



SCHOOL OF
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EU's Free Trade Agreements in the Light of Sustainability

An analysis of sustainability clauses in free trade agreements and how they contribute to the UN's global goals and the EU's strategic sustainability policy

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Abstract

This paper addresses sustainability clauses in the European Union's (EU) free trade agreements (FTAs) and examines their role in integrating environmental, social, and economic objectives within international trade. Against the backdrop of global sustainability agendas – namely Agenda 2030 and the European Green Deal – the study investigates how these contractual provisions are designed to support the UN's Sustainable Development Goals (SDGs), particularly SDG 8, SDG 12, and SDG 13, and to advance the EU's ambitions for climate neutrality and a circular economy.

The research employs a legal dogmatic method that integrates an EU legal perspective through systematic review and interpretation of primary legal sources, including treaties, regulations, legislations, and doctrinal writings. This methodological approach facilitates a detailed analysis of the norms and principles underlying the design and use of sustainability clauses, as well as the identification of the legal challenges and opportunities associated with their implementation.

Focusing on two key agreements – the Comprehensive Economic and Trade Agreement (CETA) and the EU-Singapore Free Trade Agreement (EUSFTA) – the study contrasts different enforcement strategies. CETA relies on a cooperative model emphasizing transparency and self-regulation, while EUSFTA's framework incorporates binding enforcement measures such as penalties and trade restrictions. Findings suggest that while the integration of sustainability clauses into EU's FTAs is a positive development, their effectiveness ultimately depends on robust enforcement mechanisms rather than on their mere existence.

The paper concludes that to fully transform sustainability ambitions into measurable outcomes, the EU must further strengthen its compliance systems and adopt advanced monitoring tools, thereby solidifying its position as a global leader in sustainable trade.

Keywords: Agenda 2030, Compliance Mechanisms, European Union, Free Trade Agreements, Sustainability Clauses, Sustainable Development Goals, The Green Deal, The Paris Agreement, United Nations.

Abbreviations

Agenda 2030	Transforming our World: The 2030 Agenda for Sustainable Development
CETA	The Comprehensive Economic and Trade Agreement
EU	European Union
EUSFTA	The EU-Singapore Free Trade Agreement
FTAs	Free Trade Agreements
SDGs	Sustainable Development Goals
UN	United Nations
WTO	World Trade Organisation

Foreword

I would like to extend my gratitude to my parents for their invaluable support throughout the writing process. I am also deeply thankful for the understanding and patience shown by my husband and children, which were essential for me to complete this work. Additionally, I would like to thank my friend Laura, who generously devoted many hours to engaging discussions and idea exchanges with me.

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I am a person who deeply cares that everyone and everything thrives – a value reflected in my commitment to every aspect of sustainability. I also have a special interest in contract law and its countless possibilities. My love for spending time in nature and my belief in a sustainable future go hand in hand with my fascination with legal matters, which form the foundation of this thesis.

Once again, my deepest thanks for all the understanding and support throughout this process!

Cassandra Newstam

1 Introduction

1.1 Background

This paper addresses sustainability clauses in the European Union's (EU) free trade agreements (FTAs) and examines how they contribute to integrating environmental, social, and economic objectives into the international trade arena. The analysis is done in the light of global sustainability agendas such as Transforming our World: The 2030 Agenda for Sustainable Development (Agenda 2030) and the European Green Deal (the Green Deal).

Sustainable thinking has become a natural part of everyday life for many individuals and has also affected social norms governing the behavior of many individuals.¹ The concept of sustainability has also become increasingly integrated on a global scale.² It is widely acknowledged that climate change and environmental degradation are the results of decades of industrial development and lifestyle choices.³ It is hard to deny our impact when looking at the climate changes that we are all now exposed to.⁴ Beyond environmental concerns, we live in a world where many people suffer on a daily basis due to poverty, hunger, war, and lack of opportunities to improve their daily lives.⁵ The causes behind human suffering are many, but a few examples in addition to those mentioned above are that many people around the world work under extremely poor conditions and, despite their efforts, they do not have the

¹ Beside the fact that many people think before they consume, which company they consume from, and that they are handling their waste in a proper way, the suggestions for how to make your day-to-day life more sustainable is endless. See for example: Nikolaus Schaefer, 'Sustainability – Why It's Becoming Increasingly Important and What You Can Do for A Fair and Healthy World' (*Pinktum*, 27 September 2023) <https://www.pinktum.com/en/soft-skills-en/sustainability-why-its-becoming-increasingly-important-and-what-you-can-do-for-a-fair-and-healthy-world/>, accessed 2025-04-10; Mr. Gabriel, '30 Sustainability Examples in Everyday Life' (*whatisgreenliving*, 2 May 2025) <https://whatisgreenliving.com/sustainability-examples-in-everyday-life/>, accessed 2025-04-10. Regarding social norms see i.a. Cristina Bicchieri, *Norms in the wild. How to Diagnose, Measure, and Change Social Norms*, Oxford University Press, 2017.

² See for example; United Nations, *Transforming Our World: The 2030 Agenda for Sustainable Development* (UN General Assembly, A/RES/70/1, 25 September 2015) (Agenda 2030); United Nations Framework Convention on Climate Change, *Paris Agreement* (12 December 2015) (the Paris Agreement); European Commission, *The European Green Deal* (COM(2019) 640 final, 11 December 2019) (the Green Deal); and many, many more.

³ Kara Anderson, 'What was the Industrial Revolution's Environmental Impact?' (*Leaf by Greenly*, 26 August 2024) <https://greenly.earth/en-gb/blog/ecology-news/what-was-the-industrial-revolutions-environmental-impact>, accessed 2025-04-10; United Nations, 'Causes and Effects of Climate Change' (*Climate Action*, n.d.) <https://www.un.org/en/climatechange/science/causes-effects-climate-change>, accessed 2025-04-11.

⁴ *Ibid.*

⁵ World Food Programme, 'Ending Hunger' (*Saving Lives, Changing Lives*, n.d.) https://www.wfp.org/ending-hunger?utm_source=google&utm_medium=cpc&utm_campaign=21717176094&utm_term=world%20hunger&utm_content=167226853186&campaignid=21717176094&adgroupid=167226853186&adid=714229142524&keyword=world%20hunger&matchtype=e&network=g&device=c&gad_source=1&gbraid=0AAAAADvz5nZqiaD2DGiNg0azuX5hhf6-3&gclid=CjwKCAjw8IfABhBXEiwAxRHlsDryiaA1tSVIopXEnRFxg2Y-t9d8Tou3DRiMdOERTMBLbyqE07R-KhoCVtgQAvD_BwE, accessed 2025-04-11; Beth Gallick and Sevil Omer, 'Global Poverty: Facts, FAQs, and how to help' (*World Vision*, 2023) <https://www.worldvision.org/sponsorship-news-stories/global-poverty-facts>, accessed 2025-04-12; United Nations, 'With Highest Number of Violent Conflicts Since Second World War, United Nations Must Rethink Efforts to Achieve, Sustain Peace, Speakers Tell Security Council' (*Meeting Coverage and Press Releases*, 26 January 2023) <https://press.un.org/en/2023/sc15184.doc.htm>, accessed 2025-04-10.

opportunity to earn enough or develop sufficiently to gain a real chance at a better life.⁶

In 2015, United Nation (UN) leaders reached a joint, ambitious plan to improve our world – Agenda 2030. This is a plan for people, the planet, and prosperity, focusing on eradicating poverty in all its forms and dimensions as well as achieving sustainable development.⁷ Agenda 2030 is a universal strategy that involves all countries, organizations, and individuals.⁸ The aim is to create a more just and sustainable world for future generations by working together in accordance with these goals.⁹ Under Agenda 2030, 17 common goals and 169 targets for sustainable development (the UN Sustainable Development Goals, (the SDGs)) were agreed upon.¹⁰ Not only do these goals seek to address poverty, inequality, and environmental protection, but the efforts made towards achieving them also foster peace and prosperity by integrating economic, social, and environmental dimensions.¹¹ They are designed to stimulate decisive action over the next 15 years to confront critical global challenges.¹²

In the global trade arena, the SDGs can serve multifaceted functions. They might act as both an ethical compass and a competitive advantage for companies.¹³ By aligning their business models with sustainability goals, firms and other organizations can tap into an increasing market demand for sustainable products and services, opening up new opportunities in sectors like clean energy, innovation, and infrastructure.¹⁴ Moreover, these goals have the potential of enhancing efficient risk management, as companies that actively pursue sustainable practices can better mitigate risks associated with climate change and social conflicts.¹⁵ Increasingly, governments are also shaping regulatory frameworks in line with these goals, which influences international trade rules and fosters a global movement toward responsible business.¹⁶

⁶ International Labour Organization, 'Decent Work' (*International Labour Organization*, n.d) <https://www.ilo.org/topics/decent-work>, accessed 2025-04-12.

⁷ Preamble, Agenda 2030.

⁸ Ibid.

⁹ Ibid.

¹⁰ Pp. 14-27, Agenda 2030.

¹¹ Preamble, Agenda 2030.

¹² Ibid.

¹³ United Nations Conference on Trade and Development, '*The Future of Sustainable Trade*' (United Nations, 2025) https://unctad.org/system/files/official-document/ditctab2024d5_en.pdf, p. 4; Ethical Trade Initiative, '*Realise the Potential of Your Ethical Trade Programme*' (Ethical Trade Initiative, n.d.) https://www.ethicaltrade.org/sites/default/files/shared_resources/ethical_trade_and_the_sdgs_0.pdf, p. 2.

¹⁴ Hao Ningshan and Dragomir Voicu, 'Renewable Energy, Sustainable Business Models, and Decarbonization in the European Union: Comparative Analysis of Corporate Sustainability Reports' (2025) *Sustainability* 17 3646 <https://doi.org/10.3390/su17083646>, pp. 12-13.

¹⁵ Farah Hegazi and Katonga Seyuba, '*The Social Side of Climate Change Adaption: Reducing Conflict Risk*' (SIPRI Policy Brief, September 2022) https://www.sipri.org/sites/default/files/2022-09/pb_2209_climate_change_adaptation.pdf, p. 3; United Nations Environment Programme and European Union, '*Addressing Climate-related Security Risks: Conflict Sensitivity for Climate Change Adaptation and Sustainable Livelihoods – Guidance Note*' (2022) <https://wedocs.unep.org/20.500.11822/40330>, p. 4; United Nations Environment Programme and European Union, '*Addressing Climate-related Security Risks: Conflict Sensitivity for Climate Change Adaptation and Sustainable Livelihoods – Monitoring & Evaluation Note*' (2022) <https://wedocs.unep.org/20.500.11822/40332>, p. 5.

¹⁶ Robert Basedow and Céline Kauffmann, '*International Trade and Good Regulatory Practices: Assessing the Trade Impacts of Regulation*' (OECD Regulatory Policy Working Papers, No. 4, OECD Publishing, Paris, 2015) <https://doi.org/10.1787/5jlv59hdgtf5-en>, pp. 14-15.

The EU plays a central role in advocating sustainable development through its trade agreements.¹⁷ By integrating sustainability clauses into contracts with other countries and regions, the EU seeks to promote environmental protection, social justice, and economic growth.¹⁸ These clauses often mandate measures to combat climate change, safeguard biodiversity, and improve working conditions.¹⁹ Built on the principle of open and fair trade, the EU's trade strategy positions sustainable development as a critical component of its broader economic policies.²⁰ EU's collaboration with international bodies such as the World Trade Organization (WTO) underscores the commitment to establishing global standards that support sustainability.²¹

Unfortunately, despite these ambitious global goals, recent years have witnessed setbacks in the sustainability agenda. For example, the reorientation of sustainability priorities in the United States under its current president and indications of a decreased ambitions level in some aspects of the EU's Omnibus package have cast a shadow over these efforts.²² It remains to be seen how these developments will play out and to what extent they will have a negative impact on the broader sustainability agenda.

At the heart of the EU's sustainability policy lies the Green Deal – a comprehensive roadmap aiming to make Europe climate neutral by 2050.²³ This initiative seeks to reduce greenhouse gas emissions, protect biodiversity, and promote a circular economy by spanning various sectors including energy, transport, industry, and agriculture.²⁴ As part of the EU's commitment under the Paris Agreement, the Green Deal stands as a concrete embodiment of how ambitious policy can drive a transition toward a greener and more sustainable future.²⁵

Despite these proactive initiatives, implementing and ensuring compliance with sustainability clauses in the EU's FTAs remains a complex task.²⁶ In order to make an impact, it is essential that these clauses are drafted with precision and are easily

¹⁷ European Commission, 'Sustainable Development in EU Trade Agreements' (*European Commission*, n.d) https://policy.trade.ec.europa.eu/development-and-sustainability/sustainable-development/sustainable-development-eu-trade-agreements_en, accessed 2025-04-17; Jana Titievskaja, 'Sustainability Provisions in EU Free Trade Agreements' (European Parliamentary Research Service, April 2021) [https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/698799/EPRS_BRI\(2021\)698799_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/698799/EPRS_BRI(2021)698799_EN.pdf), p. 3.

