliances. By contrast, fairness – understood as reciprocal value creation, shared risk and co-ownership – can strengthen competitiveness, resilience and geopolitical influence. The EU must therefore anchor its green transition in a broader vision that integrates security, human rights, economic resilience and social stability within and beyond its borders.

The transition will depend on partnerships operationalised through instruments that reconcile EU climate and industrial ambitions with equitable external engagement, advancing both decarbonisation and sustainable development. Aligning climate, trade, industrial and circular policies around global fairness – through capacity building, reciprocal value creation and predictable cooperation – is essential to sustain ambition, rebuild trust and maintain EU influence in a fragmented world. Energy security and global fairness are no longer parallel agendas, but mutually reinforcing imperatives.

## 2. State of play

The EU's external green transition is unfolding at a moment of profound structural change in the global political economy and multilateral order. Strategic competition with the United States and China, trade tensions, sanctions regimes and shifting alliances are reshaping the conditions under which climate and industrial policy operate. These dynamics have intensified under renewed geopolitical volatility and economic nationalism, particularly under the second Trump presidency. As a result, climate policy is increasingly reframed through lenses of competitiveness, security and resilience.

The conflict in Iran has added a further layer of disruption. Beyond its direct effects on oil and gas markets,

the conflict has exposed the structural vulnerability of global supply chains to energy-price volatility: fertiliser costs have surged and disruptions to energy-intensive desalination infrastructure add water insecurity in already-stressed regions. These effects, linking energy security to food systems and water availability, have sharply raised the relevance of global fairness in the transition debate. The risk that accelerated European decarbonisation, if pursued through a narrow strategic autonomy lens, deepens rather than reduces vulnerability in partner countries has become harder to dismiss. For the EU, the crisis simultaneously strengthens the industrial case for renewable acceleration and underlines the imperative of embedding fairness, solidarity and shared benefit into every instrument of its external strategy.

During the 2024-2029 mandate, the EU has responded by repositioning its climate agenda as an economic and industrial strategy, aimed at safeguarding prosperity, jobs and strategic autonomy while maintaining climate ambition ([von der Leyen, 2024](#)). This shift moves beyond pure regulatory ambition towards policies focused on technologies, supply chains and market development that strengthen Europe's autonomy and strategic position, guided by the Draghi report and the Competitiveness Compass ([Draghi, 2024](#); [European Commission, 2025a](#)).

This approach is most clearly expressed in the Clean Industrial Deal, which translates the long-term objectives of the European Green Deal into an implementation-focused industrial policy. While the European Green Deal set direction through environmental targets and a systemic transformation, the Clean Industrial Deal prioritises deployment, market creation and scale-up of net-zero technologies, strategic value chains and skills. Its objective is to close Europe's competitiveness gap, reduce fossil fuel dependence and anchor clean manufacturing within the single market, recognising that decarbonisation and industrial competitiveness are no longer separable policy domains.

The Clean Industrial Deal strengthens climate policy by linking it to energy affordability, industrial development and economic security. The proposed 2040 target, aiming to reduce net greenhouse gas emissions by -90% compared to 1990 levels, serves as an intermediate milestone towards climate neutrality by 2050 and is closely tied to the creation of lead markets and predictable regulatory frameworks for net-zero technologies.

At the same time, EU climate and industrial policies are expanding the Union's external footprint. Instruments such as lead markets, public procurement, state aid, circular economy rules, carbon pricing and sustainability standards increasingly influence global production systems and value chains by shaping market access, investment decisions and supply chains beyond EU borders.

Global partnerships therefore form a central pillar of the EU's transition strategy. Its importance has in fact been repeatedly emphasised by EU leadership. In her remarks on the Clean Industrial Deal, Executive Vice-President Teresa Ribera stated the EU "cannot realise its clean industrialisation objectives without partnerships on the global stage as well as without protecting the level playing field for our companies" ([European Commission, 2025b](#)). The Clean Industrial Deal devotes a full chapter to global markets and international partnerships, including the launch of Clean Trade and Investment Partnerships (CTIPs).

The first CTIP, agreed with South Africa in March 2025 and accompanied by a 4.7 billion euro Global Gateway package, signals a shift towards more integrated trade-investment-skills cooperation rather than traditional market-access agreements ([European Parliament, 2025](#)). Next to that, the Clean Industrial Deal aims to improve the Carbon Border Adjustment Mechanism (CBAM), and to "ensure the EU industry is economically secure and resilient, in the face of global competition and geopolitical uncertainties, through a range of trade defence and other instruments" ([European Commission, n.d.](#)).

Parallel to these initiatives, the EU is entering a phase of regulatory consolidation and implementation with significant external implications. The 2026 Commission Work Programme prioritises enforcement, simplification and execution of existing legislation in response to administrative pressures, competitiveness concerns and political resistance to complex regulation ([European Commission, 2025c](#)).

Several major policy frameworks are now moving into operational phases. State aid rules under the Clean

Industrial Deal State Aid Framework have been eased to accelerate and simplify clean energy investment, raising questions about compatibility with global trade rules ([European Commission, 2025d](#)).

CBAM is entering its definitive phase, transforming carbon pricing into a de facto trade instrument. The EU Emissions Trading System is undergoing a comprehensive review. The Deforestation Regulation has been amended to delay implementation and simplify procedures ([European Union, 2025](#)). Sustainability reporting and due diligence frameworks are also maturing. Corporate Sustainability Reporting (CSRD) is entering routine implementation under audit-grade standards ([European Union, 2022](#)). The Taxonomy Simplification Delegated Act significantly reduces reporting burdens for companies ([European Union, 2026](#)). Supply-chain due diligence obligations under the Corporate Sustainability Due Diligence Directive (CSDDD) begin to structure corporate risk management well beyond EU borders.

