



# A new era of EU mini-trade deals?

Re-prioritising sustainable development  
through Clean Trade and Investment Partnerships (CTIPs)

## Executive Summary

The Clean Industrial Deal sets out a novel partnership model to engage with EU trading partners: Clean Trade and Investment Partnerships (CTIPs). The CTIPs are presented as a flexible tool for engaging with partners, helping the EU better navigate the current geopolitical context while accessing strategic markets, critical raw materials, and clean technology and energy. However, without careful design that re-prioritises the environmental and development dimensions of the trade-environment-development “triangle”, CTIPs risk perpetuating old extractivist models focused primarily on securing resources for EU industries. For CTIPs to be a game-changer for the EU, they must

re-prioritise the environment and development dimensions of the trade-environment-development nexus.

Drawing on best practices, this discussion paper offers policy options to consider as the Commission begins negotiating CTIPs, focusing on a strategic prioritisation; scope; legal nature; commitments; monitoring and enforcement, and governance. The authors argue that CTIPs should be developed as mini trade deals, that is, legally binding agreements with a targeted scope, addressing a crucial gap in the EU’s toolkit for engaging with trading partners. The new CTIPs should be built upon different pillars,

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such as trade and investment, sustainability standards, value addition in partner countries, and multi-stakeholder engagement. They should include tangible commitments for EU technical and financial support, as well as investment facilitation and regulatory cooperation provisions, together with built-in monitoring and enforcement mechanisms. By bringing decarbonisation, trade, and investment objectives into a single binding framework, the CTIPs can

help break up silos between domains where alignment has previously been absent. Achieving this will require setting up a clear yet flexible governance framework within the EU, structured around country-specific CTIP task forces. This could help foster cooperation within the different EU institutions and Commission services and ensure alignment between the EU's internal and external policies.



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## I. Introduction

The European Union (EU) is facing a trilemma: it is confronted with a climate crisis, which requires adopting urgent decarbonisation measures. The EU's competitiveness is under threat, as it has not kept pace with other major economies due to a persistent productivity gap.<sup>1</sup> And rising geopolitical tensions, exacerbated by the disruptions caused by the Trump administration together with rising Chinese industrial overcapacity, are exposing the bloc's international vulnerability and dependency on trading partners, including in securing Critical Raw Materials (CRMs) necessary to reach its net zero objectives.

The Clean Industrial Deal (CID), released on 26 February 2025, aims to address this trilemma by setting out a roadmap to enhance competitiveness, develop economic resilience, strengthen the EU's industrial policy, and accelerate industry decarbonisation. This marks a shift in the Commission's political priorities compared to the previous legislative term, which centred around von der Leyen's vision of a "geopolitical Commission" and green growth considerations, underpinned by the EU Green Deal. While previous priorities related to energy, climate, and biodiversity are no longer at the forefront, they remain important, especially insofar as they are linked to policy objectives of the CID.

Strengthening international partnerships and building new alliances will be critical to achieving the EU's new political priorities. Indeed, the CID highlights that the EU "cannot realise its clean industrialisation objectives without partnerships on the global stage".<sup>2</sup> The EU urgently needs international partnerships to secure access to CRMs, energy and technology necessary to achieve its climate goals and security objectives, and to create export markets for its goods, services, and capital. To this end, the Commission has announced its intent to develop Clean Trade and Investment Partnerships (CTIPs). CTIPs would be designed as complements to Free Trade Agreements (FTAs), with the benefit that they would be faster, more flexible, more targeted, and better tailored to the concrete interests of EU businesses and our partners.<sup>3</sup> CTIPs are expected to focus on strategic supply chains, including CRMs, clean energy, and clean technologies. As highlighted in the CID, CTIPs will constitute an "integrated offer" to partner countries, bringing together rules, regulatory cooperation, and investment under one umbrella.

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The CID, however, frames CTIPs predominantly as an instrument to advance the EU's economic and political interests. This is a missed opportunity. For CTIPs to be a game-changer for the EU, they must re-prioritise the environment and development dimensions of the trade-environment-development nexus – or the "triangle" – an

*Strengthening international partnerships and building new alliances will be critical to achieving the EU's new political priorities.*

<sup>1</sup> Draghi, "The Future of European Competitiveness". Part A: A Competitiveness Strategy for Europe.

<sup>2</sup> European Commission. "Clean Industrial Deal: A joint roadmap for competitiveness and decarbonisation." 26.2.2025 (COM(2025) 85 final).

<sup>3</sup> European Commission. "Clean Industrial Deal: A joint roadmap for competitiveness and decarbonisation." 26.2.2025 (COM(2025) 85 final).

issue that Europe Jacques Delors has extensively explored in previous work.<sup>4</sup> This view is shared by some in the Commission, with a senior official noting that CTIPs can serve as a vehicle “to better address the development side of the triangle”.<sup>5</sup> Making CTIPs deliver for development is imperative beyond global solidarity or climate justice reasons. It will be critical to develop an attractive value proposition for EU trading partners in the Global South, in a world where, as noted in the CID, “major economies are vying for access to markets, critical raw materials, new technologies, and global trade routes in the race to climate neutrality and to develop or acquire strategic technologies first”.<sup>6</sup> The disruptions caused by the Trump Administration’s disregard for multilateral trading principles and traditional alliances heighten the urgency for the EU to strengthen its outreach to trading partners and try to boost its influence and global standing.

**“ Making CTIPs deliver for development is imperative beyond global solidarity or climate justice reasons. It will be critical to develop an attractive value proposition for EU trading partners in the Global South. ”**

This discussion paper explores how the CTIP model, little of which is currently known, could become a new model for green development. After providing an overview of the EU’s green toolbox for international engagement, the authors propose policy options for the new CTIPs, focusing on strategic prioritisation; scope; legal nature; commitments (technical and financial assistance, regulatory cooperation, and investment) monitoring and enforcement; and governance.

## II. The EU’s green toolbox for international engagement

Traditionally, the main instrument the EU has engaged with trading partners has been through legally binding free trade agreements (FTAs). Over the years, FTAs have evolved into so-called “deep” trade agreements, increasingly encompassing disciplines beyond market access, such as investment, competition policy, or product regulations. Since the signing of the EU-Korea FTA in 2009, all EU FTAs have included Trade and Sustainability (TSD) Chapters, encompassing provisions on the environment, climate change, labour rights, and responsible business conduct. Other binding models adopted by the EU include Economic Partnership Agreements (EPA), which are trade and development deals negotiated between the EU and African, Caribbean and Pacific (ACP) countries, which were negotiated after the signing of the Cotonou Partnership Agreement in 2000. Some of them, such as the EU-SADC EPA and the EU-CARIFORUM EPA, and the EU-Kenya EPA, include TSD provisions.<sup>7</sup> More recently, the Commission signed the EU-Angola Sustainable Investment Facilitation Agreement (SIFA), the first-ever EU agreement on investment facilitation, to stimulate foreign investments needed to achieve sustainable development goals.<sup>8</sup>

Meanwhile, the Commission has adopted various autonomous green trade measures (also called “autonomous measures”). Most notably, these include the Carbon Border Adjustment Mechanism (CBAM), the Regulation on Deforestation-Free Products (EUDR), seeking to align its import regimes with changes in the EU domestic market stemming from the EU’s environmental and climate goals,

<sup>4</sup> Pascal Lamy, Geneviève Pons, Colette van der Ven, Cláudia Azevedo, ‘Greening Trade 14 - EU trade and the environment: Development as the missing side of the triangle’, Europe Jacques Delors, 2 June 2023.