¹⁸ *Ibid.*, pp. 4-5.

¹⁹ *Ibid.*, p. 6.

²⁰ *Ibid.*, p. 3.

²¹ European Commission, 'EU Promotes World Trade Organization Initiatives on Trade and Environment' (*European Commission*, 15 December 2021) https://ec.europa.eu/commission/presscorner/api/files/document/print/en/ip_21_6882/IP_21_6882_EN.pdf, accessed 2025-04-15.

²² European Parliament, 'EU-US trade: how tariffs could impact Europe' (*European Parliament*, 13 February 2025) <https://www.europarl.europa.eu/topics/en/article/20250210STO26801/eu-us-trade-how-tariffs-could-impact-europe>, accessed 2025-05-18; Moriah Costa, 'EU omnibus sustainability proposal: why experts are concerned' (*Green Central Banking*, 26 February 2025) <https://greencentralbanking.com/2025/02/26/eu-sustainability-omnibus-proposal/>, accessed 2025-05-18.

²³ European Commission, 'Delivering the European Green Deal' (*European Commission*, n.d.) https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/delivering-european-green-deal_en, accessed 2025-04-21.

²⁴ European Commission, 'Delivering the European Green Deal', accessed 2025-04-21.

²⁵ European Commission, 'The European Green Deal' (*European Commission*, n.d) https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en, accessed 2025-04-21.

²⁶ Jana Titievskaja, 'Sustainability Provisions in EU Free Trade Agreements', pp. 8-9.

measurable.²⁷ Ambiguities and vagueness in how they are written can lead to different interpretations and disputes, and the variation in international sustainability standards further complicates harmonization.²⁸ Companies that fail to comply with the intended obligations risk facing legal penalties that could harm their reputation and erode stakeholder trust.²⁹

On a practical level, companies are confronted with significant resource demands.³⁰ Achieving compliance often requires substantial investments in time, money, and personnel – a challenge particularly demanding for small and medium-sized enterprises.³¹ In addition, establishing robust systems for monitoring and detailed reporting is crucial to ensure that sustainable targets are met.³² This challenge is compounded by the diverse national regulations and protection standards across different markets.³³ Yet, with clearly defined clauses and efficient monitoring systems, businesses can reduce their risks while significantly contributing to a more sustainable global economy.³⁴

Taken together, this illustrates that addressing global sustainability challenges requires coordinated action at multiple levels.³⁵ The UN's Agenda 2030 and its SDGs provide a visionary blueprint for change, while the EU's proactive integration of sustainability in its trade agreements – including measures like the Green Deal – demonstrates a practical approach to this global issue. Given the EU's central role in shaping sustainable practices and ensuring compliance across borders, it becomes essential to examine in greater detail how these sustainability clauses are implemented and enforced.

1.2 Purpose and Research Questions

The purpose of this thesis is to examine how the EU implements and ensures compliance with sustainability clauses in its trade agreements, focusing on their contribution to the SDGs. The thesis also aims to analyse how these clauses align

²⁷ Ibid., p. 10.

²⁸ Ibid., pp. 11-12.

²⁹ Greenwich School of Business and Finance, 'Importance of Legal Compliance in Protecting Business Reputation and Assets' (*Greenwich School of Business and Finance*, 26 August 2024) <https://blog.gsbf.co.uk/the-importance-of-legal-compliance-in-protecting-business-reputation-and-assets-2/>, accessed 2025-04-23.

³⁰ Halima Oluwabunmi Bello, Courage Idemudia, and Toluwalase Vanessa Iyelolu, 'Navigating Financial Compliance in Small and Medium-Sized Enterprises (SMEs): Overcoming challenges and implementing effective solutions' (2024) *World Journal of Advanced Research and Reviews* 23(1) 42–55 <https://doi.org/10.30574/wjarr.2024.23.1.1984>, p. 44.

³¹ Diaan-Yi Lin et. al, 'Beyond financials: Helping small and medium-size enterprises thrive' (*McKinsey & Company*, 26 January 2022) <https://www.mckinsey.com/industries/public-sector/our-insights/beyond-financials-helping-small-and-medium-size-enterprises-thrive> -, accessed 2025-04-23.

³² Gunter Dutsch et. al, 'Data for the sustainable enterprise: Going beyond reporting to create business value' (*PwC*, 15 September 2023) <https://www.pwc.com/gx/en/issues/esg/sustainability-data-from-reporting-to-value-creation.html>, accessed 2025-04-22.

³³ United Nations Economic Commission for Europe, 'Module 12: International Trade' (United Nations Economic Commission for Europe, n.d.) https://unece.org/DAM/trade/wp6/AreasOfWork/EducationOnStandardization/Module_12_International_trade_Eng_01.pdf, p. 8.

³⁴ Ekaterina Pannebakker, 'Sustainable development clauses in international contracts through the lens of the Unidroit principles' (2024) *Uniform Law Review*, 29 352–361 <https://doi.org/10.1093/ulr/unae031>, p. 360.

³⁵ Prabin Maharjan, 'UN DESA Policy Brief No. 162: Multilevel Governance for Climate Change Mitigation and Adaptation' (UN DESA, 23 August 2024) <https://desapublications.un.org/policy-briefs/un-desa-policy-brief-no-162-multilevel-governance-climate-change-mitigation-and>, p. 4.

with the Green Deal and its ambitions for climate neutrality, circular economy, and global sustainability.

Although the overarching purpose and research questions are applicable to FTAs in general, this study has been narrowed down to focus on two specific agreements: the Comprehensive Economic and Trade Agreement (CETA) and the European Union–Singapore Free Trade Agreement (EUSFTA). These two agreements were selected because they represent distinct approaches within the EU’s broader trade policy framework. CETA is an example of the EU’s engagement with a key North American partner, and EUSFTA illustrates the application of sustainability measures in a different regional context. This case-selection enables a comparative analysis of the monitoring and enforcement mechanisms used by the EU, thereby offering insights into the diverse regulatory strategies that underpin EU’s integration of sustainability clauses.

These purposes are intended to be achieved by answering the following research questions:

- *How does the EU implement sustainability clauses in its trade agreements, and in what ways do these clauses reflect the goals of the Green Deal?*
- *What systems and mechanisms do the EU have to ensure compliance with sustainability clauses in its free trade agreements?*
- *How do the sustainability clauses contribute to achieving the UN’s Sustainable Development Goals, particularly SDG 8, SDG 12, and SDG 13, and how do they support the objectives of the Green Deal?*

1.3 Delimitations

This thesis examines how sustainability clauses are implemented within the framework of the EU's trade agreements. As explained in Section 1.2, although the overall purpose and research questions is relevant to FTAs in general, the study is focused on CETA and EUSFTA. These agreements were chosen as representative cases to illustrate the varied approaches within the EU’s trade policy.

To further narrow the scope of the analysis, this thesis concentrates on three selected SDGs: SDG 8 (decent work and economic growth), SDG 12 (sustainable consumption and production), and SDG 13 (climate action). By delimiting the focus to these specific goals, the study investigates how requirements related to these areas are integrated into and impact the EU’s trade strategies. This approach enables a focused and in-depth exploration of the interrelations between the EU’s trade practices, sustainable development, and its broader global ambitions.

1.4 Method and Materials

For this study, I have chosen to employ a legal dogmatic method that inherently integrates an EU legal perspective whenever EU legal sources are relevant. The legal

dogmatic method forms the foundation of my analysis by systematically reviewing and interpreting central legal sources such as legislation, doctrinal writings, and constitutional texts.³⁶ By applying this method, I can identify and structure the norms and principles governing the formulation of sustainability clauses, while also clearly highlighting the legal challenges and opportunities associated with their implementation.

Since EU legal sources are central to the matters under investigation, the approach naturally incorporates an EU legal component by focusing on primary sources – such as the EU treaties – and secondary legal acts such as regulations, directives, and decisions.³⁷ This aspect also accounts for key principles, such as subsidiarity and proportionality, which are foundational for interpreting EU law.³⁸ In doing so, I can analyze how sustainability clauses are harmonized with both international standards and the EU’s own political ambitions, such as the Green Deal, and how these mechanisms contribute to ensuring compliance.

By unifying these perspectives, I achieve an in-depth and integrated analysis that captures both theoretical and practical aspects. The legal dogmatic method allows me to precisely define the underlying norms and identify interpretive issues, while its integrated EU legal component highlights the unique challenges and opportunities arising from the EU’s distinct legal order.³⁹ Together, these approaches provide a robust foundation for examining how sustainability clauses are implemented and enforced – a central issue in understanding how the EU’s sustainability strategies contribute to a more responsible and sustainable global trade.

This thesis employs a wide range of materials to develop a comprehensive understanding of the legal and policy mechanisms at the intersection of sustainability and international trade. Central to the analysis are key global and regional frameworks, such as Agenda 2030 and the Green Deal, which set the strategic priorities and ambitions for sustainable development. Moreover, the study examines CETA and EUSFTA to explore how sustainability clauses are embedded within these legal instruments, while also briefly acknowledging the role of the Paris Agreement in underpinning global climate action.

To support this analysis, the thesis relies on official documentation and online resources from the EU and the UN. These sources include up-to-date policy briefs, governmental reports, and digital publications that provide insights into current regulatory developments and international sustainability efforts.

³⁶ Bruno De Witte, ‘Legal Methods for the Study of EU Institutional Practice’ (2022) *European Constitutional Law Review* 18 637–656 <https://doi.org/10.1017/S157401962200044X>, pp. 637-638.

³⁷ European Commission, ‘EU law’ (*European e-Justice*, 17 November 2021) https://e-justice.europa.eu/topics/legislation-and-case-law/eu-law_en, accessed 2025-04-27.

³⁸ Eeva Pavy, ‘The principle of subsidiarity’ (*Fact Sheets*, March 2024) https://www.europarl.europa.eu/erpl-app-public/factsheets/pdf/en/FTU_1.2.2.pdf, accessed 2025-04-27; EUR Lex, ‘Principle of proportionality’ (*European Union*, n.d.) <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=LEGISSUM:proportionality>, accessed 2025-04-27.

³⁹ Jan M. Smits, ‘What is Legal Doctrine? On the Aims and Methods of Legal-Dogmatic Research’ (SSRN Research Paper, 1 September 2015) https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2644088, pp. 207-209; Christina Eckes, ‘European Union Legal Methods – Moving Away from Integration’, in Ulla Neergaard and Ruth Nielsen (eds), *European Legal Method – Towards a New European Legal Realism?* (DJOF Publishing 2013) 163–188 https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2342517, pp. 175-178.

In addition, the study incorporates a diverse selection of scholarly articles and other relevant online publications that further enrich the discussion. These sources offer critical analyses and varying perspectives on the practical and theoretical challenges of integrating sustainability into trade agreements, thus contributing to a nuanced and multifaceted examination of the issues at hand. Collectively, these materials establish a robust and up-to-date foundation for investigating how legal compliance and policy innovation drive progress toward the global sustainability goals.

1.5 Current State of Research

In the academic field of sustainability and international trade, much research has been conducted; however, important gaps in knowledge still remain. Previous studies have often addressed the overall impacts of sustainability goals and the general challenges of implementing sustainability strategies.⁴⁰ Yet, there are few studies that specifically examine how sustainability clauses are implemented and enforced within the EU's FTAs.⁴¹

The current state of research indicates that although global awareness of sustainable development is on the rise, there remains uncertainty about how legal mechanisms and implementation models practically interact to ensure that sustainability measures do not remain mere rhetoric but also lead to concrete outcomes.⁴² The EU's role – striving to combine open trade with sustainability requirements – is especially central.⁴³ Current monitoring and compliance mechanisms within these trade agreements are in my opinion somewhat underdeveloped, underscoring the need for a closer analysis of their effectiveness.

Focusing on the EU's trade practices and specifically analysing how sustainability clauses are implemented and enforced in CETA and EUSFTA, the study aims to provide deeper insights into how these mechanisms can strengthen both the legal frameworks and the practical application of sustainability goals. This is not only of academic interest but is also important for informing the future design of trade agreements, where an effective integration of sustainability can contribute to a more responsible and sustainable global trade.

⁴⁰ Ningkang Chen et al, 'A review of international trade impacts on sustainable development' (2025) *Mar Dev* 3, 9 <https://doi.org/10.1007/s44312-025-00053-6>, p. 2; Kennedy Mutua et al, 'An In-Depth Analysis of Barriers to Corporate Sustainability' (2025) *Administrative Sciences* 15(5) <https://doi.org/10.3390/admsci15050161>, p. 42.