Circular economy policy is moving in the same direction. The Council conclusions adopted in December 2025 call for accelerated progress towards a climate-resilient and circular Europe by 2030, emphasising secondary raw material markets, product standards and industrial resilience ([Council of the EU, 2025](#)). The forthcoming Circular Economy Act<sup>1</sup>, expected in 2026, aims to create a functioning single market for secondary materials and is explicitly linked to competitiveness, raw materials security and industrial strategy ([Pochet et al., 2026](#)). In practice, circularity is becoming an external industrial policy tool, shaping who can access EU markets and under what conditions.

EU rules shape global value chains through market access conditions, procurement rules, financing costs and supplier requirements. For partner countries, the challenge is no longer understanding EU ambition and policies, but having the regulatory capacity, infrastructure, finance and skills to respond. Where these conditions are absent, EU implementation risks being perceived as exclusionary, reinforcing narratives of green protectionism and accelerating geopolitical fragmentation.

## 2.1 Reflections on the state of play

The emerging architecture of EU climate, industrial and trade policy reflects a broader strategic shift: decarbonisation is increasingly integrated with economic security and industrial competitiveness. The clean transition is framed not only as a climate objective but also as a pathway to energy independence (i.e. from foreign fossil fuels), industrial renewal and geopolitical resilience.

However, the growing external reach of EU policies raises important questions about how these instruments are perceived by international partners. If climate standards, carbon pricing mechanisms or industrial policies are viewed primarily as extensions of EU economic power, they risk reinforcing perceptions of green protectionism.

Such perceptions matter because they influence partnership outcomes. Countries that consider EU policies restrictive or asymmetrical may respond by developing alternative regulatory frameworks, limiting cooperation or aligning more closely with other actors (e.g. China, BRICS, United States). In a context of growing geopolitical fragmentation, these dynamics could weaken global decarbonisation pathways.

Integrating a stronger global fairness dimension into EU policy design could help address these risks. Instruments that incorporate differentiated timelines, capacity-building support, finance for local value creation and more balanced technology cooperation are more likely to foster durable partnerships. Applying a global fairness lens – operationalised through co-design governance, transparency and benefit-sharing – would help align the EU's climate and industrial strategies with partner-country priorities while strengthening effective cooperation on the global energy transition.

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<sup>1</sup> See the public consultation and call for evidence ([European Commission, 2025f](#)).

### 3. What do we mean by global fairness?

If the EU truly recognises the borderless nature of climate emergency, is serious about global justice claims and wants to remain a credible global actor in an increasingly competitive geopolitical landscape, it must champion a new model of international economic partnership. Fairness should not be considered as a moral add-on, but as a strategic, operational priority, and a prerequisite for effective climate policy.

Global fairness means designing and implementing EU climate, industrial and trade policies so they accelerate decarbonisation at home while avoiding the export of environmental, social or economic costs abroad and enabling reciprocal value creation in partner countries. In practice, this requires supporting partners' ability to reduce pollution, improve resource efficiency, move up value chains, and strengthen domestic capabilities, and resilient infrastructure. It also implies contributing to decent livelihoods, social and human rights, skills development and local value addition rather than locking countries into extractive or low-value roles in global value chains. At the same time, global fairness entails leaving policy and fiscal space for countries to pursue their own development pathways while aligning EU interests with shared transition outcomes. By doing so, the EU can offer a distinctive cooperation model – different from *laissez-faire* or transactional approaches – reinforcing its influence in multilateral fora, including international financial institutions.

Framed this way, fairness becomes a competitive advantage: it protects supply chains, secures market access, and builds durable political coalitions that reduce geopolitical risk. Resilient supply chains, secure market access and political durability increasingly depend on whether partners perceive EU action as enabling their own development and transition objectives (recent analysis by [Pisani-Ferry & Tagliapietra, 2024](#); [Tagliapietra, 2024](#); [Bergeling, Oger & Van Melkebeke, 2025](#); [Manservigi & Pezzini, 2025](#); [Jones, 2025](#)). Fairness thus strengthens the scalability and credibility of decarbonisation efforts, rather than leaving them contested. This approach is particularly relevant as the Clean Industrial Deal translates the European Green Deal's long-term economic transformation strategy into concrete industrial policy tools: lead markets, demand creation, faster permitting, and targeted support for net-zero technologies. To keep the European Green Deal politically durable and globally influential, Clean Industrial Deal implementation must embed fairness across the full policy cycle: design, finance, regulation, procurement, and external partnerships, including CTIPs and Global Gateway. Without this, the EU risks weakening both its climate ambition and its ability to bring others along.

Unlike narrower interpretations of “just transition”, which tend to focus primarily on domestic labour impacts, global fairness addresses the cross-border effects of policy choices. It asks whether EU internal policies align with external decarbonisation, development and industrialisation pathways, and whether they enable or constrain progress elsewhere. Fairness, in this sense, is about outcomes rather than intent. It does not resolve all distributional questions but complements existing justice and equity frameworks, offering operational clarity. This approach resonates with debates in international fora – including G7, G20, and UN processes – where resistance has grown against sustainability agendas perceived as externally imposed or misaligned with development priorities. A fairness-based framing allows the EU to defend its climate ambition while responding constructively to these concerns.

#### 3.1 From regulation ambition to strategic necessity

The concept of global fairness emerges as a response to growing tensions between internal climate ambition and internal and external economic and political realities. While fairness has often been discussed in terms linked to equity, justice, or solidarity, this brief treats it as a strategic necessity grounded in economic and industrial realities. Three structural factors explain why fairness is no longer optional for the EU.