<sup>5</sup> European Commission, “Trade and environment – Trading our way through the green transition”, Trade off podcast, episode 9, minute 29.

<sup>6</sup> European Commission. “Clean Industrial Deal: A joint roadmap for competitiveness and decarbonisation.” 26.2.2025 (COM(2025) 85 final).

<sup>7</sup> Economic Partnership Agreements (EPAs). Available at : <https://trade.ec.europa.eu/access-to-markets/en/content/economic-partnership-agreements-epas>.

<sup>8</sup> European Commission, ‘EU/Angola-First-Ever Sustainable Investment Facilitation’, 17 November 2023.

as set out in the EU Green Deal and the Fit for 55 package.<sup>9</sup> These autonomous measures render EU market access for covered products contingent on compliance with a set of environmental requirements and have been subject to criticism. Especially EU trading partners in the Global South accused the EU of green protectionism and imperialism, highlighted fairness and justice considerations, and the economic challenges and compliance costs linked to these measures.<sup>10</sup> To strengthen the supply side of these autonomous measures, and advance sustainable and inclusive development, the Commission has developed various non-binding initiatives with the Global South, including a Task Force on Carbon Markets aimed at developing a global approach to carbon pricing and support countries seeking to set up their own carbon pricing mechanisms; an Ad Hoc Joint Task Force on the EUDR to support technical coordination dialogue on the EUDR with Malaysia and Indonesia; and the Team Europe initiative on deforestation-free supply chains with an initial package of €70 million in funding to support partner countries in transitioning to deforestation-free agricultural value chains.

In parallel, the Commission's increased interest in establishing and maintaining a secure and sustainable supply of critical raw materials to the EU has led to the adoption of the EU Critical Raw Materials Act (CRMA), as well as to a new era of "Raw Materials Diplomacy", which involves reaching out to trading partners through the development of non-binding strategic partnerships on renewable energy and/or raw materials.<sup>11</sup> Indeed, since 2021, the Commission has concluded 14 strategic partnerships

on raw materials.<sup>12</sup> Most of these new partnerships aim to support infrastructural investments and the creation of local added value and domestic revenue mobilisation through the Global Gateway, an EU initiative which seeks to promote sustainable, high-quality projects in partner countries, offering an alternative to China's Belt and Road initiative.<sup>13</sup> Table 1 provides a non-exhaustive overview of the EU's green toolbox for international engagement.

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In the new EU cycle, building long-term, mutually beneficial partnerships with other regions is central to realising the Commission's new priorities.<sup>14</sup> According to the new Commissioner for Trade and Economic Security, Maroš Šefčovič, there is a "need to offer new products on the shelf", including through greater deployment of under-utilised models like EPAs and SIFAs, as well as by introducing new partnership models, such as the CTIPs, which will follow a new flexible approach both in terms of their content and format. The next section explores ways CTIPs can be leveraged to step up engagement with developing countries and re-prioritise inclusive and sustainable development.

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<sup>9</sup> Pascal Lamy, Geneviève Pons, Colette van der Ven, Cláudia Azevedo, 'Greening Trade 14 - EU trade and the environment: Development as the missing side of the triangle', Europe Jacques Delors, 2 June 2023.

<sup>10</sup> Pascal Lamy, Geneviève Pons, Colette van der Ven, Cláudia Azevedo, 'Greening Trade 14 - EU trade and the environment: Development as the missing side of the triangle', Europe Jacques Delors, 2 June 2023.

<sup>11</sup> Cláudia Azevedo, Pascal Lamy, Geneviève Pons, Helena van Thiel, 'From Rhetoric to Action: Taking Stock of the Green Trade Agenda of von Der Leyen's "Geopolitical" Commission', Europe Jacques Delors, 2 October 2024.

<sup>12</sup> This includes Argentina, Australia, Canada, Chile, the Democratic Republic of the Congo, Greenland, Kazakhstan, Namibia, Norway, Rwanda, Serbia, Ukraine and Zambia. The EU also has additional relations with Brazil, China, Colombia, Japan, Mexico, Peru, the United States, Uruguay, the EuroMed countries and the African Union. [https://single-market-economy.ec.europa.eu/sectors/raw-materials/areas-specific-interest/raw-materials-diplomacy\\_en](https://single-market-economy.ec.europa.eu/sectors/raw-materials/areas-specific-interest/raw-materials-diplomacy_en).

<sup>13</sup> San Bilal and Chloe Teevan, 'Global Gateway: Where now and where to next?', ECDPM, Discussion paper No. 368, July 2024, p.4.

<sup>14</sup> European Commission, 'Political Guidelines 2024-2029', 18 July 2024.

**Table 1: EU's green toolbox for international engagement (non-exhaustive list)**

Type	Name	Description	EU governance	Partner countries
Trade and investment agreements <sup>15</sup>	Free Trade Agreements (FTAs)	Enable reciprocal market opening by granting preferential access to markets.	European Commission, DG TRADE	Over 20 agreements in place, five under negotiation <sup>16</sup>
	Economic Partnership Agreements (EPAs)	Trade and development agreements negotiated with African, Caribbean and Pacific (ACP) countries and regions.	European Commission, DG TRADE	33 out of 79 ACP countries across seven regions <sup>17</sup>
	Sustainable Investment Facilitation Agreements (SIFAs)	Bilateral investment agreements to improve the business environment through investment facilitation measures and stimulate foreign investments to achieve the SDGs.	European Commission, DG TRADE	Angola
	Voluntary Partnership Agreements (VPAs)	Bilateral trade agreements with timber-exporting countries to ensure timber/ timber products entering the EU are legally produced.	European Commission, DG TRADE	Ghana, Cameroon, Central African Republic, Liberia, Republic of the Congo, Indonesia, Guyana
Energy, raw materials & climate partnerships	Just Energy Transition Partnerships (JETPs)	Finance cooperation mechanism between the International Partners Group (incl. EU) and a carbon-intensive developing country to accelerate their transition to low-carbon economies.	European Commission, DG INTPA	South Africa, Indonesia, Vietnam, Senegal
	Strategic Partnerships on Raw Materials and/or Renewable Hydrogen	Cooperation with individual resource-rich countries on sustainable CRM supply chains, renewable hydrogen, and/or energy efficiency	European Commission, DG GROW, DG INTPA	Serbia, Australia, Uzbekistan, Norway, Rwanda, Greenland, DRC, Zambia, Chile, Argentina, Namibia, Kazakhstan, Ukraine, Canada, Egypt
	Green Partnerships and Alliances	Bilateral partnerships to deepen cooperation on climate action, clean energy and environmental protection.	European Commission, DG CLIMA	Green Partnerships (Morocco, Korea), Alliances (Canada, Japan, Norway)
	Forest Partnerships	Enhance the role of forests in the sustainable development of partner countries and improve forest governance.	European Commission, DG INTPA	Honduras, Mongolia, Guyana, Republic of Congo, Uganda, Congo, Zambia