⁴¹ Jana Titievskaja, 'Sustainability Provisions in EU Free Trade Agreements', p. 3.

⁴² Laura Ozdamirova, Marina Dzhamaaldinova and Chulpan Samatova, 'The Role of Legal Mechanisms in the Implementation of the Sustainable Development Goals (SDGs)' (2024) [https://www.gnedenko.net/Journal/2024/SI_062024/RTA_SI062024-175_56_Laura%20Ozdamirova%20Marina%20Chulpan%20The%20Role%20of%20Legal%20Mechanisms%20in%20the%20Implementation%20of%20the%20Sustainable%20Development%20Goals%20\(SDGs\).pdf](https://www.gnedenko.net/Journal/2024/SI_062024/RTA_SI062024-175_56_Laura%20Ozdamirova%20Marina%20Chulpan%20The%20Role%20of%20Legal%20Mechanisms%20in%20the%20Implementation%20of%20the%20Sustainable%20Development%20Goals%20(SDGs).pdf), accessed 2025-04-22.

⁴³ European Commission, 'Trade Policy Review – An Open, Sustainable and Assertive Trade Policy' (European Commission, Brussels, 18 February 2021, COM(2021) 66 final) <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021DC0066>, pp. 2-3.

1.6 Outline

The thesis is structured into a number of major chapters that together provide an integrated analysis of how global sustainability visions are translated into concrete mechanisms within the EU's trade agreements.

In Chapter 2, "*The Development of the Sustainable Development Agenda*" the evolution of global sustainability is presented. The chapter begins with an overview of the adoption of Agenda 2030 and its vision for economic, social, and environmental sustainability, followed by an in-depth discussion of the SDGs - with particular emphasis on SDG 8, SDG 12, and SDG 13. Chapter 2 further examines the influence of the Paris Agreement on EU sustainability policy, highlights the partnership between the UN and the EU, and introduces the Green Deal as the EU's strategic contribution to Agenda 2030 and the Paris Agreement.

Chapter 3 shifts the focus to "*EU's Sustainability Clauses in Trade Agreements*". This chapter defines sustainability clauses and their legal functions, illustrated through examples such as CETA and EUSFTA. It also analyses how these agreements help support climate neutrality and a circular economy in line with the Green Deal. Furthermore, the chapter discusses the difficulties in implementing sustainability clauses.

Chapter 4, "*Compliance Systems in CETA and EUSFTA*" investigates the tools and mechanisms employed by the EU to ensure the enforcement of sustainability clauses. It covers enforcement mechanisms, dispute resolution systems and sanctions in both agreements, as well as monitoring and reporting systems. Furthermore, chapter 4 discusses strength and weaknesses of the two agreements. Additionally, the chapter discusses the influence of the Green Deal on shaping these compliance mechanisms.

In Chapter 5, "*Analysis and Discussion*" the effectiveness of sustainability clauses in meeting the UN's global goals and the goal of the Green Deal is discussed. This chapter identifies both challenges and success factors and proposes potential improvements to strengthen the link between sustainability clauses and the EU's strategic sustainability policy.

Finally, Chapter 6 provides a summary of the study's findings and presents the conclusions. Here, the key insights are consolidated, and concluding reflections are offered regarding the future development of sustainability strategies in international trade.

2 The Development of the Sustainable Development Agenda

2.1 Agenda 2030: A Global Vision for Sustainability

In 2015, the UN member states adopted Agenda 2030 – a groundbreaking agreement that marked a paradigm shift in the global pursuit of sustainable development.⁴⁴ By uniting countries around an ambitious vision, the framework sought to create a future where industrial and technological development and economic growth do not come at the expense of environmental integrity or social justice.⁴⁵ From an economic point of view an important part of the agreement is informed by a goal of minimizing negative externalities created by governments or business firms.⁴⁶

Built on the guiding principles of "People, Planet, Prosperity," Agenda 2030 emphasizes combating poverty, promoting equality, protecting ecosystems, and driving responsible economic growth.⁴⁷ In essence, it represents an effort to ensure that our shared resources are used in ways that avoid overexploitation and instead are preserved for the benefit of both present and future generations.⁴⁸

While Agenda 2030 aims to translate abstract ideas into practical tools by establishing targets that are as clear – and, where appropriate, quantifiable – as possible, it is important to acknowledge that not all goals are easily measurable. In practice, some targets remain subject to debate and varying interpretations across different national contexts. Nonetheless, this framework has inspired the development of sustainability clauses in international trade agreements, provisions that seek to legally anchor global sustainability ambitions into concrete actions.⁴⁹ The purpose of these clauses is twofold: first, to move beyond mere promises by ensuring that progress is implemented and monitored through regular reporting and oversight, and second, to create a common platform for collaboration among states, businesses, and civil society.⁵⁰

The 17 SDGs are designed to address critical areas such as poverty alleviation, hunger, health, education, and gender equality, alongside challenges related to clean

⁴⁴ Agenda 2030.

⁴⁵ UN News, 'UN adopts new Global Goals, charting sustainable development for people and planet by 2030' (*United Nations*, 25 September 2015) <https://news.un.org/en/story/2015/09/509732>, accessed 2025-04-17.

⁴⁶ Emmanuel Saez, 'Externalities: Problems and Solutions' (*Undergraduate Public Economics*, University of California, Berkeley, n.d.) https://eml.berkeley.edu/~saez/course131/externalities1_ch05.pdf, p. 3.

⁴⁷ Pp. 1-4, Agenda 2030.

⁴⁸ UN Office for Sustainable Development, 'Sustainable Development Goals (SDGs)' (*United Nations*, n.d.) <https://unodsd.un.org/content/sustainable-development-goals-sdgs>, accessed 2025-04-23.

⁴⁹ Ekaterina Pannebakker, 'Sustainable development clauses in international contracts through the lens of the Unidroit principles', pp. 360-361.

⁵⁰ Cleaver Fulton Rankin, 'Sustainability Clauses in Contracts: A Step Towards Responsible Business' (*Cleaver Fulton Rankin*, n.d.) <https://cleaverfultronrankin.co.uk/legal-update/sustainability-clauses-in-contracts-a-step-towards-responsible-business/>, accessed 2025-04-27.

water, sanitation, and climate action.⁵¹ Although each goal is intended to contribute uniquely while also reinforcing others in a comprehensive sustainability strategy, their interrelated nature can sometimes lead to overlaps and ambiguities.⁵²

This comprehensive vision, with its emphasis on both explicit targets and broader qualitative objectives, serves not only as a source of global inspiration but also as a practical tool. By implementing sustainability clauses, the principles of Agenda 2030 are intended to be transformed into concrete, legally binding commitments.⁵³ In doing so, these measures have the potential of creating a double win-win situation: strengthening the internal sustainability strategies of individual actors while also reflecting and reinforcing global ambitions, thereby consolidating a shared path toward a sustainable future.⁵⁴

2.2 UN's Global Goals: Economy, Society, and Environment

The UN's global goals interlink and coordinate various initiatives aimed at achieving sustainable development by seamlessly integrating economic, social, and environmental perspectives.⁵⁵ These goals represent a common global agenda in which each goal reinforces the others, together creating a comprehensive solution for the challenges our world faces.⁵⁶ Although Agenda 2030 encompasses 17 goals, this analysis focuses particularly on three central goals – SDG 8, SDG 12, and SDG 13 – because they form the foundation for developing sustainable trade agreements that both promote economic growth and ensure accountability towards the environment as well as social justice.

2.2.1 SDG 8 – Decent Work and Economic Growth

Sustainable economic growth is not merely about financial prosperity – it must also foster ethical responsibility and social stability.⁵⁷ This is the core vision of SDG 8, which promotes enduring, inclusive, and sustainable economic growth, ensuring full and productive employment with decent working conditions for all.⁵⁸ By prioritizing elements such as fair labour practices, respect for workers' rights, liveable wages,

⁵¹ United Nations Department of Economic and Social Affairs, 'The 17 Goals' (*United Nations*, n.d.) <https://sdgs.un.org/goals>, accessed 2025-04-25; pp. 14-27, Agenda 2030.

⁵² United Nations Statistics Division, 'Interlinked nature of the Sustainable Development Goals' (*United Nations*, 2018) <https://unstats.un.org/sdgs/report/2018/interlinkages/>, accessed 2025-04-27.

⁵³ Tabea Waltenberg and Leonie Droste, 'For a more binding nature of commitments in the 2030 Agenda implementation' (German Institute of Development and Sustainability, 28 August 2023) https://www.idos-research.de/fileadmin/migratedNewsAssets/Files/German_Institute_of_Development_and_Sustainability_EN_Waltenberg_Droste_28.08.2023.pdf, p. 2.

⁵⁴ Silvester Legal, 'The Growing Importance of Sustainability Clauses in Modern Contracts' (*Silvester Legal*, 2 May 2025) <https://silvesterlegal.com/the-growing-importance-of-sustainability-clauses-in-modern-contracts/>, accessed 2025-05-05.

⁵⁵ United Nations Department of Economic and Social Affairs, 'The 17 Goals', accessed 2025-04-25; pp. 14-27, Agenda 2030.

⁵⁶ United Nations Statistics Division, 'Interlinked nature of the Sustainable Development Goals', accessed 2025-04-27.

⁵⁷ Ayhan Nadiri, 'Sustainability in Global Economics: Balancing Growth and Responsibility' (2024) *Journal of Global Economics* <https://www.hilarispublisher.com/open-access/sustainability-in-global-economics-balancing-growth-and-responsibility.pdf>, p. 3.

⁵⁸ United Nations Department of Economic and Social Affairs, 'Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all' (*United Nations*, n.d.) <https://sdgs.un.org/goals/goal8> (Goal 8 of the SDGs), accessed 2025-04-25; pp. 19-20, Agenda 2030.

and workplace safety, businesses and supply chains can operate in ways that benefit both people and the economy. A well-balanced global market should not only strive for competitiveness but should also uphold human rights and social responsibility as essential pillars of long-term success.⁵⁹

To achieve this vision, SDG 8 outlines several key targets.

- (1) *Sustained Economic Growth* which encourage steady per capita growth based on national circumstances, with a special focus on achieving at least 7% annual GDP growth in the least developed countries.⁶⁰
- (2) *Diversify, Innovate and Upgrade for Economic Productivity* which boosts economic productivity through diversification, technological innovation, and advancements, ensuring economies evolve and remain competitive.⁶¹
- (3) *Promote Policies to Support Job Creation and Growing Enterprises* which establish development-oriented policies that promote entrepreneurship, creativity, innovation, and the expansion of micro-, small-, and medium-sized enterprises through enhanced access to financial services.⁶²
- (4) *Improve Resource Efficiency in Consumption and Production* which improve global resource efficiency in consumption and production while striving to separate economic growth from environmental degradation, aligning with the 10-year framework of sustainable consumption and production programs.⁶³
- (5) *Full Employment and Decent Work with Equal Pay* which ensure equal opportunities for all, including young people and persons with disabilities, and enforcing equal pay for work of equal value.⁶⁴
- (6) *Promote Youth Employment, Education and Training* which substantially decreases the percentage of youth excluded from employment, education, or training by setting clear objectives for their inclusion in the labour force.⁶⁵
- (7) *End Modern Slavery, Trafficking and Child Labour* which take immediate and effective measures to eliminate forced labour, modern slavery, and human trafficking, while prohibiting and ending the worst forms of child labour, including the recruitment of child soldiers.⁶⁶
- (8) *Protect Labour Rights and Promote Safe Working Environments* which takes immediate and effective measures to safeguard workers by enforcing

⁵⁹ Matthias Bosch, 'Shaping a Responsible Future: The Push for Human Rights and Environmental Responsibility in Business' (*Harvard Advanced Leadership Initiative, Social Impact Review*, 4 March 2024) <https://www.sir.advancedleadership.harvard.edu/articles/shaping-responsible-future-push-for-human-rights-environmental-responsibility-in-business>, accessed 2025-04-27.

⁶⁰ Target 8.1, Goal 8 of the SDGs.

⁶¹ Ibid., target 8.2.

⁶² Ibid., target 8.3.

⁶³ Ibid., target 8.4.

⁶⁴ Ibid., target 8.5.

⁶⁵ Ibid., target 8.6.