1. **Market scale and competitiveness.** European clean industries cannot rely on domestic demand alone. Export markets and integrated value chains are essential for cost reduction, innovation, and resilience. Policies perceived as exclusionary, unpredictable or punitive risk fragmenting

markets and undermining the industrial base the EU seeks to build (see analysis by [Tagliapietra, 2024](#); [Jones, 2025](#) again).

2. **Resource and energy interdependence.** The EU's reliance on imported materials, components and energy creates mutual dependencies with partner countries. Regulatory choices on sustainability criteria or product standards directly shape decarbonisation pathways elsewhere, sometimes in unintended ways. Misaligned standards or abrupt implementation can slow down transitions in partner economies rather than accelerate them ([European Environmental Bureau, 2023](#); [Jones, 2025](#); [Oger & Leturcq, 2025](#)).
3. **Credibility and trust.** In a world where many countries are reassessing their alignment between major powers, the EU has an opportunity to position itself as a predictable, rules-based and cooperative partner. But this opportunity depends on whether EU action is seen as enabling, rather than constraining, domestic priorities in partner countries. Global fairness is not about compensation. It is about ensuring that EU policies support local development, social development, value creation and institutional capacity, while offering clear and cooperative pathways for industrial transformation.

## 3.2 Core principles: from strategy to delivery

Global fairness is strategic insurance, not a concession. By building the Clean Industrial Deal and European Green Deal on reciprocal, transparent partnerships, the EU can secure supply, reduce backlash, and unlock new markets while advancing net-zero at scale. This approach strengthens resilience by diversifying and decarbonising value chains, builds lasting regional capacity, and protects ecosystems and livelihoods in partner countries. It also reinforces social cohesion and domestic support by linking industrial progress to jobs and skills, while enhancing the EU's global influence ([Manservigi & Pezzini, 2025](#); [Jones, 2025](#)). To be effective and inclusive, regulatory leadership must be paired with finance, technical assistance, and phased compliance. Ultimately, this requires shifting from extractive models to genuine partnerships, with tools like CTIPs and Global Gateway working as integrated packages that align trade, finance, technology, and governance.

Operationalising global fairness requires a limited number of clear principles that can be embedded across EU instruments.

1. **Coherence between internal and external EU policies.** Major Clean Industrial Deal-linked measures should systematically assess external impacts on trade, investment, standards and human rights, and identify mitigation or benefit-sharing measures.
2. **Co-design and stronger governance and accountability mechanisms.** Partner governments, local industry and civil society should have structured roles in CTIP governance and Global Gateway, strengthening ownership and accountability.
3. **Differentiation.** Regulatory timelines, certification and enforcement need tiered and time-bound approaches for lower-income and vulnerable countries, backed by technical and institutional support.
4. **Finance for local outcomes.** EU instruments (CTIPs, Global Gateway, and the 2028-2034 Multiannual Financial Framework [MFF]) should ring-fence finance for climate and environment, but also for local manufacturing, processing, social and governance standards, decent jobs or skills development (not only for upstream extraction).
5. **Transparency and verification.** Robust monitoring, reporting, and verification with Environmental, Social, and Governance (ESG) criteria, traceability and independent evaluation should be mandatory for strategic projects and partnerships, reinforcing credibility and learning.

6. **Benefit-sharing.** Procurement, local content targets, social targets, local communities' benefits, and revenue-sharing clauses should be standard in CTIPs and Global Gateway flagships.

Across these principles, three criteria can guide the operationalisation of global fairness across EU policies:

1. **Decarbonisation compatibility.** EU policies and instruments should not undermine viable decarbonisation pathways in partner countries, including through access to low-carbon technologies, materials, and markets.
2. **Local value creation.** External engagement should support skills development, industrial upgrading, social development, and decent employment in partner countries, rather than reinforcing extractive or low-value-added roles.
3. **Political and institutional feasibility.** Instruments must be designed in ways that are administratively workable for partners, particularly where capacity constraints exist.

These criteria do not prescribe outcomes, but they offer a structured way to manage trade-offs and identify where accompanying measures are needed. Doing so, they turn global fairness from an abstract ambition into a tool for delivery – one that strengthens both Europe's transition and its role in a fragmented world.

## 4. Six policy entry points to act coherently

### A. Trade and external decarbonisation pathways

EU industrial and climate instruments are increasingly operating in a contested trade environment shaped by geopolitical rivalry, defensive trade measures, and divergent development trajectories. Instruments such as the CBAM interact directly with US trade barriers, strategic industrial subsidies and large trade negotiations, raising questions not only of compatibility with World Trade Organisation (WTO) rules, but of fairness, reciprocity and political feasibility in external decarbonisation pathways.

At the World Economic Forum in 2025, Commission President Ursula von der Leyen framed EU trade and industrial policy around resilience, independence from coercion, and cooperation with trusted partners, signalling a more defensive economic diplomacy. At the same time, the EU-Mercosur agreement, which provisionally came into effect in May 2026, highlights tensions between strategic diversification and fairness concerns, with ongoing debates over environmental standards and commitments, and uneven adjustment costs. Together, these dynamics point to a central challenge for EU climate leadership: sustaining industrial ambition and trade openness requires credible fairness mechanisms. Tools like the CBAM and sustainability-linked trade provisions are increasingly seen not just as climate instruments but as expressions of EU market power, making their legitimacy contingent on whether they support decarbonisation and value creation beyond Europe.