<sup>15</sup> The EU maintains a network of over 40 agreements with 70+ countries and regions, with more under negotiation. For 20+ additional agreements, negotiations have been concluded, but adoption and ratification are ongoing. The EU also enters into non-preferential trade agreements, such as Partnership and Cooperation Agreements (PCAs). The state of play of EU trade agreements can be found at: [https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/negotiations-and-agreements\\_en](https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/negotiations-and-agreements_en).

<sup>16</sup> Includes FTAs as well as Association Agreements which are broader agreements covering many policy areas, with a primary focus on economic cooperation. FTA negotiations are ongoing with Australia, India, Indonesia, Philippines, and Thailand.

<sup>17</sup> 33 out of 79 ACP countries are already implementing EPAs across seven regions: Central Africa; Eastern and Southern Africa; East African Community (EAC); Southern African Development Community; West Africa; Caribbean; and the Pacific. The EPAs with West Africa and the EAC have yet to be regionally implemented. Meanwhile, the EU and Kenya concluded an EPA to bilaterally implement the EU-EAC EPA (open to other EAC members) and interim EPAs with Ghana and Côte d'Ivoire.

Finance	EU Budget - NDICI Global Europe programme	The EU's 2021-2027 budget earmarks €79.5 billion for external action via the Global Europe - Neighbourhood, Development and International Cooperation Instrument (NDICI).	European Commission, DG BUDGET	Open to all countries except for the pre-accession beneficiaries
	Global Gateway <sup>18</sup>	The Global Gateway aims to mobilise €300 billion between 2021-2027 to boost European investments in high-quality projects in partner countries.	European Commission, DG INTPA	220 projects across over 100 countries
Dialogue and cooperation platforms	Trade and Technology Council (TTC)	Forum to deepen bilateral strategic partnerships on global trade, economic, and technology issues.	European Commission, DG TRADE	US, India
	Ad Hoc Joint Task Force on the EUDR	Consultative mechanism for technical coordination and dialogue on the EUDR's implementation.	European Commission, DG ENV	Malaysia, Indonesia
	Sustainable Cocoa Initiative	Initiative aimed at improving the sustainability of the cocoa supply chains via dialogue and development cooperation.	European Commission, DG INTPA	Cameroon, Ghana, Côte d'Ivoire
	Minerals Security Partnership (MSP) Forum	Multilateral cooperation platform between CRM-producing and consuming countries, co-led by the EU and the US.	European Commission, DG TRADE	30 members. Membership base expected to expand. <sup>19</sup>
	Task Force for International Carbon Pricing and Markets Diplomacy	Platform to engage with and support partner countries in developing carbon pricing policies and robust approaches to international carbon markets.	European Commission, DG CLIMA	Open to all countries

<sup>18</sup> The Global Gateway is comprised of multiple initiatives and projects. These include some partnerships listed in this table, such as the CRM and renewable hydrogen partnerships and the JETPs, as well as other tools like the Aid for Trade programme. The Global Gateway is supported by the EU budget, notably under NDICI Global Europe instrument, as well as by the European Investment Bank, member states and their development institutions, and the European Bank for Reconstruction and Development (EBRD). More on the Global Gateway is available at [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/stronger-europe-world/global-gateway\\_en](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/stronger-europe-world/global-gateway_en).

<sup>19</sup> The MSP forum falls within the framework of the US-led MSP initiative and currently has 30 members: 15 members of the US-led MSP (Australia, Canada, Estonia, Finland, France, Germany, India, Italy, Japan, Norway, the Republic of Korea, Sweden, the United Kingdom, the US and the EU), and 15 forum members (the DRC, the Dominican Republic, Ecuador, the Philippines, Serbia, Türkiye, Zambia, Argentina, Greenland, Kazakhstan, Mexico, Namibia, Peru, Ukraine, and Uzbekistan).

### III. CTIPs as a new model for sustainable development partnerships

The CTIPs are put forward as a strategic addition to the EU's toolbox, offering a faster, more flexible and targeted engagement strategy, and thus, more fit for purpose in the new geopolitical context.<sup>20</sup> No CTIP has been negotiated yet, and no information has been provided about their structure, legal nature, and substance. Most of what is known about CTIPs comes from the Commission's political guidelines, the confirmation hearings, the CID and other official statements. During the Commissioner hearings, Trade Commissioner Šefčovič emphasised their role in "supporting the development of our partners through enhanced investment".<sup>21</sup> According to Šefčovič, the CTIPs will focus on creating value in partner countries, adhering to the highest environmental, sustainability, and human rights standards, and contributing to their overall economic development. Summing up this vision, he stated: "We will not bring the ship full of workers, concrete, cement, with no value created on the spot".<sup>22</sup>

and securing better access to raw materials, clean energy and clean tech. The CID further highlights that it will focus on bringing together rules, regulatory cooperation and investment – without specifying how these will be connected to sustainable development beyond partners' decarbonization objectives. There are, however, no references to sustainable development beyond decarbonisation, the Sustainable Development Goals (SDGs), human rights, or value-addition in partner countries. To make a sufficiently attractive offer to partner countries, CTIPs must balance the EU's economic interests in strategic sectors with genuine, concrete support for partner countries' sustainable development and industrialisation objectives. Moreover, CTIPs should cover not only CRMs clean energy and clean technologies, but also issues like biodiversity, circular economy and waste management—depending on the situation of the partner country—serving as a tool to tackle the triple planetary crisis while mitigating tensions linked to the EU's autonomous measures. To ensure their effectiveness, CTIPs must be legally binding—or become legally binding over time—and be subject to robust monitoring and enforcement mechanisms. These elements are developed in more detail below.

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However, the CID presents CTIPs as an instrument to predominantly advance the EU's economic interests – including its industrial policy objectives, businesses' opportunities and needs; minimising the EU's strategic dependencies;

#### // A. Strategic prioritisation

While CTIPs can, in theory, be concluded with any trading partner, they seem primarily conceived as a model to further closer relations with the Global South, reflecting a key priority of the new Commission. A closer look at the political guidelines and official statements offers some clues

<sup>20</sup> Maroš Šefčovič, 'Hearing of the Commissioner-Designate: Maroš Šefčovič', European Parliament, 4 November 2024, p.6.