⁶⁶ Ibid., target 8.7.

robust labour standards, guaranteeing fair wages, and ensuring safe, healthy working conditions across all sectors.⁶⁷

- (9) *Promote Beneficial and Sustainable Tourism* which implements policies that foster tourism practices which generate economic growth while preserving cultural heritage and minimizing environmental impact, ensuring that tourism benefits communities long-term.⁶⁸
- (10) *Universal Access to Banking, Insurance and Financial Services* which removes financial barriers by taking decisive actions to extend affordable and accessible financial services to all individuals, empowering inclusive economic participation and resilience.⁶⁹
- (11) *Increase Aid for Trade Support* which enhances financial and technical assistance to bolster trade capacities, enabling emerging economies to integrate fully into global markets and secure sustainable development pathways.⁷⁰
- (12) *Develop a Global Youth Employment Strategy* which instigates immediate and coordinated measures aimed at crafting comprehensive employment initiatives for young people, including targeted skill development, entrepreneurship support, and job creation programs.⁷¹

These targets together create a framework for sustainable economic development – where growth is measured not just in financial metrics, but in how it uplifts people, protects workers' rights, and ensures long-term stability.

2.2.2 SDG 12 – Sustainable Consumption and Production

Achieving sustainable consumption and production is essential to ensuring that economic development does not come at the expense of the planet.⁷² SDG 12 seeks to establish responsible resource management by reducing waste, enhancing energy efficiency, and implementing transparent environmental policies.⁷³ By integrating circular business models into commercial strategies, companies can contribute to both economic growth and environmental preservation – creating a balance where sustainability becomes an inherent part of business principles. Not only does this safeguard natural resources, but it also fosters innovation and new business opportunities as sustainable technologies continue to evolve.⁷⁴

⁶⁷ Ibid., target 8.8.

⁶⁸ Ibid., target 8.9.

⁶⁹ Ibid., target 8.A.

⁷⁰ Ibid., target 8.B.

⁷¹ Ibid., target 8.C.

⁷² United Nations Department of Economic and Social Affairs, 'Goal 12: Ensure sustainable consumption and production patterns' (United Nations n.d.) <https://sdgs.un.org/goals/goal12> (Goal 12 of the SDGs), accessed 2025-04-25; pp. 22-23, Agenda 2030.

⁷³ Ibid.

⁷⁴ Valuer, 'Innovative Companies & SDG 12: Responsible Consumption and Production' (Valuer, December 2022) <https://www.valuer.ai/blog/aligning-business-with-sdg-12-by-collaborating-with-startups>, accessed 2025-04-27.

To guide global efforts, SDG 12 is structured around several key targets aimed at promoting responsible production and consumption.

- (1) *Implement the 10-year Sustainable Consumption and Production Framework* which encourages all countries – particularly developed nations – to implement the 10-Year Framework of Programmes on Sustainable Consumption and Production Patterns, fostering collaborative international action.⁷⁵
- (2) *Sustainable Management and Use of Natural Resources* which aims to ensure the sustainable use of natural resources by 2030, reducing pressure on ecosystems while promoting a balanced approach to consumption.⁷⁶
- (3) *Halve Global Per Capita Food Waste* which strives to cut global food waste in half at retail and consumer levels and minimize losses along supply chains – contributing to both food security and resource efficiency.⁷⁷
- (4) *Responsible Management of Chemicals and Waste* which calls for the safe handling of chemicals and waste throughout their life cycle, reducing their harmful impact on human health and the environment.⁷⁸
- (5) *Substantially Reduce Waste Generation* which directs efforts toward waste prevention, reduction, recycling, and reuse, building a foundation for more sustainable production models by 2030.⁷⁹
- (6) *Encourage Companies to Adopt Sustainable Practices and Sustainable Reporting* which encourages large and transnational enterprises to adopt sustainable business practices and integrate sustainability into their reporting cycles – enhancing transparency and accountability.⁸⁰
- (7) *Promote Sustainable Public Procurement Practices* which promotes environmentally responsible government purchasing practices, ensuring that national policies align with long-term sustainability objectives.⁸¹
- (8) *Promote Universal Understanding of Sustainable Lifestyles* which seeks to ensure that by 2030, everyone has the knowledge and awareness necessary to adopt sustainable habits that align with environmental conservation.⁸²
- (9) *Support Developing Countries' Scientific and Technological Capacity for Sustainable Consumption and Production* which supports scientific and technological development in lower-income countries, helping them

⁷⁵ Target 12.1, Goal 12 of the SDGs.

⁷⁶ Ibid., target 12.2.

⁷⁷ Ibid., target 12.3.

⁷⁸ Ibid., target 12.4.

⁷⁹ Ibid., target 12.5.

⁸⁰ Ibid., target 12.6.

⁸¹ Ibid., target 12.7.

⁸² Ibid., target 12.8.

strengthen their ability to manage resources efficiently and drive innovation in sustainability.⁸³

- (10) *Develop and Implement Tools to Monitor Sustainable Tourism* which calls for the integration of sustainability criteria into governmental procurement processes, ensuring that public spending actively promote environmentally friendly and socially responsible practices. By aligning public spending with sustainable development objectives, governments help drive market transformation toward cleaner, resource-efficient products and services.⁸⁴
- (11) *Remove Market Distortions That Encourage Wasteful Consumption* which advocates for developing and implementing robust regulatory measures that foster resource efficiency, reduce waste generation, and spur innovation in sustainable production methods. Strengthening policy frameworks creates an enabling environment for industries and communities to adopt practices that safeguard natural resources and drive long-term sustainable growth.⁸⁵

By integrating these targets into economic and policy frameworks, SDG 12 ensures that global production and consumption align with environmental and social priorities – creating a future where growth is equivalent with sustainability.

2.2.3 SDG 13 – Climate Action

Climate change is one of the greatest challenges of our time, demanding immediate and coordinated global action.⁸⁶ SDG 13 aims to combat climate change by reducing emissions, strengthening resilience, and promoting adaptation strategies that help societies navigate an increasingly unpredictable global climate.⁸⁷ Within the framework of international trade, it is crucial that agreements incorporate measurable and enforceable climate actions, ensuring that corporate activities actively contribute to reducing the global climate burden.⁸⁸

By setting clear requirements for emission reductions, increasing the use of renewable energy, and encouraging climate-resilient business strategies, international trade can play a crucial role in driving the transition toward sustainability.⁸⁹ Effective agreements must not only outline climate ambitions but also include monitoring mechanisms that allow continuous evaluation of progress

⁸³ Ibid., target 12.9.

⁸⁴ Ibid., target 12.A.

⁸⁵ Ibid., target 12.B.

⁸⁶ United Nations Department of Economic and Social Affairs, ‘Goal 13: Take urgent action to combat climate change and its impacts’ (*United Nations*, n.d.) <https://sdgs.un.org/goals/goal13> (Goal 13 of the SDGs), accessed 2025-04-25; p. 23, Agenda 2030.

⁸⁷ Ibid.

⁸⁸ Sharon Anglin Treat, ‘Can we harness the power of trade agreements to achieve climate ambitions?’ (*Institute for Agriculture & Trade Policy*, 15 July 2021) <https://www.iatp.org/trade-agreements-achieve-climate-ambitions>, accessed 2025-04-25.

⁸⁹ Margaret A Young and Georgina Clough, ‘Net Zero Emissions and Free Trade Agreements: Efforts at Integrating Climate Goals by the United Kingdom and Australia’ (2023) *International & Comparative Law Quarterly* <https://doi.org/10.1017/S002058932300012X>, p. 411.

and the implementation of necessary corrective measures.⁹⁰ This ensures that climate responsibility is not merely an expectation but a standard across industries.⁹¹

To guide collective action, SDG 13 is structured around several key targets.

- (1) *Strengthening Resilience and Adaptive Capacity to Climate Related Disasters* which enhances adaptive capacity in all countries to withstand climate-related hazards and natural disasters, ensuring communities are equipped to handle the adverse effects of climate change.⁹²
- (2) *Integrating Climate Change Measures into Policies and Planning* which embeds climate-focused measures into national policies, strategies, and planning, aligning local efforts with global climate objectives.⁹³
- (3) *Build Knowledge and Capacity to Meet Climate Change* which improves education and institutional capacity on climate mitigation, adaptation, early warning systems, and impact reduction, empowering individuals and organizations to take informed action.⁹⁴
- (4) *Implement the UN Framework Convention on Climate Change* which secure the commitment of developed nations to mobilize \$100 billion annually to finance climate action in developing countries, ensuring equitable access to the resources needed for sustainability.⁹⁵
- (5) *Promote Mechanisms to Raise Capacity for Planning and Management* which strengthens mechanisms for effective climate planning and management in least developed countries and small island developing states, with a special focus on supporting women, youth, and marginalized communities.⁹⁶

By embedding these principles into national and international frameworks, SDG 13 reinforces the urgency of climate action, paving the way for a future where sustainability is not just a goal - but an essential part of global development.

2.3 The Paris Agreement and Its Influence in EU's Sustainability Policy

The Paris Agreement, adopted in 2015, represents a global milestone in the fight against climate change and marks a paradigm shift in how countries around the world

⁹⁰ Jhalak Aggarwal et al, 'Strengthening Climate Accountability: Improving Compliance and Delivery under the Paris Agreement' (Council on Energy, Environment and Water, 2 November 2022) <https://www.ceew.in/publications/improving-paris-agreement-compliance-delivery-mechanisms-and-strengthening-global-climate-accountability>, p. 4.

⁹¹ Goal 13 of the SDGs.

⁹² Ibid., target 13.1.

⁹³ Ibid., target 13.2.

⁹⁴ Ibid., target 13.3.

⁹⁵ Ibid., target 13.4.

⁹⁶ Ibid., target 13.5.

collectively address climate issues.⁹⁷ The agreement aims to limit global warming to well below 2 degrees Celsius, with the stated ambition of keeping the temperature increase as close to 1.5 degrees as possible.⁹⁸ This goal is to be achieved by each country committing to take ambitious climate actions, submitting national plans - so-called Nationally Determined Contributions – and regularly reporting on their emission reductions while revising their climate strategies in line with both technological advances and changing scientific findings.⁹⁹

One of the strengths of the Paris Agreement is its dynamic nature. It is not based on fixed targets but requires continuous adaptation and intensification of climate actions.¹⁰⁰ By incorporating a transparent reporting mechanism and regular reviews, the agreement puts pressure on countries to demonstrate concrete progress, thereby increasing global accountability and cooperation on climate issues.

The EU quickly recognized the importance of these climate ambitions and has therefore integrated the goals and principles of the Paris Agreement into its own regulatory framework.¹⁰¹ Through the Green Deal, the EU has adopted ambitious domestic objectives.¹⁰² This integration is also clearly reflected in the EU's trade agreements. By incorporating the Paris Agreement into its regulatory framework and trade agreements, the EU not only strengthens its internal climate measures but also contributes to a more harmonized global sustainability agenda.¹⁰³

2.4 UN and EU: A Partnership for Sustainability

The EU's commitment to achieving the SDGs has in recent years been characterized by a purposeful and strategic integration of economic, social, and environmental dimensions into the EU's policies.¹⁰⁴ This ambition is manifested not only in internal reforms and regulations, but it has also shaped how the EU conducts its external policy and international trade strategies.¹⁰⁵ Through initiatives such as the Green Deal, the EU has set ambitious targets to reduce emissions, increase energy efficiency, and promote inclusive economic growth.¹⁰⁶ This directly mirrors the SDGs and marks a shift where sustainability is no longer viewed as an add-on, but

⁹⁷ United Nations Framework Convention on Climate Change, 'The Paris Agreement' (*United Nations*, n.d.) <https://unfccc.int/process-and-meetings/the-paris-agreement>, accessed 2025-04-28.

⁹⁸ United Nations Framework Convention on Climate Change, 'Key aspects of the Paris Agreement' (*United Nations*, n.d.) <https://unfccc.int/most-requested/key-aspects-of-the-paris-agreement>, accessed 2025-04-28.

⁹⁹ United Nations Framework Convention on Climate Change, 'Nationally Determined Contributions (NDCs)' (*United Nations*, n.d.) <https://unfccc.int/process-and-meetings/the-paris-agreement/nationally-determined-contributions-ndcs>, accessed 2025-04-28.

¹⁰⁰ *Ibid.*

¹⁰¹ European Commission, 'Delivering the European Green Deal', accessed 2025-04-21.

¹⁰² European Commission, '2050 long-term strategy' (*European Commission*, n.d.) https://climate.ec.europa.eu/eu-action/climate-strategies-targets/2050-long-term-strategy_en, accessed 2025-04-21.

¹⁰³ European Commission, 'Delivering the European Green Deal', accessed 2025-04-21.

¹⁰⁴ European Commission, 'EU approach to SDGs implementation' (*European Commission*, n.d.) https://commission.europa.eu/strategy-and-policy/sustainable-development-goals/eu-approach-sdgs-implementation_en, accessed 2025-04-24.

¹⁰⁵ European Commission, 'Sustainable Development in EU Trade Agreements', accessed 2025-04-17.