CBAM is one of the clearest interfaces between EU climate policy and global trade. Designed to prevent carbon leakage and protect the integrity of the EU Emissions Trading System (ETS), it will remain a central pillar of the EU's climate architecture, even as technical adjustments are introduced to simplify reporting and implementation. Yet CBAM also put pressure onto exporting countries, many of which face limited access to finance, technology or institutional capacity.

From a global-fairness perspective, the challenge is structural rather than administrative. While recent simplification measures (higher *de minimis* thresholds, streamlined reporting or flexibility for SMEs) improve feasibility, they do not address the underlying asymmetry: CBAM imposes compliance obligations without embedding a systematic support framework for affected partners, particularly least developed and lower-income countries. As a result, CBAM risks penalising differences in capacity and policy approach rather than differences in climate outcomes.

Concerns among partner governments and civil society that the CBAM could act as a de facto trade barrier or form of green protectionism risk undermining EU climate credibility, fuelling trade tensions, and weakening multilateral cooperation. Conversely, embedding CBAM within a broader framework of climate cooperation – through technical assistance, technology transfer, policy dialogue, and clearer communication on revenue use – would strengthen buy-in and effectiveness, without diluting its environmental ambition.

From a fairness lens, three issues are central:

- **Compatibility with partner-country climate strategies.** Where countries are pursuing decarbonisation through alternative policy mixes, CBAM risks penalising differences in approach rather than outcomes.
- **Capacity constraints.** Some countries (and companies) may struggle to comply with complex reporting requirements without targeted support.
- **Reciprocity and trust.** Greater transparency on reviews, revenues and external impacts is essential to sustain legitimacy.

Global fairness is therefore a condition for the CBAM's effectiveness, durability and geopolitical viability.

## B. Bilateral partnerships

The Clean Industrial Deal marks a clear shift towards a more assertive EU industrial policy, combining regulatory certainty with targeted support for strategic sectors. Lead market creation through public procurement, standards and demand-side measures is a central feature. While this approach can be justified on resilience, security and decarbonisation grounds, if applied rigidly, localisation and preference mechanisms risk undermining the EU's credibility as an open and cooperative partner, particularly in light of its trade commitments and its external investment narrative under Global Gateway.

Industrial policy does not pose a risk to global fairness per se but creates potential for misalignment. Between internal policies and strategies, bilateral partnerships and the EU's broader external objectives. Without explicit design features that enable partner participation and shared value creation, EU industrial measures may be perceived as exclusionary, eroding the trust and cooperation required for long-term decarbonisation.

The EU's external green toolbox, which includes a variety of free trade agreements (FTAs)<sup>2</sup>, economic partnership agreements (EPAs) and sector-specific partnerships, has often been shaped by the EU's agenda, notably in relation to critical raw materials and clean-technology supply chains. In practice, this has tended to prioritise supply security for Europe with limited attention to demand reduction, local value addition or industrial upgrading in partner countries.

While these partnerships could be mutually beneficial, their current design often embeds asymmetries that risk reinforcing inequality and undermining sustainability in partner countries. For example, Critical Raw Material Partnerships have been criticised for their over-focus on securing supply, insufficient safeguards on environmental standards, community participation and local benefits ([European Environmental Bureau, 2023](#)). Particularly worrying are those strategically labelled projects, where there is the risk that the EU pushes for mining projects bypassing environmental assessments ([EU Raw Materials Coalition, 2025](#)).

Similarly, EU energy partnerships, as documented in regions like North Africa and the Middle East, can exacerbate inequalities when geared primarily towards European energy-security goals rather than local development, placing pressure on land and water resources while delivering limited local gains ([Greenpeace MENA & Mena Fem, 2025](#)). The disruption to Strait of Hormuz-dependent fossil-fuel flows has triggered sharp increases in fertiliser costs and water stress across different regions. Embedding food and water

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<sup>2</sup> Since 2009, all EU FTAs include Trade and Sustainability (TSD) chapters. Other binding models adopted by the EU include Economic Partnership Agreements (EPA), some of which also include TSD chapters. Although enforcement and dispute mechanisms vary across FTAs and EPAs, CSOs observe TSDs are often vague and non-enforceable without real sanctions or incentives, plus have weak monitoring mechanisms.

security co-benefits into the design of EU energy-transition partnerships is increasingly a precondition for their political sustainability and developmental credibility.

These outcomes are not inevitable but depend on governance and design. Without strong safeguards – such as transparent land-use rules, community consultation, benefit-sharing, and local-content requirements – these initiatives risk reproducing extractive dynamics rather than supporting sustainable development.

These tensions are increasingly visible in the EU’s evolving trade and partnership landscape. The provisionally in force EU-Mercosur and the announced EU-India agreements exemplify a shift away from narrow trade liberalisation towards instruments that explicitly link market access with climate, sustainability and industrial policy objectives. Yet they also expose fairness challenges. In the case of Mercosur, concerns persist regarding asymmetric adjustment costs, environmental safeguards and the distribution of value along agri-food and raw-material value chains ([Estevadeordal & Talvi, 2026](#)). Similarly, the EU-India negotiations – increasingly described as a new model integrating trade, climate and industrial policy – must reconcile divergent development priorities, policy space for industrialisation and uneven capacities to comply with EU regulatory requirements ([Singh, 2026](#)). Enhanced strategic partnerships, such as that agreed with Vietnam, further demonstrate the EU’s ambition to deepen cooperation on clean technologies and supply chains, while raising questions about how sustainability conditionality is balanced with development outcomes.

From a global-fairness perspective, these agreements highlight a central dilemma: linking trade to climate ambition is necessary, but insufficient unless accompanied by credible mechanisms that address asymmetry in capacity, adjustment costs and value creation.