<sup>21</sup> Maroš Šefčovič, 'Written Questions and Answers', European Parliament, 4 November 2024, p.7.

<sup>22</sup> Maroš Šefčovič, 'Hearing of the Commissioner-Designate: Maroš Šefčovič', European Parliament, 4 November 2024, p.44 ; European Commission, 'Political Guidelines 2024-2029', 18 July 2024.

about the EU's geostrategic priorities per region. In Latin America and the Caribbean, cooperation is expected to focus on "shared priorities" such as security and energy. In the Indo-Pacific, the EU aims to strengthen ties with ASEAN and develop a new strategic agenda with India.<sup>23</sup>

Africa appears to occupy a particularly prominent place in the EU's agenda. When it comes to cooperation with Africa, the Commission's political guidelines emphasise channelling investments into transport corridors, ports, renewable energy generation, green hydrogen production, and raw materials value chains. Trade Commissioner Maroš Šefčovič has also promised to deepen trade and investment ties with African countries, including exploring SIFA agreements with countries like Ghana, Côte d'Ivoire, and Cameroon. Additionally, he has identified South Africa and Nigeria as candidates for trade and investment dialogues and potential CTIPs, further highlighting the EU's strategic focus on the African Continent.<sup>24</sup> Indeed, the first CTIP will be discussed in March 2025 with South Africa.<sup>25</sup>

In addition to the emphasis on individual countries, CTIPs could potentially also be concluded with regions. For instance, in the African context, this could include negotiating CTIPs with Regional Economic Partnerships, such as the East African Community (EAC) or the Southern African Development Community (SADC). Doing so would allow the Commission to leverage existing free trade areas, while avoiding creating divisions within such integrated regional block. However, negotiations at a regional level will likely take longer.

CTIPs' focus on accessing CRMs, clean technology and clean energy, while creating export markets for the EU suggests that the EU will prioritise countries in the Global South that are considered of geostrategic importance. Therefore, this will likely exclude LDCs and developing

countries that are not home to significant mineral reserves or clean industries. However, when identifying potential CTIP partners, the Commission should consider multiple factors beyond a country's resource wealth. A country's competitive advantage may also lie in other areas, such as a skilled workforce, established industrial clusters or innovation systems.<sup>26</sup> Other considerations include a country's strategic location (e.g., proximity to the EU, regional geostrategic significance), as well as national decarbonisation and industrialisation priorities (e.g., developing a green hydrogen economy, CRM mining and processing, specific value chain development). The potential for negative spill-overs from the EU's autonomous measures adopted in the context of the Green Deal should also be factored in, given that the CTIPs could be a vehicle to step up bilateral cooperation with affected partner countries. Meanwhile, as CTIP negotiations will likely be limited to countries of geostrategic importance, the Commission should consider how to step up engagement with non-strategic developing countries, particularly LDCs, to ensure they are not left behind. Indeed, the Paris Agreement, as well as the SDGs, emphasize the importance of development assistance beyond a country's transactional interests.

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The EU already engages with partner countries through a variety of instruments, creating a complex patchwork of tools that often coexist in parallel, as outlined in table 1. To avoid reinventing the wheel, the Commission should care-

<sup>23</sup> European Commission, 'Political Guidelines 2024-2029', 18 July 2024.

<sup>24</sup> Maroš Šefčovič, 'Hearing of the Commissioner-Designate: Maroš Šefčovič', European Parliament, 4 November 2024, p.15.

<sup>25</sup> European Commission, 'Speech by President von der Leyen at the EU Ambassadors Conference 2025'. 4 February 2024.

<sup>26</sup> Sébastien Treyer, Chukwumerije Okereke, and Elisabeth Hege, 'After US Elections, Africa and Europe Should Strengthen Partnership for Green Industrialization', IDDRI, 14 November 2024.



fully assess the existing landscape of engagement tools with a particular country before pursuing a CTIP. Most importantly, CTIPs may not be the right tool for engaging with the most vulnerable developing countries and LDCs, particularly when there is no direct economic incentive for the EU. However, deprioritizing engagement with these countries in favor of a purely interest-based economic foreign policy could have serious consequences. It would not only undermine global climate and environmental goals, but also weaken the EU's trade relations at a critical juncture, when the bloc must forge new partnerships and bolster its global standing to strengthen its competitiveness and economic security.<sup>27</sup> Now more than ever, the EU must prioritise global cooperation combining trade, environment and development dimensions with all trading partners, including the most vulnerable, even if this requires exploring alternatives tools and instruments fit for the current geopolitical context, other than CTIPs.

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## B. Scope

As outlined in official statements, CTIPs are envisioned as trade and investment partnerships centred on three main areas: CRMs, clean energy, and clean technology. Moreover, the CID highlights that CTIPs will bring together rules, regulatory cooperation, and investment. To ensure that the EU's renewed focus on competitiveness, resilience

and security does not come at the expense of lower environmental and sustainability ambitions, CTIPs must also include commitments to sustainability practices – most notably sustainable mining. This would require including provisions relevant to protecting indigenous rights, addressing corruption related to mining, making references to water use, soil and waste management, highlighting sustainable impact assessments, and including references to relevant international frameworks, including the Sustainable Development Goals (SDGs) and the recommendations of the UN Secretary-General's Panel on Critical Energy Transition Minerals ("CETM").<sup>28</sup> Emphasising the EU's commitment to sustainable mining, coupled with providing the necessary financial and technical assistance as elaborated upon below, would enhance the attractiveness of CTIPs for trading partners by better aligning the EU's new political priorities with sustainable development considerations. Moreover, CTIPs must further identify opportunities for value addition in the partner country.

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Beyond the current focus on CRMs, clean energy and clean technology, CTIPs should be sufficiently flexible to cover other environmental issues, including the circular economy, and biodiversity. As these issues are closely linked to regulations under the Green Deal, such as the EUDR, the CBAM and the Eco-design for Sustainable Products Regulation (ESPR), the CTIPs could serve as a vehicle to step up cooperation and mitigate any negative spillovers of these measures on trading partners. Doing so would facilitate win-win partnerships for both the Commission and the partner country. For instance, CTIPs could support the develop-

<sup>27</sup> Colette van der Ven; Sanvid Tuljapurkar, 'Stepping up EU Forest Protection through partnerships, Recommendations for von der Leyen II', Fern (Forthcoming)

<sup>28</sup> European Commission, 'UN Panel on Critical Energy Transition Minerals unveils Actions and Principles for Justice and Equity,' 11 September 2024.