¹⁰⁶ European Commission, 'Delivering the European Green Deal', accessed 2025-04-21.

as a central and indispensable component of every decision in both the political and economic arenas.¹⁰⁷

The EU's holistic sustainability strategy encompasses both internal objectives and external measures.¹⁰⁸ The Green Deal acts as a spark for operationalizing these goals through concrete programs and actions.¹⁰⁹ For example, the initiative encourages investments in renewable energy, energy-efficient technologies, and sustainable infrastructure solutions – actions that not only help reduce climate impact but also create new jobs and strengthen competitiveness.¹¹⁰ By balancing economic growth, social justice, and environmental protection, it is ensured that the EU's development proceeds in a manner that is sustainable both in the short and long term.¹¹¹

Furthermore, the EU's sustainability policy infuses its international trade strategies.¹¹² Trade agreements such as CETA and EUSFTA now integrate sustainability clauses that are based on the SDGs and adopt the ambitious requirements set internally.¹¹³ These clauses often include specific and measurable demands that ensure the high environmental and social standards upheld within the EU are also implemented and maintained by its trade partners.¹¹⁴ In this way, the trade agreements serve as a practical tool for bridging the gap between political vision and concrete action, thereby driving a global transition toward sustainability.¹¹⁵

The overarching framework – where the SDGs, the Green Deal, and the EU's own regulations work in unison – forms the foundation for developing clear, measurable, and legally binding sustainability commitments.¹¹⁶ This integrated approach ensures that the strategic ambitions of the EU's sustainability efforts are translated into concrete international actions, which over time promote a global, transparent sustainable trade.¹¹⁷ By working internally and externally to implement these goals, the EU demonstrates that sustainable development is a collective responsibility that requires collaboration between governments, businesses, and civil society – a strategy that not only bolsters the EU's internal competitiveness but also enhances its reputation as a global leader in sustainable development.

¹⁰⁷ Sustainable Development Goals, 'The EU and the United Nations – common goals for a sustainable future' (European Commission, n.d.) https://commission.europa.eu/strategy-and-policy/sustainable-development-goals/eu-and-united-nations-common-goals-sustainable-future_en, accessed 2025-04-24.

¹⁰⁸ European Commission, 'EU approach to SDGs implementation', accessed 2025-04-24.

¹⁰⁹ European Commission, 'Delivering the European Green Deal', accessed 2025-04-21.

¹¹⁰ Ibid.

¹¹¹ European Commission, 'EU approach to SDGs implementation', accessed 2025-04-24.

¹¹² European Commission, 'Sustainable Development in EU Trade Agreements', accessed 2025-04-17.

¹¹³ Ibid.

¹¹⁴ Marc Jütten, 'Trade and sustainable development in EU free trade agreements' (European Parliamentary Research Service, November 2023) [https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/754613/EPRS_BRI\(2023\)754613_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/754613/EPRS_BRI(2023)754613_EN.pdf), p. 3.

¹¹⁵ ClientEarth, 'A new blueprint for environmental provisions in EU trade agreements' (ClientEarth, December 2021) <https://www.clientearth.org/media/0ybtiaq/blueprint-for-environmental-provisions-in-eu-ftas-final-071221.pdf>, p. 2.

¹¹⁶ European Commission, 'EU approach to SDGs implementation', accessed 2025-04-24.

¹¹⁷ European Commission, 'Sustainable Development in EU Trade Agreements', accessed 2025-04-17.

2.5 The Green Deal: EU's Contribution to Agenda 2030 and The Paris Agreement

The Green Deal represents the EU's flagship initiative, designed to radically transform Europe from a fossil-dependent economy into a sustainable, climate-neutral, and resource-efficient model through a series of ambitious measures.¹¹⁸ This strategic initiative is not only about reducing carbon emissions and transitioning rapidly to renewable energy, but it also involves a profound restructuring of industry and the strengthening of environmental protection regulations.¹¹⁹ In this way, the Green Deal serves both as a spark for internal transformation and as a model for international climate policy. With the declared aim of making Europe the first climate-neutral continent by 2050, the Green Deal functions both as a visionary target but also as a spark for comprehensive social transformation.¹²⁰ Through this framework, the EU aspires to redefine economic structures, energy systems, and social structures – where environmental, economic, and social aspects are interwoven into a comprehensive plan for the future.¹²¹

As a strategic framework, the ambition of the Green Deal is to support the SDGs by translating these objectives into concrete actions.¹²² For instance, by promoting investments in renewable energy, energy efficiency, and green innovation, the initiative intends to contribute significantly to SDG 13 – not only by aiming to reduce emissions but also fostering systems for climate resilience in a rapidly changing world.¹²³ Similarly, by focusing on creating equal opportunities, secure working conditions, and fair wages, the ambition is that the Green Deal will bolster SDG 8, ensuring that the transition benefits both markets and the people who rely on a fair economic system.¹²⁴ Furthermore, the initiative aspires to advance SDG 12 through the integration of circular economy principles, increased recycling, and the sustainable use of resources – a strategy that, in theory, should promote environmentally responsible economic development.¹²⁵

In addition, the EU has embraced the Green Deal as a central pillar of its international trade strategy.¹²⁶ Through modern trade agreements such as CETA, EUSFTA, and other agreements, sustainability clauses are integrated with the ambition of transferring the high environmental and social standards upheld within the EU to its foreign trade partners.¹²⁷ These clauses draw direct inspiration from the Paris Agreement, encouraging even foreign trade partners to adopt similar standards, ultimately helping to reduce the global climate burden.¹²⁸ By incorporating specific

¹¹⁸ European Commission, 'Delivering the European Green Deal', accessed 2025-04-21.

¹¹⁹ European Commission, 'Industry and the Green Deal' (*European Commission*, n.d.) https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/industry-and-green-deal_en, accessed 2025-04-22.

¹²⁰ European Commission, '2050 long-term strategy', accessed 2025-04-21.

¹²¹ European Commission, 'Delivering the European Green Deal', accessed 2025-04-21.

¹²² Sustainable Development Goals, 'The EU and the United Nations – common goals for a sustainable future', accessed 2025-04-24.

¹²³ European Commission, 'Delivering the European Green Deal', accessed 2025-04-21.

¹²⁴ *Ibid.*

¹²⁵ *Ibid.*

¹²⁶ European Commission, 'Sustainable Development in EU Trade Agreements', accessed 2025-04-17.

¹²⁷ Jana Titievskaja, 'Sustainability Provisions in EU Free Trade Agreements', pp. 4-5.

¹²⁸ European Commission, 'Sustainable Development in EU Trade Agreements', accessed 2025-04-17.

requirements the aim is that business relationships will adhere to these ambitious sustainability standards.¹²⁹ However, it remains to be seen whether these provisions will be sufficient to drive the intended global transition towards a greener economy.

In synthesizing the Green Deal with Agenda 2030 and the Paris Agreement, the EU has established a dynamic framework intended to reinforce global commitments through domestic and international policies.¹³⁰ The ambition is to operationalize these global goals by converting abstract visions into measurable and practically achievable outcomes.¹³¹ This model of concrete, legally binding climate actions stands as an inspiring example for other regions, demonstrating that ambitious climate targets can indeed be translated into practical measures.¹³² While this integrated strategy sets a promising standard for sustainable development and positions the EU as an aspiring global leader in this field, critical questions persist regarding whether the instruments at hand will ultimately secure the intended outcomes.

2.6 Brief Summary and Conclusion

Global frameworks such as Agenda 2030 and the Paris Agreement have sparked a paradigm shift in sustainable development and climate policy. Agenda 2030's 17 goals – especially SDG 8, SDG 12, and SDG 13 – have transformed abstract sustainability concepts into clear, legally binding commitments, as seen in the sustainability clauses of trade agreements.

Likewise, the Paris Agreement's focus on limiting global warming to below 2°C has significantly influenced the EU's sustainability policy. By requiring increased transparency, regular reporting, and ongoing revisions, it has encouraged the EU to adopt the Green Deal – a domestic strategy that implement renewable energy transitions, emission reductions, and regulatory reforms. In uniting internal policies with international trade practices, these frameworks ensure that global ambitions translate into concrete actions.

¹²⁹ Ibid.

¹³⁰ Sustainable Development Goals, 'The EU and the United Nations – common goals for a sustainable future', accessed 2025-04-24.

¹³¹ European Commission, 'Delivering the European Green Deal', accessed 2025-04-21.

¹³² Climate Action, 'European Climate Law' (European Commission, n.d.) https://climate.ec.europa.eu/eu-action/european-climate-law_en, accessed 2025-04-28; Caroline Bertram and Hermine Van Coppenolle, 'Strengthening the Paris Agreement through trade? The potential and limitations of EU preferential trade agreements for climate governance' (2024) *International Environmental Agreements* 24, 589–610 <https://doi.org/10.1007/s10784-024-09653-x>, pp. 609-610.

3 EU's Sustainability Clauses in Trade Agreements

3.1 Introduction

The EU has established an extensive network of FTAs with a variety of partner countries and regions. To date, the EU has negotiated over 70 agreements aimed at promoting market access, regulatory alignment, and economic growth.¹³³ In recent years, there has been a noticeable trend toward integrating sustainability clauses into these FTAs – a development that reflects the priority of aligning trade with environmental, social, and climate objectives. Current research suggests that a growing proportion of these agreements – with nearly all new FTAs (around 90% of those signed since 2009) – now include provisions designed to support sustainable development.¹³⁴

As explained in section 1.2, I focus specifically on two notable examples: CETA and EUSFTA. These were selected for their distinct approaches in incorporating sustainability provisions. CETA is often regarded as one of the most ambitious agreements in terms of embedding robust sustainability measures, while the EUSFTA offers an alternative model, reflecting different economic and regional priorities.¹³⁵ By examining these two agreements, this study aims to assess not only the quality of the goals embedded in these instruments but also the practical challenges and uncertainties concerning whether these legal tools will fully realize their trusted ambitions.

3.2 Definition and Purpose: What are Sustainability Clauses?

Sustainability clauses are legally binding provisions incorporated into trade agreements and other contractual arrangements aimed at ensuring that the parties actively assume responsibility for achieving established goals in environmental protection, social responsibility, and economic sustainability.¹³⁶ These clauses serve

¹³³ European Commission, 'EU Trade Agreements – Negotiations and Agreements' (*European Commission*, n.d.) https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/negotiations-and-agreements_en, accessed 2025-05-20.

¹³⁴ Emily Lydgate, 'Beyond non-regression: Mainstreaming Climate Action into FTAs' (Centre for Inclusive Trade Policy, 1 February 2023) <https://citp.ac.uk/publications/beyond-non-regression-mainstreaming-climate-action-into-ftas>, p. 2.

¹³⁵ European Commission, 'Standards and values in CETA: a progressive agreement for sustainable development' (European Commission, September 2017) https://trade.ec.europa.eu/access-to-markets/en/country-assets/tradoc_156061.pdf, p. 1; Ludo Cuyvers, et. al, 'EU-ASEAN FTAs: Does One Size Fit All?' (Centre for ASEAN Studies, April 2013) https://www.researchgate.net/profile/Ludo-Cuyvers/publication/331949297_EU-ASEAN_FTAs_Does_one_size_fit_all/links/5f293ffb92851cd302d87092/EU-ASEAN-FTAs-Does-one-size-fit-all.pdf, p. 7.

¹³⁶ The Chancery Lane Project, 'Sustainability Clauses in Supply Chain Contracts' (*The Chancery Lane Project*, 10 May 2022) <https://chancerylaneproject.org/clauses/sustainability-clauses-in-supply-chain-contracts/>, accessed 2025-04-28.

as a bridge between overarching sustainability visions and practical action by translating abstract goals into concrete, measurable requirements.¹³⁷

Legally, sustainability clauses formalize the commitments that the parties make toward sustainable development and create a transparent framework for follow-up.¹³⁸ By establishing clear criteria and performance targets, they enable systematic monitoring of how well the measures are implemented, as well as providing a framework for imposing sanctions in cases of non-compliance.¹³⁹ This not only strengthens accountability but also ensures that the established sustainability goals are realized in practice.¹⁴⁰ In this way, these clauses contribute to a more transparent and ethically grounded business operation in which both risks and responsibilities are shared among the involved parties.¹⁴¹

The integration of sustainability clauses is especially important in connection with the EU's work for a green transition.¹⁴² The Green Deal underpins the development of these clauses.¹⁴³ By incorporating the ambitions and principles characteristic of the Green Deal, the EU ensures that the sustainability goals adopted internally – and globally through instruments such as Agenda 2030 – are also implemented in international trade agreements.¹⁴⁴ This enables the high environmental and social standards established within the EU to be distributed to global trade relations, thereby driving a worldwide transition toward sustainable business practices.¹⁴⁵

In summary, sustainability clauses play a central role in operationalizing ambitious sustainability goals. By formalizing those actions in the areas of environment, social responsibility, and the economy are met with concrete, measurable requirements, a robust framework is created to ensure that sustainable development does not remain a theoretical vision but is put into practice. The combination of legal provisions, systematic follow-up, and the supporting principles from the Green Deal helps shape a business culture in which sustainability infuses the entire value chain. This is crucial for meeting both today's and tomorrow's challenges while also promoting global accountability and a more sustainable future.