### Clean Trade and Investment Partnerships

Against this backdrop, the introduction of Clean Trade and Investment Partnerships (CTIPs) represents the most significant innovation of the Clean Industrial Deal in the external dimension. CTIPs are intended to align trade, investment, regulatory cooperation and financing within a single, whole-of-government framework, supporting clean-technology deployment, industrial decarbonisation and value-chain development in partner countries. They are explicitly conceived as complements (not substitutes) to traditional FTAs, offering a more flexible and targeted approach to clean industrial cooperation.

CTIPs respond to a structural gap in the current trade architecture. Many existing agreements were designed before industrial policy became central to the green transition and tend to constrain policy space for targeted clean-industrial strategies, particularly in developing economies ([Thrasher et al., 2025](#)). International trade rules continue to apply unevenly, with developing countries often facing tighter restrictions on state support, local content or strategic investment measures than advanced economies. In this context, CTIPs can create space for partner-country green industrialisation while aligning EU competitiveness, resilience and climate objectives with partner-country development priorities.

CTIPs also offer an opportunity to rationalise a partnership landscape that has long been fragmented and opaque for partner countries. By cutting across multiple Commissioner portfolios (trade, climate, environment, energy, industry, partnerships), they could enable clearer governance structures, defined responsibilities and more coherent coordination between trade policy, Global Gateway and regulatory cooperation.

At present, however, detailed information on the scope, governance and operational content of CTIPs remains limited. This makes it difficult to assess how they will differ in practice from existing FTAs or strategic partnerships. Their non-binding nature raises questions about accountability, enforceability and democratic oversight, including parliamentary scrutiny and civil-society participation ([European Parliament, 2025](#)). Flexibility, while a strength, also creates risk: without clear added value, safeguards and delivery mechanisms, CTIPs could replicate existing asymmetries or be perceived as instruments primarily serving EU industrial and energy-security interests.

CTIPs, especially when shaped by partner input, potentially represent a more balanced, cooperative, and

politically sustainable model of engagement than raw-materials Memoranda of Understanding. In fact, the CTIP with South Africa emerged from partner-country resistance to a narrow resource-focused approach, leading to a broader framework encompassing industrial cooperation, skills, and investment.

But for CTIPs to represent a genuine change, global fairness must be embedded by design. This implies prioritising environmental and development outcomes alongside competitiveness ([van der Ven et al., 2025](#)); supporting local value addition, skills and technology transfer; and establishing inclusive governance and monitoring mechanisms. Without these elements, CTIPs risk becoming an industrial-policy tool that reinforces existing inequalities rather than a framework for shared transition. Piloting a CTIP Fairness Annex (e.g. in South Africa and Brazil) could demonstrate the operational added value of these instruments.

Ultimately, CTIPs signal a shift from market-opening instruments towards strategic cooperation for clean industrial transformation. Whether they strengthen the EU's credibility as a fair and effective partner will depend on whether flexibility is used to enable shared transition pathways, or whether the absence of binding commitments undermines trust and delivery.

## C. EU industrial policy and circular economy

The Clean Industrial Deal confirms the EU's transition towards an active, market-shaping industrial policy. Regulatory standards, demand-side instruments, and public procurement are increasingly used to create lead markets for clean and circular products. While central to internal decarbonisation and competitiveness, these instruments also generate structural spillovers that directly affect the EU's credibility, shaping whether partners experience EU action as enabling or constraining their own pathways.

The strategic question is not whether the EU should create lead markets, but how these markets are governed and sequenced. Poorly managed, they reinforce fragmentation, particularly where regulatory capacity, certification systems or access to secondary materials differ. Carefully designed, they can act as pull factors for convergence on decarbonisation and circularity objectives.

Strategic and resilience-oriented procurement can support EU industrial objectives, but it also sends powerful external signals. Rigid European preference risks undermining partnership narratives, particularly when combined with trade instruments such as CBAM. A global fairness approach implies maintaining conditional openness, linking procurement criteria to environmental performance rather than origin alone, and using procurement as a platform for cooperation rather than exclusion.

Local content and sustainability requirements are increasingly embedded across EU energy and industrial policies. Internally, they support value retention and employment; externally, they intersect with partner countries' industrialisation strategies. Ambiguity around these rules, and the absence of accompanying cooperation offers, has been identified as a key source of mistrust. Clarifying how partners can access EU markets, and how regulatory requirements are linked to concrete cooperation instruments (see below on Global Gateway), is therefore central to global fairness.

Handled proactively, industrial spillovers can become a lever for partnership rather than a source of tension. This requires early partner involvement in standards design, phased implementation to avoid compliance shocks, systematic external impact assessments, and the use of Global Gateway financing to support adjustment.

Lastly, skills shortages represent a shared constraint on the green transition, in the EU as elsewhere. Well-designed skills and mobility partnerships can support local value creation in partner countries while addressing labour gaps in the EU, strengthening political buy-in for broader industrial cooperation. Focusing on skills partnerships framed around mutual benefit can contribute to a more balanced narrative of global fairness.

### Circular economy and resource efficiency

With upcoming circular economy legislation, the EU aims to double circularity to roughly 24% by 2030 and

consolidate measures into a single framework to strengthen markets for secondary materials and drive demand through tools like procurement and eco-design. Circularity is one of the EU's most powerful yet politically sensitive external levers.