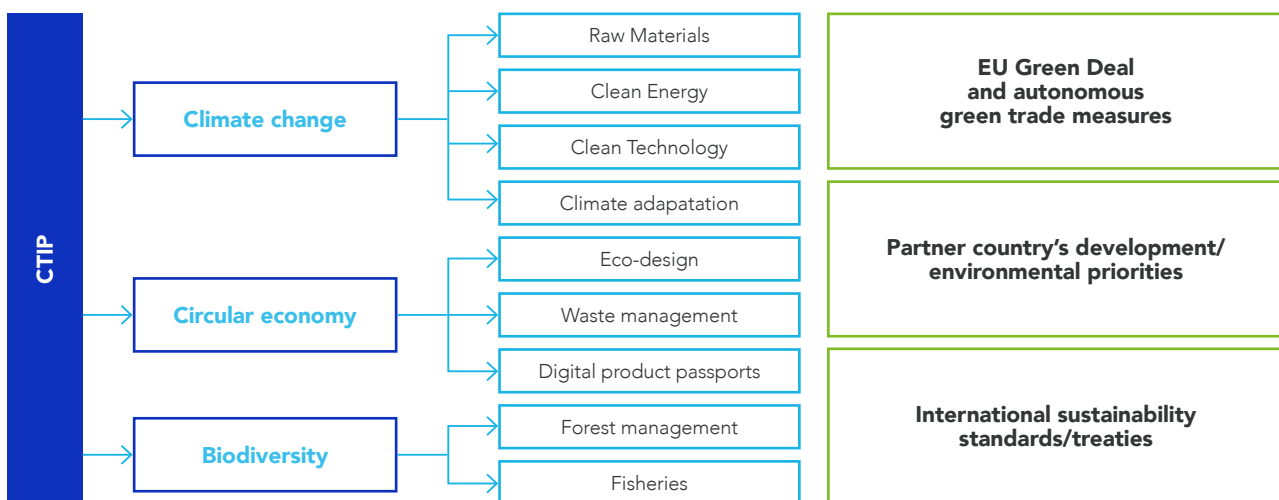
ment of green hydrogen sectors in partner countries to be used in the decarbonisation of energy-intensive industries covered by the EU CBAM.<sup>29</sup>

**CTIPs could offer a “menu” of thematic options to be emphasised or de-emphasised depending on the relevance of the issue for the EU and the trading partner.**

Specifically, CTIPs could offer a “menu” of thematic options, as illustrated in Figure 1, to be emphasised or de-emphasised depending on the relevance of the issue for the EU and the trading partner. For example, a CTIP with countries with large forest coverage and CRMs could prioritise provisions on sustainable forest management and responsible mining, whereas partnerships with countries with renewable energy potential and/or high carbon-intensive industries could focus on decarbonisation. Furthermore, as outlined by the Commission, CTIPs

appear to focus primarily on advancing climate mitigation objectives. While climate mitigation may be a priority for some developing countries, for others, such as for many African countries, which are highly vulnerable and exposed to the impact of climate change, climate adaptation is an even more pressing concern.<sup>30</sup> Therefore, if CTIPs are to address the priorities of trading partners, they should also incorporate climate adaptation measures and provisions where appropriate, alongside mitigation efforts. Doing so would enable CTIPs to be tailored to the different partners’ needs, while integrating different engagement strategies into a single, unified green industrialisation approach for each partner. Moreover, it would enable negotiation between different pillars of a CTIP, thereby maximising incentives both for trading partners and the EU. For example, a trading partner could request additional financial and technical assistance to tackle deforestation and improve mining standards in exchange for granting the EU access to its CRMs.

Figure 1: Illustration of the “menu” of thematic options for CTIPs



<sup>29</sup> Pascal Lamy; Geneviève Pons; Colette van der Ven; Cláudia Azevedo, “Greening Trade 16 - Turning the EU’s Carbon Border Adjustment Mechanism into a green development tool”, Europe Jacques Delors, 29 April 2024.

<sup>30</sup> UN Environment programme, ‘Adaptation Gap report 2024’, Report UNEP, 7 November 2024.

### C. Legal nature

*To prevent the CTIPs from becoming yet another soft tool in the EU's partner engagement strategy, the Commission should consider developing CTIPs as "mini trade and investment deals".*

To prevent the CTIPs from becoming yet another soft tool in the EU's partner engagement strategy, the Commission should consider developing CTIPs as "mini trade and investment deals", that is, legally binding trade agreements with a narrower, more targeted scope.<sup>31</sup> CTIPs should be negotiated to eventually become binding agreements, even if not immediately feasible.<sup>32</sup> Developing legally binding mini-trade deals is not new for the EU. Indeed, precedence exists in the form of Voluntary Partnership Agreements (VPAs), adopted in the context of the Forest Law Enforcement, Governance & Trade (FLEGT) project. The FLEGT Regulation, authorised the Commission to conclude VPAs with interested timber producing countries outside the EU.<sup>33</sup> While countries entered into such agreements voluntarily, once concluded, the VPAs received the status of a trade agreement, becoming legally binding upon the parties.

Turning the CTIPs into mini-trade and investment deals will be key to addressing the limitations of existing models, such as strategic partnerships on CRMs and renew-

able energy, JETPs, and forest partnerships, which are not legally binding and therefore, weak partnership instruments. Moreover, developing legally binding mini-trade deals would provide more stability and be more efficient in securing a sustainable long-term supply of critical goods while improving the attractiveness of the EU's offer to partner countries. It would also increase the overall transparency of the CTIP process, with stronger oversight and scrutiny by the Council and Parliament.

*The EU could seek to balance the urgency of securing access to CRMs and climate action with the instrument's effectiveness by negotiating CTIPs first as non-binding instruments but with the intent of becoming binding at a later stage.*

However, negotiating binding CTIPs might lead to longer and more complex negotiations – even if their scope will be reduced vis-à-vis FTAs. In a world where major economies are increasingly vying for access to markets and CRM supply chains, time is not on the EU's side. The EU could seek to balance the urgency of securing access to CRMs and climate action with the instrument's effectiveness by negotiating CTIPs first as non-binding instruments but with the intent of becoming binding at a later stage. An example of a sector-specific trade agreement that gradually became legally binding is the new digital trade agreements (DPAs), concluded in July 2024 between the EU, Korea and

<sup>31</sup> Article XXIV of the General Agreement on Tariffs and Trade (GATT) allows FTAs – generally referring to agreements that bring substantially all tariffs on goods between two or more countries down – as an exception to WTO non-discrimination principles. However, many trade-related agreements do not align with the traditional structure of FTAs. Nearly all WTO members frequently conclude these alternative agreements, which often address non-tariff barriers. Due to a reluctance among members to criticise each other's agreements and invite reciprocal criticism, some argue that Article XXIV's rules have become less relevant in practice. See Kathleen Claussen, 'Trade's Mini-Deals', University of Miami Law School, Winter 2022; Kathleen Claussen, 'Next-Generation Agreements and the WTO', World Trade Review, 21(3), 2022.