3.3 Examples of Implementation

3.3.1 The Canada – European Union Comprehensive Economic and Trade Agreement

CETA is an ambitious free trade agreement between the EU and Canada that not only aims to eliminate tariffs, promote investment, and open up markets for goods

¹³⁷ Silvester Legal, 'The Growing Importance of Sustainability Clauses in Modern Contracts', accessed 2025-05-05.

¹³⁸ Ekaterina Pannebakker, 'Sustainable development clauses in international contracts through the lens of the Unidroit principles', pp. 360-361.

¹³⁹ DiliTrust, 'Sustainability Clauses: More than a Requirement, a Strategic Element for the Energy Sector' (DiliTrust, n.d.) <https://www.dilitrust.com/sustainability-clauses-energy-sector/>, accessed 2025-04-27.

¹⁴⁰ Silvester Legal, 'The Growing Importance of Sustainability Clauses in Modern Contracts', accessed 2025-05-05.

¹⁴¹ Ibid.

¹⁴² European Commission, 'Sustainable Development in EU Trade Agreements', accessed 2025-04-17.

¹⁴³ European Commission, 'Delivering the European Green Deal', accessed 2025-04-21.

¹⁴⁴ European Commission, 'Sustainable Development in EU Trade Agreements', accessed 2025-04-17.

¹⁴⁵ Marc Jütten, 'Trade and sustainable development in EU free trade agreements', p. 4.

and services but also to integrate broader sustainability considerations into global trade relations.¹⁴⁶ By incorporating environmental protection, labour rights, and social responsibility measures into its framework, CETA goes beyond mere economic interests.¹⁴⁷ It creates a platform in which free trade and sustainable development reinforce each other, ensuring that economic integration does not come at the expense of high sustainability standards.¹⁴⁸

Within CETA, sustainability clauses have been designed to ensure that all parties benefit not merely from economic gains but also commit to upholding strict environmental and labour standards.¹⁴⁹ These clauses require parties to adhere to both national and international environmental and social norms, including obligations derived from key global frameworks.¹⁵⁰ In this manner, the broader sustainability goals are translated into legally binding commitments. Transparency and regular reporting are central to these mechanisms, as they provide the means to verify compliance continuously, thereby reducing the risk of greenwashing and ensuring that proclaimed ambitions are matched by concrete actions.¹⁵¹

The multifaceted significance of these sustainability clauses lies in their dual function. First, they serve as a legal instrument that compels parties to integrate sustainability principles directly into their business practices.¹⁵² This integration not only minimizes the risk of superficial compliance but also lays the foundation for a business environment where growth and economic integration are achieved without compromising environmental integrity or social welfare.¹⁵³ Second, these clauses promote the harmonization of regulations and standards across borders, which in turn facilitates international cooperation on sustainable development.¹⁵⁴ By setting forth clear, measurable targets – such as specific reductions in greenhouse gas emissions, increased use of renewable energy, or improvements in working conditions – CETA acts as a spark for a global shift towards more sustainable trade practices.¹⁵⁵

Moreover, the inclusion of sustainability components within CETA reflects an evolving understanding among policymakers that sustainable development must be embedded in international trade relations.¹⁵⁶ This approach signals a collective commitment to global sustainability that extends beyond national borders. The legal enforceability of these clauses sends a message that economic benefits must be balanced by concrete responsibilities toward the environment and society.¹⁵⁷ As a

¹⁴⁶ *Comprehensive Economic and Trade Agreement (CETA) between Canada, of the one part, and the European Union and its Member States, of the other part* [2017] OJ L 11, 14 January 2017, pp 23–1079.

¹⁴⁷ See for example, 22.1, CETA.

¹⁴⁸ Marc Jütten, 'Trade and sustainable development in EU free trade agreements', p. 2.

¹⁴⁹ Chapter 22 and 23, CETA; Marc Jütten, 'Trade and sustainable development in EU free trade agreements', p. 3.

¹⁵⁰ Article 22.1, CETA.

¹⁵¹ Chapter 27, CETA.

¹⁵² Marc Jütten, 'Trade and sustainable development in EU free trade agreements', p. 4.

¹⁵³ Marc Jütten, 'Trade and sustainable development in EU free trade agreements', p. 4; Marco Bronckers and Giovanni Gruni, 'Retooling the Sustainability Standards in EU Free Trade Agreements' (2021) *Journal of International Economic Law*, 24(1) 25 <https://academic.oup.com/jiel/article/24/1/25/6146679>, p. 49.

¹⁵⁴ Marc Jütten, 'Trade and sustainable development in EU free trade agreements', p. 4.

¹⁵⁵ Article 24.1, CETA; Marco Bronckers and Giovanni Gruni, 'Retooling the Sustainability Standards in EU Free Trade Agreements', pp. 29-31.

¹⁵⁶ María Jesús González, Esther Gordo Mora and Marta Manrique Simón, 'The EU's New-Generation Trade Agreements: The CETA Treaty' (2017) *SSRN* https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3048331, p. 14.

¹⁵⁷ Chapter 29, CETA; Marco Bronckers and Giovanni Gruni, 'Retooling the Sustainability Standards in EU Free Trade Agreements', p. 29.

result, CETA not only strengthens the environmental and social legitimacy of trade policies but also provides a repeatable model – the integration of sustainability into trade agreements – that can inspire similar initiatives worldwide.¹⁵⁸

In summary, CETA demonstrates that sustainability measures can be effectively integrated into FTAs to create a more balanced and forward-looking basis for global business. The agreement sets a precedent for how legal mechanisms can reinforce the pursuit of sustainable development, ensuring that economic collaboration is aligned with environmental protection and social responsibility. By securing economic relations in a framework of legally binding sustainability commitments, CETA contributes to a global agenda that prioritizes long-term well-being over short-term gains, ultimately fostering a more resilient and ethical international trade landscape.

3.3.2 The European Union – Singapore Free Trade Agreement

EUSFTA is a comprehensive trade agreement aimed at strengthening the economic and regulatory relations between the EU and Singapore.¹⁵⁹ The agreement facilitates free trade and investment across a broad range of sectors – including goods, services, and intellectual property – while simultaneously contributing to the creation of a modern and competitive trading environment.¹⁶⁰ Designed with a comprehensive view of growth, the parties seek to integrate economic development with responsible practices, thereby achieving a balance between profitability and sustainability.¹⁶¹

Within the framework of EUSFTA, sustainability clauses have been incorporated as a central component to ensure that the engaged parties do not focus solely on economic gains but also commit to maintaining high standards in environmental protection, social issues, and labour rights.¹⁶² These clauses bind the EU and Singapore to act in accordance with international sustainability principles, and they contain specific provisions that require the implementation of concrete measures to reduce carbon emissions, protect biodiversity, and guarantee fair working conditions.¹⁶³ By translating abstract sustainability goals – as formulated in global initiatives like Agenda 2030 and the Paris Agreement – into legally binding and measurable requirements, the agreement becomes an important tool for ensuring that environmentally and socially responsible measures are executed.¹⁶⁴

¹⁵⁸ The model character of CETA’s sustainability chapter is emphasized in several studies. For example, the SSRN paper by Bartels and the EPRS briefing note that CETA’s approach is being looked to as a benchmark for other modern trade agreements.

¹⁵⁹ *Free Trade Agreement between the European Union and Singapore (EUSFTA)* (Decision (EU) 2018/1599 of 18 October 2018 and Decision (EU) 2019/1875 of 12 September 2019, entered into force 21 November 2019).

¹⁶⁰ European Commission, ‘EU-Singapore Free Trade Agreement’ (*European Commission*, n.d.) <https://trade.ec.europa.eu/access-to-markets/en/content/eu-singapore-free-trade-agreement>, accessed 2025-05-02.

¹⁶¹ European Commission, ‘EU-Singapore Free Trade Agreement’, accessed 2025-05-02.

¹⁶² Chapter 12, EUSFTA; see also; Jana Titievskaia, ‘Sustainability Provisions in EU Free Trade Agreements’, p. 5.

¹⁶³ For example, article 12.3, EUSFTA require that each party maintain or improve labour standards in line with international commitments (such as those under the ILO conventions); Jana Titievskaia, ‘Sustainability Provisions in EU Free Trade Agreements’, p. 5; Marco Bronckers and Giovanni Gruni, ‘Retooling the Sustainability Standards in EU Free Trade Agreements’, pp. 37-38.

¹⁶⁴ Jana Titievskaia, ‘Sustainability Provisions in EU Free Trade Agreements’, p. 6.

One of the crucial aspects of these sustainability clauses is the introduction of mechanisms for transparent reporting and regular follow-up.¹⁶⁵ Such mechanisms enable both parties to continuously monitor their progress, identify any shortcomings, and take corrective actions in real time if the goals are not met.¹⁶⁶ This system not only reduces the risk of greenwashing but also contributes to creating a culture of openness and accountability.¹⁶⁷ By integrating clear performance indicators in environmental, social, and labour-related areas, the agreement establishes a concrete link between international cooperation and real sustainability outcomes.¹⁶⁸

Furthermore, the sustainability clauses in EUSFTA play a decisive role by helping to prevent a "race to the bottom," where economic interests might compromise environmental and labour standards.¹⁶⁹ Through formalized sustainability commitments, a robust legal framework is created that clarifies that the trading partners' engagement in sustainable development is not voluntary but an essential part of their business strategy.¹⁷⁰ This framework promotes a transition to a greener and more ethical global trade, where high international standards are not only pursued but also verified through regular audits and review processes.

By introducing these clauses, EUSFTA signals that sustainable development and economic growth do not have to be opposing forces but can work together to benefit both business operations and broader societal responsibilities.¹⁷¹ It creates a model for future trade agreements where sustainability and accountability are integrated as central components of the economic agenda.¹⁷² In this way, the agreement helps to support the EU's profile as a global leader in sustainable development while serving as an inspiring example for other regions to incorporate sustainability measures into their own trade agreements.

In summary, EUSFTA demonstrates that trade agreements can be much more than platforms for economic freedom - they can also be drivers for sustainable global development. By implementing legally binding sustainability clauses with concrete, measurable targets and transparent follow-up mechanisms, the agreement achieves a balance between economic success and environmental and social responsibility. This integrated approach provides a strong example of how international trade

¹⁶⁵ Articles 12.13-12.15, EUSFTA.

¹⁶⁶ Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', p. 7.

¹⁶⁷ European Commission, 'Non paper of the Commission services: Feedback and way forward on improving the implementation and enforcement of Trade and Sustainable Development chapters in EU Free Trade Agreements' (European Commission, February 2018) https://trade.ec.europa.eu/doclib/docs/2018/february/tradoc_156618.pdf, p. 3; Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', p. 7.

¹⁶⁸ Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', p. 8; Marco Bronckers and Giovanni Gruni, 'Retooling the Sustainability Standards in EU Free Trade Agreements', pp. 29-31.

¹⁶⁹ European Union and the Republic of Singapore, 'EU-Singapore Trade and Investment Agreements Guide' (2019) https://www.enterprisesg.gov.sg/-/media/esg/files/non-financial-assistance/for-companies/free-trade-agreements/eusfta/EUSFTA_Trade_and_Investment_Agreements_Guide.pdf, p. 21; Gracia Marin Duran, 'The EU's Evolving Approach to Environmental Sustainability in Free Trade Agreements' (SSRN Research Paper No 03/2023, 7 March 2023) https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4373632, p. 12

¹⁷⁰ Article 12.1, EUSFTA; Marco Bronckers and Giovanni Gruni, 'Retooling the Sustainability Standards in EU Free Trade Agreements', p. 37-38.

¹⁷¹ European Commission, 'EU-Singapore Free Trade Agreement', accessed 2025-05-02; Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', p. 10.

¹⁷² Ibid.

partnerships can promote economic integration while serving as vital tools in the pursuit of a greener, fairer, and more sustainable future.

3.4 Free Trade Agreements Role in Supporting the Green Deal

FTAs play a central role in supporting climate neutrality and promoting a circular economy, which is in line with the ambitions of the Green Deal.¹⁷³ Agreements such as CETA and EUSFTA are not solely designed to increase market access and strengthen economic integration; they are also constructed with an integrated sustainability strategy.¹⁷⁴ By incorporating sustainability clauses, the parties are compelled to focus not only on economic gains but also on environmental responsibility and social justice.¹⁷⁵ This approach to designing trade agreements contributes to bridging the gap between economic growth and sustainable development, demonstrating how international cooperation can promote a green transition.¹⁷⁶

The agreements reflect the goals of the Green Deal by implementing specific measures that directly contribute to reducing carbon dioxide emissions and increasing the use of renewable energy. For example, requirements for energy efficiency in production chains mean that companies must adapt their operations to work more resource-efficiently.¹⁷⁷ To ensure these measures do not remain mere theoretical promises, mandatory, regular environmental reports are introduced where companies' climate performances are measured and documented.¹⁷⁸ This is often followed by independent audits that assess whether the established targets are truly met, along with systems that reward companies which reduce their emissions or otherwise improve their environmental performance.¹⁷⁹

The sustainability clauses also include provisions that promote a circular economy – a concept where waste is minimized and resources are reused rather than processed

¹⁷³ European Commission, 'Delivering the European Green Deal', accessed 2025-04-21.