The EU takes a distinctive policy approach to its circular agenda. The EU's action is regulatory and market-creating (standards, eco-design, procurement), whereas China uses state-led industrial planning. Meanwhile some emerging economies prioritise national planning and informal-sector inclusion. This divergence creates trade, compliance and governance frictions for secondary-material flows and circular products.<sup>3</sup>

Importantly, in many low-income and emerging economies, the circular economy is dominated by informal actors (waste pickers, itinerant collectors, small family workshops). Informal systems provide livelihoods and material recovery services but often lack safety, formal recognition, adequate pay and environmental controls, creating challenges for traceability, standards compliance and access to formal recycling markets demanded by importers. Fair circular cooperation requires recognising structural differences and putting efforts to formalise and integrate these systems.

A global-fairness-oriented circular strategy therefore combines three elements: reducing material demand within Europe; creating predictable markets that reward high environmental and social standards globally; and supporting partner countries to upgrade recycling, remanufacturing and traceability systems, including the integration of informal workers. Circularity, if co-designed, can reduce global pollution, cut emissions, and anchor Europe as a trusted partner rather than a rule-exporter.

## D. Development cooperation, external investment and finance [Global Gateway]

Launched in 2021, the EU's Global Gateway aims at building sustainable, resilient, and high-standard infrastructure worldwide by mobilising 300 billion euro of investment between 2021 and 2027. It focuses on digital, transport, climate and energy, health and education, and research, promoting transparency, democratic values, and long-term partnerships. 46 flagship projects were endorsed by the Council in 2025. Global Gateway has significant relevance across the EU's policies, legislation, and financing programmes, including the Green Deal Industrial Plan and the Critical Raw Materials Act.<sup>4</sup> As the Clean Industrial Deal's external dimension is operationalised, Global Gateway is set to become a central delivery vehicle.

Global Gateway is best understood as a strategic umbrella rather than a funding instrument. While it is framed as a geostrategic instrument to advance European interests abroad, the Global Gateway's main source of funding is the EU's development policy and budget. Implementation relies on a mix of EU budget resources (Neighbourhood, Development and International Cooperation Instrument), guarantees (European Fund for Sustainable Development Plus [EFSD+]), development finance institutions, and multilateral partners. While framed as a geostrategic instrument to advance EU interests, its financial backbone remains the EU's development cooperation budget. This makes global fairness – notably coherence with partner-country development and decarbonisation pathways – a core operational requirement.

Global Gateway has the potential to align EU industrial, climate, and security goals with tangible benefits for partner countries. In practice, persistent gaps, including limited transparency on project selection, weak visibility of concrete outcomes, and perceptions that projects primarily serve European corporate or supply-chain interests, with insufficient alignment to partner-country development strategies and NDCs, undermine

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<sup>3</sup> As stated in the Outcomes of the Resumed Session of UNEA 5.2.

<sup>4</sup> The Green Deal Industrial Plan shows that the transition is no longer only about setting climate targets, but about building the European production capacity needed to achieve them. It frames decarbonisation as an economic strategy: creating lead markets, accelerating permitting, mobilising investment and scaling net-zero technologies made in Europe. This is central to competitiveness, jobs and energy security, and it clarifies why climate policy now directly shapes industrial, trade and investment decisions. The Critical Raw Materials Act is equally critical because it addresses the material backbone of the transition. Without secure, diversified and sustainable access to critical raw materials, the rollout of renewables, batteries, hydrogen and electrification simply cannot happen at scale. The Critical Raw Materials Act links climate policy with geopolitical resilience, supply chain security and global partnerships, therefore shaping how the EU engages with third countries, often resource-rich but economically vulnerable.

this potential ([CounterBalance, 2025](#)). Where investments focus on extraction or export infrastructure without supporting local value creation, skills, and institutions, they risk shifting costs onto partners.

These challenges are particularly relevant for the Clean Industrial Deal and forthcoming Clean Trade and Investment Partnerships, where Global Gateway is expected to play a financing role. Without stronger safeguards, there is a risk of reinforcing a one-sided model – fuelling perceptions of “green colonialism”, eroding trust, and weakening long-term cooperation. Embedding fairness requires clearer project criteria, alignment with partner priorities, stronger local participation, and measurable outcomes on jobs, skills, and value creation.

Global Gateway can function as strategic insurance for the EU’s industrial transition – reducing geopolitical risk, strengthening political buy-in in partner countries, and reinforcing the EU’s credibility as a fair and reliable partner. If not, it risks becoming a bottleneck for CTIPs and the Clean Industrial Deal’s external dimension, constraining rather than enabling shared decarbonisation and sustainable industrial development.

## E. The 2028-2034 MFF and the governance of EU external action

Negotiations on the post-2027 multi-annual financial framework (MFF), a seven-year budget of 1.98 trillion EUR, represent a key opportunity to embed global fairness into the EU’s external green transition architecture for the next decade. Beyond budget size, the MFF redesign will determine how EU industrial, climate and development objectives are prioritised, sequenced and governed across external action. The overall architecture of the MFF is simplified, with four main headings, including “Global Europe”. External financing is consolidated under the Global Europe instrument, with an indicative 200.3 billion euro envelope for external action, reflecting a strategic shift towards flexibility in a more volatile geopolitical context. While this signals a notable rise in ambition for the EU’s external action amid international spending cuts from the US and several EU member states, it also introduces structural risks for development coherence, partner-country predictability and trust.

The new architecture integrates development, competitiveness, security, migration and crisis response under a single instrument. While politically intelligible, this “dual objective” framework risks subordinating long-term structural transformation to short-term strategic imperatives, particularly in sectors such as critical raw materials, energy infrastructure and industrial connectivity. Three governance shifts are especially consequential.