<sup>32</sup> To turn the CTIPs into a legally binding deal, they should fall under articles 207 and 218 of the TFEU, which set procedural rules for negotiating and concluding trade agreements. Among other things, the CTIPs would require Council authorisation for the Commission to open negotiations on behalf of the EU and Parliament's oversight throughout the process.

<sup>33</sup> EUFLEGT Facility, 'VPAs and the FLEGT Action Plan', accessed 10 January 2025.

Singapore.<sup>34</sup> The parties started deepening cooperation on digital matters, first, with a non-binding digital partnership, followed by a comprehensive set of digital principles, which ultimately paved the way for negotiations on a binding digital trade agreement.<sup>35</sup>

## D. Commitments

### a. Technical and financial assistance

*CTIPs should include an integrated offer for technical and financial assistance, to be driven by the priorities and needs of developing countries.*

CTIPs should include an integrated offer for technical and financial assistance, to be driven by the priorities and needs of developing countries, rather than being solely a reflection of EU geostrategic and economic interests. Technical and financial assistance is important to help partners raise sustainability standards and build domestic capacity to move up the value chain in high-value clean energy sectors. It is also necessary to support them in implementing the sustainability commitments in the CTIPs, in line with the principle of Common but Differentiated Responsibilities and Respected Capabilities (CBDR-RC), as set out in the Paris Agreement. Such support would encourage developing countries to agree to more ambitious sustainability provisions without bearing the full compliance burden. Moreover, technical and financial assistance should focus on technology and skills transfer, where required, which will be critical to advance industrialization and climate objectives in partner countries.

In practice, CTIPs could allocate a specific amount of funding to be earmarked to areas of common interest based on a joint identification of priorities. This should lead to

a detailed, timebound roadmap of activities to be agreed upon with the CTIP partner, outlining how such support will be distributed. For a CRM-rich country, this could include assistance for sustainable mining initiatives, assistance to comply with specific sustainability provisions, or assistance relevant to addressing financial constraints affecting stakeholder participation, such as civil society mechanisms (see point E below). In addition, the EU could support training programmes to develop skills in sustainable mining and processing, as well as identify specific green technologies that are patented in the EU, and set out how it will make these available and accessible to the partner country.

*Discussions around the nature and amount of support needed should occur early in the negotiations and be reflected in the agreement's text. This is critical to prevent sustainability matters from becoming obstacles to finalising CTIPs or leading to undesirable outcomes.*

Discussions around the nature and amount of support needed should occur early in the negotiations and be reflected in the agreement's text. This is critical to prevent sustainability matters from becoming obstacles to finalising CTIPs or leading to undesirable outcomes such as exacerbated tensions over CBDR-RC concerns, watered-down sustainability commitments and/or long and complex negotiations.<sup>36</sup> Moreover, CTIPs should include specific and binding technical and financial assistance commitments to developing country trading partners. This must be linked to the Global Gateway, following a Team Europe approach, mobilising member states, public development banks and development finance institutions, the European Investment Bank, the European Bank for Reconstruction

<sup>34</sup>European Commission, 'Digital Trade Agreements', accessed 10 January 2025.

<sup>35</sup>Press and information team of the Delegation to Singapore, 'Study on the Potential Impacts of a Future EU-Singapore Digital Trade Agreement', 25 July 2024.

<sup>36</sup>Pascal Lamy et al., 'Towards a More Inclusive, Sustainable, and Cooperative EU Agricultural Trade: Lessons from Practice', Europe Jacques Delors, 23 May 2024, p.22.

and Development, export credit agencies, and the private sector. This is also in line with the EU's intention to "take the Global Gateway to the next level by proposing an integrated offer to trading partners", focusing on infrastructure investment, trade, and macro-economic support.<sup>37</sup> A recent example of financial assistance attached to the implementation of an FTA is the EU-Mercosur deal, where the EU pledged EUR 1.8 billion as part of the Global Gateway to support a fair green and digital transition in Mercosur countries (Brazil, Argentina, Bolivia and Paraguay).<sup>38</sup> Additionally, the EU together with the United Nations Conference on Trade and Development (UNCTAD), allocated EUR 2.8 million to a joint regional fund to help Angola implement commitments made under the EU-Angola Sustainable Investment Facilitation Agreement (SIFA).<sup>39</sup>

and spent. This is a missed opportunity. As it stands, the CBAM regulation – currently undergoing simplification and review before the definitive period – simply includes a preambular reference reiterating the EU's commitment to supporting low- and middle-income countries, particularly LDCs, through the Union budget.<sup>40</sup> Despite the absence of a legal obligation in this regard, nothing prevents the EU from channelling the CBAM proceeds, in whole or in part, to support mitigation actions in partner countries most impacted by the mechanism.<sup>41</sup> While the CBAM is expected to generate modest revenues, the repurposing of the proceeds could go a long way in addressing climate justice and fairness concerns raised by EU trading partners. The CTIPs could be a vehicle to step up and fine-tune technical and financial assistance to partner countries based on their level of CBAM exposure and vulnerability, using the proceeds collected. This could include support for monitoring, reporting and verification (MRV) activities or facilitating the decarbonisation of domestic energy-intensive industries particularly exposed to CBAM.

#### **b. Investment**

*Credible commitments by the EU to invest in specific sectors and industries in the trading partner, coupled by a mechanism to update the identification of such investment projects, will be critical to offer trading partners an attractive deal.*

For the CTIPs to be effective, they must facilitate EU investment in sustainability projects that bring value-added and support industrialisation in the partner country. Areas of

*The CTIPs could also be leveraged as a tool to facilitate compliance with the EU's autonomous measures by providing targeted technical and financial assistance. For instance, the Commission should consider using CTIPs as a vehicle to redistribute revenues collected from CBAM.*

Furthermore, the CTIPs could also be leveraged as a tool to facilitate compliance with the EU's autonomous measures by providing targeted technical and financial assistance. For instance, the Commission should consider using CTIPs as a vehicle to redistribute revenues collected from CBAM. Indeed, so far, no concrete financial assistance commitments linked to CBAM have been made and it remains unclear how the CBAM proceeds will be allocated

<sup>37</sup> European Commission, 'Political Guidelines 2024-2029', 18 July 2024.

<sup>38</sup> European Commission, 'EU and Mercosur reach political agreement on groundbreaking partnership', 6 December 2024.

<sup>39</sup> European Commission, 'EU/Angola-First-Ever Sustainable Investment Facilitation', Text, 17 November 2023.

<sup>40</sup> Official Journal of the European Union, Regulation (EU) 2023/956 of the European Parliament and of the Council of 10 May 2023 establishing a carbon border adjustment mechanism, L 130/52, 16.05.2023.