¹⁷⁴ CETA; EUSFTA.

¹⁷⁵ Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', p. 4; Ekaterina Pannebakker, 'Sustainable development clauses in international contracts through the lens of the Unidroit principles', pp. 360-361.

¹⁷⁶ Evdokia Moisé and Stela Rubínová, 'Sustainability impact assessments of free trade agreements: A critical review' (OECD Trade Policy Papers, No. 255, OECD Publishing, Paris, February 2021) <https://doi.org/10.1787/65b1a07e-en>, p. 18; Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', pp. 4-5.

¹⁷⁷ Neda Karimi and Soroush Alinia, 'Towards a Sustainable Future: Integrating Energy Efficiency in Multi-factory Supply Chain Scheduling' (2025) *Process Integration and Optimization for Sustainability* <https://link.springer.com/article/10.1007/s41660-025-00518-7>, p. 4.

¹⁷⁸ (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU as regards corporate sustainability reporting [2022] OJ L322/15, 16 December 2022 <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32022L2464>; Grant Thornton, 'Mandatory sustainability reporting for large companies' (Grant Thornton, 2 May 2022) <https://www.grantthornton.global/en/insights/articles/mandatory-sustainability-reporting-for-large-companies/>, accessed 2025-05-03.

¹⁷⁹ Tania Pantazi, 'The Introduction of Mandatory Corporate Sustainability Reporting in the EU and the Question of Enforcement' (2024) *European Business Organization Law Review* 25, 509–532 <https://doi.org/10.1007/s40804-024-00320-x>, pp. 524-525 ; Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', p. 6.

according to a linear model.¹⁸⁰ By imposing requirements for recycling and implementing strategies for effective waste management, these clauses help ease the pressure on raw materials.¹⁸¹ This is not only positive from an environmental perspective but also strengthens competitiveness by ensuring that production processes become more sustainable and cost-effective over the long term.¹⁸²

By integrating such mechanisms into trade agreements, it is ensured that sustainability commitments do not remain symbolic or declaratory but are put into practice. This is crucial for achieving climate neutrality, as it creates a clear link between international cooperation and concrete actions.¹⁸³ Furthermore, these mechanisms contribute to positioning Europe at the forefront as a global leader in sustainable development. When the EU and its trading partners demonstrate that they can combine economic integration with high standards for environmental and social responsibility, it sends a strong signal to the rest of the world that sustainable development is a necessary path forward.¹⁸⁴

Another dimension of the role of FTAs is the harmonization of rules and standards achieved through the implementation of sustainability clauses.¹⁸⁵ By formalizing internationally recognized sustainability objectives in legally binding agreements, these agreements help minimize the risk of a “race to the bottom,” whereby competition might lead to lowered environmental or labour standards.¹⁸⁶ Instead, a platform is created where trade and investment are driven by a clear agreement that both economic growth and sustainability must go hand in hand.¹⁸⁷

Furthermore, these agreements serve as a spark for technological innovation and transition.¹⁸⁸ The requirements for increased energy efficiency and reduced emissions drive research and development of new technologies that can optimize production and reduce environmental impact.¹⁸⁹ This not only improves companies’

¹⁸⁰ European Commission, ‘Circular economy action plan’ (*European Commission*, n.d.) https://environment.ec.europa.eu/strategy/circular-economy-action-plan_en, accessed 2025-05-03; United Nations Economic Commission for Europe, ‘Waste Management towards a more Circular Economy’ (United Nations Economic Commission for Europe, February 2022) https://unece.org/sites/default/files/2022-02/WASTE_EN.pdf, pp. 6-7.

¹⁸¹ Ibid.

¹⁸² Fraunhofer Institute, ‘Energy Efficiency in Production’ (Fraunhofer Institute, n.d.) https://www.iwu.fraunhofer.de/content/dam/iwu/en/documents/EffPro_en.pdf, p. 4; Lei Zhang et. al, ‘Trade and the Sustainable Energy Transition: Exploring the Impact of Trade on Total Factor Renewable Energy Efficiency’ (2025) *Sustainability* 17 1566 <https://www.mdpi.com/2071-1050/17/4/1566>, p. 14.

¹⁸³ Evdokia Moisé and Stela Rubínová, ‘Sustainability impact assessments of free trade agreements: A critical review’, p. 18; Jana Titievskaia, ‘Sustainability Provisions in EU Free Trade Agreements’, p. 6.

¹⁸⁴ James Harrison, ‘Trade Agreements and Sustainability: Exploring the Potential of Global Value Chain (GVC) Obligations’ (2023) *Journal of International Economic Law* 26(2) 199–215 <https://academic.oup.com/jiel/article/26/2/199/6974703>, pp. 212-213; Evdokia Moisé and Stela Rubínová, ‘Sustainability impact assessments of free trade agreements: A critical review’, p. 18.

¹⁸⁵ Herbert Smith Freehills, ‘Overview of the EU Commission’s guidance on sustainability agreements’ (*Herbert Smith Freehills*, 30 June 2023) <https://www.herbertsmithfreehills.com/notes/crt/2023-06/overview-of-the-eu-commissions-guidance-on-sustainability-agreements>, accessed 2025-05-04; James Harrison, ‘Trade Agreements and Sustainability: Exploring the Potential of Global Value Chain (GVC) Obligations’, pp. 206-207.

¹⁸⁶ Herbert Smith Freehills, ‘Overview of the EU Commission’s guidance on sustainability agreements’, accessed 2025-05-04; Jana Titievskaia, ‘Sustainability Provisions in EU Free Trade Agreements’, p. 7.

¹⁸⁷ European Commission, ‘Sustainable Development in EU Trade Agreements’, accessed 2025-04-17.

¹⁸⁸ Lei Zhang et. al, ‘Trade and the Sustainable Energy Transition: Exploring the Impact of Trade on Total Factor Renewable Energy Efficiency’, pp. 12-13; Mahadev Bera, Sumanta Das and Gautam Chatterjee, ‘Advancing energy efficiency: innovative technologies and strategic measures for achieving net zero emissions’ (2025) *Carbon Footprints* <https://www.oaepublish.com/articles/cf.2024.48>, p. 7.

¹⁸⁹ Fraunhofer Institute, ‘Energy Efficiency in Production’, p. 5.

environmental performance but also creates opportunities for new economic sectors, which in turn contributes to a sustainable and resilient economy.¹⁹⁰

Finally, it is important to emphasize the communicative and symbolic function of the sustainability clauses.¹⁹¹ By formally integrating these measures into FTAs, the EU underscores its commitment to a sustainable future. This not only strengthens relations with trading partners but also helps raise awareness among consumers, investors, and other stakeholders.¹⁹² The result is increased transparency and accountability in international trade, with sustainability becoming an essential component of all business decisions.¹⁹³

In summary, FTAs such as CETA and EUSFTA demonstrate that international trade can be a powerful engine for achieving climate neutrality and promoting a circular economy. By implementing concrete, measurable sustainability clauses, these agreements ensure that economic interests are combined with ambitious environmental and social goals. This integrated approach helps to establish sustainable development on a global scale and positions Europe as a forerunner in sustainable trade - a model that can inspire other regions to follow and work together toward a greener and more sustainable future.

3.5 Difficulties in Implementing Sustainability Clauses

The implementation of sustainability clauses in trade agreements is far from a simple administrative process; it is a multifaceted challenge that demands much more than merely incorporating a textual provision into a contract.¹⁹⁴ These clauses, which aim to translate broad and often abstract sustainability goals into concrete, measurable actions, must serve as a tool to ensure that ambitious strategies for environmental protection, social justice, and economic sustainability are actually enforced in practice.¹⁹⁵ To achieve this, a robust infrastructure of monitoring and reporting systems is required, along with a consistent legal interpretation across various jurisdictions and continuous adaptation to changing conditions.¹⁹⁶

¹⁹⁰ Lei Zhang et. al, 'Trade and the Sustainable Energy Transition: Exploring the Impact of Trade on Total Factor Renewable Energy Efficiency', pp. 12-13; Md. Qamruzzaman and Salma Karim, 'Unveiling the synergy: Green finance, technological innovation, green energy, and carbon neutrality' (2024) *PLOS ONE* <https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0308170>, p. 10-11.

¹⁹¹ Claudia De Meulemeester, 'How sustainability obligations are being incorporated into contractual agreements' (*Sustainable Views*, 3 January 2024) <https://www.sustainableviews.com/how-sustainability-obligations-are-being-incorporated-into-contractual-agreements-d62f96c0/> accessed 2025-05-03; Cleaver Fulton Rankin, 'Sustainability Clauses in Contracts: A Step Towards Responsible Business', accessed 2025-05-04.

¹⁹² Herbert Smith Freehills, 'Overview of the EU Commission's guidance on sustainability agreements', accessed 2025-05-04; European Commission, 'Delivering the European Green Deal', accessed 2025-04-21.

¹⁹³ Evdokia Moisé and Stela Rubínová, '*Sustainability impact assessments of free trade agreements: A critical review*', p. 18; Herbert Smith Freehills, 'Overview of the EU Commission's guidance on sustainability agreements', accessed 2025-05-04.

¹⁹⁴ Jana Titievskaia, '*Sustainability Provisions in EU Free Trade Agreements*', p. 8; Vibe Ulfbeck and Ole Hansen, 'Sustainability Clauses in an unsustainable Contract Law?' (2020) *European Review of Contract Law* 16(1) 186-205 <https://www.degruyterbrill.com/document/doi/10.1515/ercl-2020-0010/html>, pp. 188-189.

¹⁹⁵ Ekaterina Pannebakker, 'Sustainable development clauses in international contracts through the lens of the Unidroit principles', pp. 360-361.

¹⁹⁶ Evdokia Moisé and Stela Rubínová, '*Sustainability impact assessments of free trade agreements: A critical review*', p. 18.

It is not sufficient to simply express ambitious goals – mechanisms must be developed that allow for continuous follow-up, where data on emission reductions, improvements in labour rights, or resource efficiency is collected, verified, and reported in a transparent manner.¹⁹⁷ Moreover, this implies that the parties must have access to the technical tools and expertise needed to interpret and use the information correctly, which in turn demands both financial and organizational investments.¹⁹⁸

Furthermore, it is important to understand that sustainability clauses operate within a complex legal landscape in which national laws, international standards, and differing interpretations of the concept of sustainability interact.¹⁹⁹ A unified legal understanding is therefore necessary to ensure that the clauses are not only effective within a single jurisdiction but are also globally implementable.²⁰⁰ This means that agreements are often designed with the flexibility to adapt to local laws and cultural conditions while still maintaining a core set of universal sustainability principles.²⁰¹

In summary, the implementation of sustainability clauses requires a comprehensive strategy: it is not just about administrative measures but also about building an interconnected system of monitoring, reporting, and legal harmonization, where all involved parties - from EU institutions and member states to international trading partners - work toward the same clear objectives. Without these supporting mechanisms, ambitious sustainability goals risk remaining just ambitions without concrete implementation. To truly transform global sustainability visions into practical action, continuous development, adaptation, and coordination at all levels are required.

3.5.1 Difficulties for the EU

The implementation of sustainability clauses within the EU presents a number of challenges that extend far beyond merely drafting the contractual texts. Firstly, the EU consists of a diverse group of member states that differ in their political, legal, and economic structures. Designing sustainability clauses that are applicable across a unified internal market while also being tailored to each member state's unique characteristics is one of the biggest challenges.²⁰² It involves finding a balance between common, ambitious goals and the flexibility needed to account for different national circumstances – a balance that often requires compromises and simplifications.²⁰³

¹⁹⁷ Tania Pantazi, 'The Introduction of Mandatory Corporate Sustainability Reporting in the EU and the Question of Enforcement', pp. 524-525.

¹⁹⁸ Paula Galbiatti Silveira, 'Sustainability reporting around the world' (*Enhesa*, 16 May 2024) <https://www.enhesa.com/resources/article/sustainability-reporting-around-the-world/>, accessed 2025-05-03.

¹⁹⁹ Ekaterina Pannebakker, 'Sustainable development clauses in international contracts through the lens of the Unidroit principles', pp. 354-355.