First, the replacement of binding thematic and regional targets with indicative allocations significantly weakens predictability and accountability. Although the 90% official development agreement eligibility threshold is formally retained, it does not ensure developmental quality, alignment with partner-country transition strategies or sustained investment in institutional capacity. For partner governments, reduced predictability constrains planning horizons and increases the risk that structural investments are displaced by opportunistic or crisis-driven spending.

Second, the expanded role of blended finance guarantees and private-sector funding, particularly under EFSD+, signals a growing financialisation of EU external action. While these tools can mobilise capital, their dominance risks sidelining other instruments critical for inclusive local development.

Third, increased discretionary power for the Commission to channel funding towards projects deemed of “strategic interest” concentrates decision-making and weakens democratic oversight both within the EU and in partner contexts. This is particularly sensitive in sectors such as critical raw materials, where project selection has significant social, environmental and political implications. Without robust transparency and participation mechanisms, such discretion risks reinforcing asymmetries and undermining partner ownership. These risks are already visible in the evolving positioning of the Global Gateway, which is increasingly framed as a geopolitical, trade and supply-chain security tool.

The MFF negotiations constitute a strategic inflection point, not primarily about volumes of finance but rules,

governance and sequencing. Embedding fairness requires:

- restoring predictability through minimum thematic and regional commitments related to climate, local development or institutional capacity development
- rebalancing financial instruments to protect support for technical assistance, regulatory systems, skills or institutional capacity development
- strengthening transparency and partner-country participation

External partners are more likely to align with EU climate and industrial objectives when finance is perceived as enabling, predictable and reciprocal rather than extractive or conditional. Embedding fairness into standards and finance strengthens geopolitical credibility, reduces resistance to EU norms, and increases the likelihood that global partners align their production systems with EU climate objectives.

## F. “Clean” diplomacy: linking to the EU’s global transition strategy and the multilateral arenas

Since late 2025, the European Commission’s international climate and energy strategy has framed a global clean and resilient transition as a strategic priority, recognising that achieving net zero in Europe depends on cooperation in trade, finance, standards and technology deployment ([European Commission, 2025e](#)). Under this new strategy, the EU aims not only to decarbonise its own economy but to support a worldwide shift to clean energy and resilient economies while strengthening European technological and industrial leadership. In this context, the EU promotes flexible alliances or “coalitions of the willing”<sup>5</sup> with partner governments, investors and public actors to advance clean-tech deployment, regulatory alignment and financing frameworks. For these coalitions to contribute to global fairness, they must incorporate:

- transparent governance, local stakeholder involvement, strong environmental and social safeguards
- financing under EU external initiatives (e.g. Global Gateway) that avoids repeating extractive or export-only patterns and instead supports local value addition and equitable benefit sharing
- export-oriented clean-tech demand that does not outweigh partner countries’ domestic needs – i.e., that energy cooperation remains balanced, just and supportive of local transitions

There is also a risk of fragmentation if mini-bilateral initiatives are not clearly anchored in broader international frameworks and coordinated with member states’ bilateral actions. In summary, the EU’s new global transition strategy provides a strong political and institutional framework to strengthen climate diplomacy beyond rhetoric, as long as they are grounded in fairness, transparency and mutual benefit. The key challenge is to ensure that coalitions of the willing function not only as instruments of industrial positioning, but as platforms for equitable decarbonisation pathways.

The EU’s external green transition strategy must be understood in an evolving multilateral landscape shaped by G7 and G20 initiatives, geopolitical competition, and emerging coalition-building such as BRICS beyond traditional Western leadership. Under the 2025 Canadian G7 Presidency, leaders adopted a Critical Minerals Action Plan and the Toronto Action Plan on Circular Economy, reinforcing commitments to diversified, transparent, and responsible supply chains, alongside greater resource efficiency, reuse, and recycling, and collaboration beyond G7 members and with producer countries and communities. These G7 commitments overlap with global fairness principles: promoting standards-based, transparent markets; mobilising capital for responsible mining and processing; and integrating traceability and decent work into supply-chain governance. Operationally, within the EU, this implies aligning instruments (e.g., REsourceEU, Critical Raw Materials Act, CTIPs) with G7 roadmaps on traceability, labour standards and circular recovery targets in dialogues with partners and embedding these elements into CTIP sequencing and Global Gateway. Under

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<sup>5</sup> This concept has emerged in international climate governance to overcome consensus paralysis. It draws on experiences such as the G7-driven Climate Club, Just Energy Transition Partnerships (JETPs), G20 and sectoral alliances launched in parallel to COP processes, where climate-ambitious countries cooperate on specific technologies, standards or markets.

the 2026 French G7 Presidency, the EU can leverage this momentum by:

- pushing for inclusive critical minerals governance that integrates responsible sourcing, traceability and circular recovery criteria into higher-level cooperation
- offering technical assistance on standards and recycling infrastructure that aligns EU and G7 objectives
- shaping sectoral cooperation on materials efficiency and secondary markets in line with the Toronto Action Plan and global fairness criteria

The G20 Johannesburg Leaders' Declaration reaffirmed energy security, renewable expansion, and transition financing – particularly for emerging and lower-income economies – while advancing a critical minerals framework focused on diversification, resilience, and inclusive standards. It also positioned critical minerals as a development opportunity for African economies, aligning with EU priorities on fair value chains and industrial cooperation.