<sup>41</sup> Pascal Lamy; Geneviève Pons; Colette van der Ven; Cláudia Azevedo, 'Greening Trade 16 - Turning the EU's Carbon Border Adjustment Mechanism into a green development tool', Europe Jacques Delors, 29 April 2024.

such mutually beneficial investment must be identified by the parties together and could include investment in renewable energy generation, like green hydrogen, but also investments in forest management practices, for instance, and areas aligned with value-addition and industrialization objectives in the trading partner. Credible commitments by the EU to invest in specific sectors and industries in the trading partner, coupled by a mechanism to update the identification of such investment projects, will be critical to offer trading partners an attractive deal.

Unleashing sufficient investment in sustainability projects will require consulting the private sector during the negotiation and implementation of the CTIP and identifying financial derisking instruments through the Global Gateway. The Commission can support private sector investment in several ways, including through financial guarantees, export credits, public procurement rules, and new demand-side measures such as offtake agreements. For instance, in the context of the Just Energy Transition Partnership (JETP) with South Africa, an international partners group (EU, Germany, France, the UK and the US) provided 8.5 billion USD in grants, concessional loans and guarantees to support South Africa's energy transition. Although this amount was significantly less than the 98 billion USD required under the JET Investment Plan, it was considered catalytic to attract additional financing.<sup>42</sup> Any concerns there might be about the business environment in the partner country could be addressed through establishing clear rules in the CTIP – including rules that are centred around due diligence and sustainability issues.

When it comes to investment facilitation, some best practices can also be found in the new EU-Angola SIFA, which could be replicated in the CTIPs. A novel aspect of the SIFA is its focus on sustainable investment facilitation and preventing disputes rather than protecting investments. Notably, it excludes investor-state dispute settlement pro-

visions, addressing disputes solely between states through a “problem-solving mechanism”. This departs from traditional “dispute settlement/resolution” language to emphasise problem resolution, though the practical significance of this terminology change remains unclear.<sup>43</sup> Further, it includes provisions aimed at enhancing transparency and predictability of investment-related measures, including provisions on the simplification of investment authorisation procedures and promoting e-government; the publication of all investment laws and conditions and promoting the use of single information portals for investors; and establishing focal points and stakeholder consultations.<sup>44</sup>

### c. Regulatory cooperation

CTIPs can also be an opportunity to enhance regulatory cooperation on sticky issues in the EU's relations with partner countries in the Global South, such as key EU autonomous measures like the EUDR, CBAM, and ESPR.

“ Although the CTIPs should not be a vehicle to grant ad hoc, blank exemptions from the EU's autonomous measures, they could provide a much-needed platform for technical alignment on sustainability matters and streamline their implementation. ”

Although the CTIPs should not be a vehicle to grant ad hoc, blank exemptions from the EU's autonomous measures to some trading partners, they could provide a much-needed platform for technical alignment on sustainability matters and streamline their implementation. Specifically, CTIPs can be used as vehicle to facilitate compliance with sustainability requirements in autonomous measures, thereby limiting the potential negative market access implications of these measures. To do so, it would be important for the parties to a CTIP to agree on an ex-ante financial commit-

<sup>42</sup> Jan Vanheukelom, ‘Two Years into South Africa's Just Energy Transition Partnership: How Real Is the Deal?’, ECDPM, 27 November 2023.

<sup>43</sup> Filipe Vaz Pinto and Joana Granadeiro, ‘The Sustainable Investment Facilitation Agreement Between the EU and Angola: A New Model for Investment Agreements?’, Kluwer Arbitration Blog, 23 September 2024.

<sup>44</sup> IISD, ‘EU and Angola Conclude Sustainable Investment Facilitation Agreement—the First EU Agreement of This Kind’, 26 December 2022.

ment, as well as to build-in early consultation mechanisms vis-à-vis new sustainability measures and measures that could impact CTIP-covered investments.

Regulatory cooperation mechanisms have been developed in the context of the EUDR. For instance, the EU-Indonesia-Malaysia Joint Task Force on EUDR implementation focuses, inter alia, on how to better align local certification schemes and national measures with the requirements of the EUDR. Moreover, the revised text of the EU-Mercosur FTA provides an example of such an approach. Specifically, it notes that actions taken to implement FTA commitments “shall be favourably considered” in the EU’s risk classification of countries as part of its autonomous measures.<sup>45</sup> Additionally, the EU agreed to use documentation, licences, and data from recognised certification and traceability systems in Mercosur to verify that products placed on the EU market comply with traceability requirements.<sup>46</sup> Such an approach could serve as a starting point, to be further developed in the context of the CTIPs to cover other areas such as circular economy and carbon pricing. It would require connecting regulatory cooperation commitments to EU financing, investment and technical assistance.

## E. Monitoring and Enforcement

To ensure that parties’ commitments are adequately implemented and upheld in practice, the CTIPs should have built-in mechanisms for monitoring and enforcement. This could be a committee structure composed of representatives from both sides, reflecting a common practice in EU trade agreements, which typically establish multiple committees, sub-committees, and working groups to manage the implementation of different FTA chapters.

Given their narrower scope, CTIPs could draw inspiration from the EU’s VPA, which established a joint implementation committee responsible for overseeing the agreement’s implementation and review.<sup>47</sup> Furthermore, for a closer implementation of the different CTIP pillars, the Commission should consider establishing different sub-committees. They would be responsible for agreeing on detailed and timebound implementation roadmaps on different topics, and report progress to the joint implementation committee. For instance, these subcommittees could focus on trade and investment, sustainability and regulatory cooperation, and industrialisation and value addition.

*“ The CTIPs should have built-in mechanisms for monitoring and enforcement. This could be a committee structure composed of representatives from both sides, reflecting a common practice in EU trade agreements. ”*

Moreover, the Commission should actively engage with civil society. This could include leveraging existing channels, such as the EU trade civil society dialogues, to provide regular updates on the progress of CTIPs negotiations and implementation.<sup>48</sup> Additionally, the Commission could consider establishing a multi-stakeholder platform within the CTIP, composed of independent civil society representatives from both sides, tasked with monitoring CTIP implementation and providing regular advice to the contracting parties. Lessons learned from existing civil society monitoring mechanisms in EU FTAs demonstrate that, for a multi-stakeholder platform to function effectively, it is essential to allocate it sufficient resources.<sup>49</sup> Doing so will

<sup>45</sup> Circabc, ‘Annex to the Trade and Sustainable Development Chapter’, accessed 10 January 2025, Annex X.X. Part B.2.56(a), EU-Mercosur Agreement.

<sup>46</sup> *Ibid.* Part B.2.56(b).

<sup>47</sup> European Council, ‘Voluntary Partnership Agreement between the European Union and the Republic of Indonesia on Forest Law Enforcement, Governance and Trade in Timber Products into the European Union’, 150 OJ L § (2013), article 14.

<sup>48</sup> European Commission, ‘EU trade meetings with Civil Society’ (accessed 12 January 2025)

<sup>49</sup> European Economic and Social Committee, ‘Non-paper: Strengthening and Improving the Functioning of EU Trade Domestic Advisory Groups’ October 2021.

ensure meaningful representation of diverse stakeholders, including vulnerable and under-represented communities, within the EU and partner countries.

Regarding enforcement, the CTIPs should include a binding state-to-state dispute settlement mechanism covering the bulk of the partnership agreement. This should include sustainability commitments in line with the EU's TSD review of 2022.<sup>50</sup> Moreover, the Commission should consider extending the "Single Entry Point" mechanism, an online complaints platform, to the CTIPs to improve their implementation and enforcement. This platform allows stakeholders, both within and outside the EU, to report trade barriers or infringements of sustainability commitments in any EU trade agreement to the Commission, which should assess such cases and take appropriate action.

## F. Governance

The EU engages with trading partners through a panoply of initiatives led by different Commission services, as outlined in Table 1, which run parallel to the EU's autonomous measures. This has often resulted in a siloed approach to the EU's engagement with partner countries, notably due to insufficient consultation and coordination between Commission services.

The new CTIPs present an opportunity to address these gaps by incorporating decarbonisation, biodiversity and circular economy, trade and investment, and technical and financial assistance within a single framework. Achieving this, however, will require a governance structure that is both clearly delineated, but also allows for some flexibility. On the one hand, the CTIP's governance should be based on well-defined roles and responsibilities to ensure integrated political management and proper coordination between relevant Commission services across policy fields. On the other hand, some flexibility is required to cater for differences in CTIPs' scope and content, which will vary depending on the partner country.

*The Commission could set up a country-specific task force for each CTIP to be involved in its design, negotiation, and implementation, and ensure that the Commission speaks with one voice.*

To strike this balance, the Commission could set up a country-specific task force for each CTIP to be involved in its design, negotiation, and implementation, and ensure that the Commission speaks with one voice. Since Šefčovič, Commissioner for Trade and Economic Security has been designated by von der Leyen as the lead for the CTIPs, the CTIP country task forces should be headed by DG TRADE and include representatives from various Commission services, with their composition determined on a case-by-case basis.<sup>51</sup> These should include DG INTPA responsible for ensuring that "Global Gateway investments are developed in synergy with the new clean trade and investment partnerships", as per mission letter to Commissioner for International Partnerships Josef Síkela. The European External Action Service (EEAS), responsible for aligning

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<sup>50</sup> European Commission (2022a), 'Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, The power of trade partnerships: together for green and just economic growth', Brussels, COM/2022/409 final.

<sup>51</sup> European Commission, 'Maroš Šefčovič - Mission letter', 17 September 2024. The mission letter states: "You will lead on Clean Trade and Investment Partnerships to bolster our competitiveness, diversify our supply chains and boost the economies of our partners".

the EU's internal and external policies under the leadership of the new High Representative for Foreign Affairs and Security Policy, Kaja Kallas, would also take part.<sup>52</sup>

The CTIPs were conceived as part of the international dimension of the CID, which will be co-led by the Executive Vice Presidents (EVPs) for Clean, Just, and Competitive Transition, Teresa Ribera, and for Prosperity and Industrial Strategy, Stéphane Séjourné. The two coordinating EVPs will oversee multiple Commission directorate-generals, reporting on different aspects of the CID, such as DG CLIMA, ENER, ENV, and GROW. To ensure alignment between the domestic and international dimensions of the CID, these two coordinating EVPs may also need to oversee CTIPs, depending on how their competencies are linked to the partnership agreement.<sup>53</sup>

Adopting a country-specific approach to governance by gathering relevant Commission services into a dedicated task force is essential to ensuring that the CTIPs are fit for purpose. Doing so will help identify and address gaps or blind spots in existing EU initiatives and financing mechanisms allocated to the partner country, avoid duplication of efforts, and ensure that the CTIPs are aligned with the individual country's specific contexts and needs. For instance, while DG GROW, which oversees the EU's CRM Act, may take a more prominent role in CTIPs focused on raw materials value chains, DG ENV will be particularly important for partnerships that emphasise the circular economy and CTIPs with countries with a large forest cover that might struggle to comply with the EUDR. Regarding any partner countries impacted by the EU's CBAM, it would make sense for DG TAXUD to integrate the task force as the CTIP could be leveraged as a tool to decarbonise energy-intensive industries in trading partners covered by CBAM.<sup>54</sup>

## IV. Conclusion

CTIPs could mark a turning point in the EU's engagement with the Global South and become a new model for green development. Their flexible nature could enable the EU to access strategic markets, CRMs, clean technology, and clean energy, while allowing for tailored solutions to partner countries' needs and advance sustainability objectives. However, without careful design that re-prioritises the environment and development dimensions of the trade-environment-development "triangle", CTIPs risk perpetuating old extractivist models focused primarily on securing resources for EU industries. In an increasingly transactional world, the EU has an opportunity to demonstrate leadership by showing it is possible to combine competitiveness and economic resilience priorities with sustainable development objectives.

*In an increasingly transactional world, the EU has an opportunity to demonstrate leadership by showing it is possible to combine competitiveness and economic resilience priorities with sustainable development objectives.*

This discussion paper has set out various options for the Commission to consider as it starts negotiating CTIPs. In particular, it has emphasised the importance of CTIPs being rooted within both parties' decarbonisation and industrialisation priorities, co-developed and co-implemented in an inclusive manner through regular multi-stakeholder dialogue. Furthermore, CTIPs should be

<sup>52</sup> European Commission, 'Josef Sikela - Mission letter', 17 September 2024; European Commission, 'Kaja Kallas - Mission letter', 17 September 2024.

<sup>53</sup> Simone Tagliapietra and Cecilia Trasi, [Making the most of the new EU Clean Trade and Investment Partnership](#), Bruegel, 19 September 2024.

<sup>54</sup> Pascal Lamy; Geneviève Pons; Colette van der Ven; Cláudia Azevedo, [Greening Trade 16 - Turning the EU's Carbon Border Adjustment Mechanism into a green development tool](#), Europe Jacques Delors, 29 April 2024.



designed to ultimately become mini trade deals, while including strong commitments to sustainability practices, especially in the mining sectors, and uphold the highest human rights and environmental standards. CTIPs must further provide a menu of options to connect to other critical environmental issues like forest protection, biodiversity, and the circular economy linked to EU regulations such as

the EUDR and ESPR - where further regulatory cooperation is urgently needed - and should be used as a vehicle to advance investment in sustainable projects. Developing strong monitoring and enforcement mechanisms, as well as setting up an appropriate governance structure, would also be key for CTIPs to avoid becoming yet another soft partnership tool in the EU green trade toolbox.

### Disclaimer

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