At the same time, political uncertainty in the United States – ahead of its 2026 G20 Presidency – adds complexity, with a shift toward more transactional multilateralism and supply chain security potentially sidelining climate governance. For the EU, embedding global fairness in the G20 requires anchoring climate action within economic security frameworks, linking it to trade, investment, and resilient supply chains. This includes:

- identifying policy alignment niches where climate and economic security overlap e.g. resilient critical minerals value chains, battery supply infrastructure, standards for traceable and circular material flows
- advocating for climate-trade policy integration in G20 communiqués, ensuring that climate commitments are not decoupled from broader economic security objectives
- using EU platforms (CTIPs, climate-trade fora) to offer technical cooperation packages that help partners implement G20 commitments on renewables and critical minerals
- shaping G20 critical minerals cooperation by proposing pilot joint ventures, shared processing hubs, and harmonised sustainability standards that include circular economy benchmarks
- aligning EU trade and investment dialogues with G20 priorities by creating structured tech cooperation channels that share best practice on regulatory frameworks and certification systems (e.g. digital product passports)
- preparing for the UK's 2027 G20 Presidency by aligning EU positions on open trade and resilient, sustainable supply chains, including circular standards and traceability, sustainable finance alignment, and joint leadership on climate-trade governance across World Trade Organisation and the United Nations Framework Convention on Climate Change. Operational work should begin in 2026 through EU-UK technical groups on critical minerals certification, co-financing mechanisms, and capacity building for climate action in developing countries.

### Broader multilateral clubs

Broader multilateral dynamics underscore the complexity of global governance. The concept of Climate Clubs (coalitions of countries voluntarily advancing carbon pricing and clean industrial standards) remains relevant to EU engagement if designed to avoid exclusionary trade impacts. Alternative groupings such as the expanded BRICS framework reflect aspirations for development cooperation outside traditional G7/G20 structures, emphasising trade, finance and industrial cooperation among Global South partners.

The EU should engage these groupings where interests converge (e.g. critical minerals, renewable deployment, technology transfer), while maintaining principled yet adaptable engagement to avoid geopolitical bifurcation. Supporting inclusive multilateral responses, such as integrating critical minerals and circular economy discussions into WTO and UN processes, can help anchor the EU's external strategy in global governance rather than exclusive blocs.

## 5. Global fairness as the EU external green strategy: restoring trust and influence in a fragmented world

Global fairness is a political imperative for safeguarding the EU's long-term autonomy, resilience, and global influence. In an increasingly fragmented and contested geopolitical landscape, the EU cannot secure its green transition through internal transformation alone, nor through transactional or extractive external engagement. Instead, its ability to act strategically depends on investing in fair, durable, and mutually beneficial partnerships that align climate ambition with development outcomes. This is what enables the EU to reduce critical dependencies without retreating into protectionism, and to project regulatory and economic power without provoking sustained resistance or fragmentation.

The current global energy crisis makes something clear: transitions that are not fair will not be stable, and transitions that are not stable will not be sustained. Embedding global fairness (across energy, trade, finance or resource governance) is therefore a condition for delivering a successful and ambitious energy transition.

A fairness-based approach allows the EU to reconcile two objectives often seen as competing: strategic autonomy and global cooperation. By embedding reciprocity, transparency, and shared value creation into its external green policies, the EU can diversify supply chains, strengthen resilience, and expand markets while avoiding the political backlash that accompanies perceived unilateralism. With competitiveness top of the agenda, it can transform value chains into more stable, inclusive, and shock-resistant systems and ensure that the benefits of the green transition are distributed in ways that sustain both domestic and international support.

Crucially, this requires a shift in how the EU invests in and structures its external action. Financial commitments, technical assistance, and regulatory frameworks must be deployed as part of coherent, long-term strategies rather than fragmented or one-sided instruments. Initiatives such as CTIPs and the Global Gateway must function as integrated platforms that combine trade, finance, technology cooperation, and governance support, enabling partner countries to move up value chains, build institutional capacity, and pursue their own green transitions. This is essential not only for equity, but for effectiveness: without credible opportunities for development and value addition, partner countries are more likely to resist, delay, or circumvent EU-led initiatives.

Fairness strengthens the EU's geopolitical position. It enhances credibility, reduces the risk of conflict and retaliation, and increases the likelihood that partners align with EU standards and climate objectives rather than forming alternative blocs. In a world of competing models and intensifying geoeconomic rivalry, the EU's comparative advantage lies precisely in its ability to build coalitions that bridge trade, climate, and industrial policy while remaining anchored in multilateralism. Fairness is the currency that makes these coalitions viable and durable over time.

Investing in global fairness is an investment in the EU's own future. It ensures that the European Green Deal and the Clean Industrial Deal are not only ambitious but deliverable, not only competitive but legitimate, and not only autonomous but connected to a broader system of cooperation. By moving decisively away from extractive models toward genuine partnerships, the EU can position itself as a stabilising force in the global transition – one capable of aligning economic transformation with social inclusion, environmental protection, and shared prosperity. In doing so, it reinforces both its internal cohesion and its external leadership, demonstrating that autonomy and fairness are not opposing goals, but mutually reinforcing pillars of a resilient and credible European project.



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# About GEF's Policy and Research Hub

The Green European Foundation (GEF) is a European-level political foundation whose mission is to contribute to a lively European sphere of debate and to foster greater citizen involvement in European politics. GEF strives to mainstream discussions on European policies and politics both within and beyond the Green political family. The foundation acts as a laboratory for new ideas and offers cross-border political education and a platform for cooperation and exchange at the European level.

GEF's Policy and Research Hub is centred on a Knowledge Communities methodology, fostering networks for knowledge production, exchange, and dissemination. It tackles key European issues, particularly related to the intersecting domains of energy, climate, social, and economic affairs. Ultimately, our Policy and Research Hub aims to deliver ideas and proposals that can inform and incentivise policies for an equitable and systemic green transition.

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