²⁰⁰ Vibe Ulfbeck and Ole Hansen, 'Sustainability Clauses in an unsustainable Contract Law?', pp. 202-203.

²⁰¹ Silvester Legal, 'The Growing Importance of Sustainability Clauses in Modern Contracts', accessed 2025-05-05.

²⁰² *Ibid.*

²⁰³ Marco Bronckers and Giovanni Gruni, 'Retooling the Sustainability Standards in EU Free Trade Agreements', pp. 33-34.

Furthermore, the implementation of these clauses requires the development of standardized, measurable indicators and robust, reliable reporting systems.²⁰⁴ Without a unified method for data collection, comparing progress between countries and ensuring that the established measures actually lead to the desired environmental and social effects can be very challenging.²⁰⁵ This assumption calls for investments in advanced technological infrastructure, which require not only economic costs but also a strategic challenge in coordinating across different national systems and technical standards.²⁰⁶

Another major difficulty for the EU is the complex coordination required between various institutions and committees.²⁰⁷ Integrating sustainability goals into existing trade agreements demands extensive coordination at multiple levels – from technical expert groups to the highest political decision-makers.²⁰⁸ The legal framework must be harmonized with both internal EU regulations and international norms, which sometimes forces trade-offs that may ultimately weaken the original ambitions.²⁰⁹ Such compromises risk weakening the impact of the clauses, particularly if the legal provisions are interpreted too flexibly at the national level.²¹⁰

Additionally, the political landscape presents a significant challenge. During the negotiation of trade agreements, sustainability commitments come under pressure from a multitude of stakeholders within the EU, some of whom may prioritize economic trade and market access over ambitious sustainability goals.²¹¹ This can result in sustainability clauses being weakened or modified in a way that undermines their potential effect, thereby reducing the EU's ability to be a leading force in the global sustainability agenda.²¹²

In summary, the difficulties for the EU in implementing sustainability clauses reflect a complex interplay between law, technology, politics, and national interests. The challenge lies not only in formulating ambitious goals, but also in developing the supportive systems necessary to monitor and ensure that these goals are met. This complexity underscores the need for continuous innovation, coordination, and flexibility within EU institutions, so that the sustainability clauses introduced are not merely symbolic statements but become active tools for driving a genuine transition toward sustainable development.

²⁰⁴ Evdokia Moisé and Stela Rubínová, 'Sustainability impact assessments of free trade agreements: A critical review', p. 18.

²⁰⁵ Ibid.

²⁰⁶ Directorate-General for Research and Innovation, 'Bridging the Innovation Gap with European Technology Infrastructures' (*European Commission*, 14 February 2025) https://research-and-innovation.ec.europa.eu/news/all-research-and-innovation-news/bridging-innovation-gap-european-technology-infrastructures-2025-02-14_en, accessed 2025-05-02.

²⁰⁷ Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', p. 9.

²⁰⁸ Ibid.

²⁰⁹ Marco Bronckers and Giovanni Gruni, 'Retooling the Sustainability Standards in EU Free Trade Agreements', pp. 33-34.

²¹⁰ Vibe Ulfbeck and Ole Hansen, 'Sustainability Clauses in an unsustainable Contract Law?', pp. 202-203.

²¹¹ Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', p. 9.

²¹² Marco Bronckers and Giovanni Gruni, 'Retooling the Sustainability Standards in EU Free Trade Agreements', pp. 33-34.

3.5.2 Difficulties for Member States

Member states face a unique set of challenges when it comes to implementing the sustainability clauses established at the EU level. These challenges are not solely technical but also involve administrative, political, and cultural aspects that together affect how well the ambitious sustainability goals are translated into practice.²¹³

Firstly, the administrative capacity and technological infrastructure of member states vary greatly.²¹⁴ While some countries can quickly invest in advanced reporting systems, data collection, and digital monitoring, others struggle with limited resources and outdated systems.²¹⁵ This inequality makes comparisons between countries difficult, as the technical ability to follow up and measure sustainability actions differs.²¹⁶ A nation with strong technical infrastructure, for example, can achieve a higher degree of transparency and more rapidly identify areas needing improvement, whereas countries with limited resources risk falling behind despite their good intentions.²¹⁷

Another significant challenge is the political tension between national sovereignty and the EU's common goals. Member states must balance their own political and economic priorities with the standards set at the EU level, which often leads to complex compromises.²¹⁸ Local interests, such as protecting domestic industries or safeguarding specific labour markets, can sometimes conflict with the overarching sustainability commitments prescribed by the sustainability clauses.²¹⁹ This tension challenges the ability to uniformly implement the high environmental and social standards necessary for achieving a green transition and risks leading some member states to justify variations from the universal requirements.²²⁰

Furthermore, the attitudes of member states toward sustainability issues are influenced by different historical, cultural, and political backgrounds.²²¹ While some countries have a long tradition of environmental protection, social responsibility, and effective resource use, others may adopt a more practical view that prioritizes economic growth.²²² These differing perspectives can lead to the same sustainability clauses being interpreted and enforced in various ways, thereby creating

²¹³ Evdokia Moisé and Stela Rubínová, 'Sustainability impact assessments of free trade agreements: A critical review', p. 18.

²¹⁴ European Commission, 'Strengthening of Good Governance and Administrative Capacity for Cohesion Policy – Pilot Action in Cooperation with the OECD' (European Commission, n.d.) https://ec.europa.eu/regional_policy/sources/policy/how/improving-investment/factsheet_oecd_synthesis_report_en.pdf, p. 3-4.

²¹⁵ Ibid.

²¹⁶ Ibid.

²¹⁷ Sara Casagrande and Bruno Dallago, 'Socio-Economic and Political Challenges of EU Member Countries: Grasping the Policy Direction of the European Semester' (2022) *Comparative Economic Studies* 487–519 <https://link.springer.com/article/10.1057/s41294-021-00171-2>, pp. 504-505.

²¹⁸ Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', p. 9.

²¹⁹ Marco Bronckers and Giovanni Gruni, 'Retooling the Sustainability Standards in EU Free Trade Agreements', pp. 31-32.

²²⁰ Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', p. 10.

²²¹ Culture and Creativity, 'Sustainability and cultural heritage' (European Commission, 4 November 2021) <https://culture.ec.europa.eu/cultural-heritage/cultural-heritage-in-eu-policies/sustainability-and-cultural-heritage>, accessed 2025-05-04.

²²² Sara Casagrande and Bruno Dallago, 'Socio-Economic and Political Challenges of EU Member Countries: Grasping the Policy Direction of the European Semester', pp. 500-501.

inconsistency in implementation.²²³ This means that, although the goals are common, the outcomes may vary depending on how each country integrates these goals into its national policies and practices.

For certain member states, particularly those with lower economic capacity, the costs associated with adapting industries, upgrading technological systems, and undertaking necessary reforms become a heavy burden.²²⁴ These investments, though often unavoidable in order to meet the requirements set out in the sustainability clauses, demand significant financial resources and technical expertise.²²⁵ This situation can lead to an uneven playing field within the EU, where economically stronger member states are better positioned to implement ambitious sustainability measures while weaker economies risk falling behind.²²⁶ Such inequality undermines the overall credibility of the EU's sustainability efforts.

Finally, the transition from nationally based standards to EU-wide standards is a bureaucratic and legally complex process.²²⁷ The legal frameworks must be coordinated and translated between different legal systems, potentially causing delays and inconsistencies in interpretation.²²⁸ This legal complexity means that member states sometimes have to adapt their own laws and regulations in order to meet the new EU requirements, which can lead to internal conflicts and postponements in implementing sustainability measures.²²⁹

In summary, member states confront a range of interconnected challenges – from technical infrastructure and administrative resources to political interests and cultural differences – that must all be considered and managed for the effective implementation of sustainability clauses. To achieve truly sustainable development, common goals alone are not sufficient; tailored strategies that take into account each member state's unique conditions, resources, and cultural context are also essential. Only through continuous adaptation, increased coordination, and investments in capacity can the EU ensure that the ambitious sustainability goals move beyond theoretical declarations and are implemented effectively and equitably in practice.

²²³ Marco Bronckers and Giovanni Gruni, 'Retooling the Sustainability Standards in EU Free Trade Agreements', pp. 33-34.

²²⁴ Sara Casagrande and Bruno Dallago, 'Socio-Economic and Political Challenges of EU Member Countries: Grasping the Policy Direction of the European Semester', pp. 508-509.

²²⁵ Directorate-General for Research and Innovation, 'Bridging the Innovation Gap with European Technology Infrastructures', accessed 2025-05-02.

²²⁶ Sara Casagrande and Bruno Dallago, 'Socio-Economic and Political Challenges of EU Member Countries: Grasping the Policy Direction of the European Semester', pp. 514-515.

²²⁷ Herbert Smith Freehills, 'Overview of the EU Commission's guidance on sustainability agreements', accessed 2025-05-03.

²²⁸ Marco Bronckers and Giovanni Gruni, 'Retooling the Sustainability Standards in EU Free Trade Agreements', pp. 33-34.

²²⁹ European Commission, '*Strengthening of Good Governance and Administrative Capacity for Cohesion Policy – Pilot Action in Cooperation with the OECD*', p. 4.

3.5.3 International Difficulties

On the international stage, the implementation of sustainability clauses is far from simple and faces a range of complex challenges extending across legal, cultural, technical, and geopolitical domains.²³⁰

When the EU integrates sustainability clauses into its international trade agreements, such as CETA and EUSFTA, these clauses must be adapted to trading partners with entirely different legal systems and varying cultural perspectives on sustainable development. The diversity in legal frameworks means that identical formulations can be interpreted and implemented in different ways – risking ambiguities and inconsistent enforcement.²³¹ Cultural differences further contribute to this complexity.²³² While the EU often pursues strict and comprehensive sustainability actions, partner countries with differing economic priorities or political models may view these requirements as barriers to economic growth rather than as long-term investments.²³³ This inconsistency can result in the sustainability clauses being used merely as rhetorical tools, without the necessary concrete actions being implemented, thereby undermining the credibility of the agreement and potentially creating international tensions.²³⁴

Another critical challenge is the monitoring and verification of sustainability performance across borders.²³⁵ Differences in technical standards and methods for data collection complicate comparisons between the parties and increase the risk of insufficient transparency.²³⁶ Without standardized reporting systems, it is difficult to ensure that the established measures produce the desired outcomes.²³⁷ This technical gap also makes it more challenging to detect and address greenwashing, where some countries or companies may choose to appear more sustainable than they actually are.²³⁸

Additional challenges arise in the field of power politics.²³⁹ International trade agreements are often characterized by asymmetrical power dynamics, where weaker trading partners lack the economic and institutional capacity to enforce strict

²³⁰ Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', p. 3.

²³¹ Ekaterina Pannebakker, 'Sustainable development clauses in international contracts through the lens of the Unidroit principles', pp. 354-355.

²³² Sustainability, 'Cultural and Regulatory Differences in International Trade – Implications for Sustainability?' (MDPI, n.d.) https://www.mdpi.com/journal/sustainability/special_issues/culturalandregulatorydifferences, accessed 2025-05-03.

²³³ Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', p. 4.

²³⁴ Ekaterina Pannebakker, 'Sustainable development clauses in international contracts through the lens of the Unidroit principles', pp. 360-361.

²³⁵ Evdokia Moisé and Stela Rubínová, 'Sustainability impact assessments of free trade agreements: A critical review', p. 18.

²³⁶ Global Reporting Initiative, 'GRI – Standards' (*Global Reporting Initiative*, 5 February 2024) <https://www.globalreporting.org/standards>, accessed 2025-05-02.

²³⁷ Global Reporting Initiative and Sustainability Accounting Standards Board, 'A Practical Guide to Sustainability Reporting Using GRI and SASB Standards' (Global Reporting Initiative and Sustainability Accounting Standards Board, May 2021) <https://www.globalreporting.org/media/mlkjpnl1/gri-sasb-joint-publication-april-2021.pdf>, p. 37.

²³⁸ Evgenia Pavlovskaia, 'Sustainability criteria: their indicators, control, and monitoring (with examples from the biofuel sector)' (2014) *Environmental Sciences Europe* 26 <https://enveurope.springeropen.com/articles/10.1186/s12302-014-0017-2>, pp. 10-11.

²³⁹ Nicola Phillips, 'Power and inequality in the global political economy' (2017) *International Affairs* 93(2) 429–444 <https://academic.oup.com/ia/article/93/2/429/2997439>, pp. 437-438.

sustainability requirements.²⁴⁰ This imbalance can lead to sustainability commitments not being implemented as rigorously as they are within the EU, thus undermining the global ambitions of these measures.

In summary, these international challenges illustrate that simply incorporating sustainability clauses into trade agreements is not enough. For these clauses to have the desired effect, there must be a deep understanding of and cooperation around advanced technical standards, legal harmonization, and mutual cultural adaptation. It is crucial for the EU and its trading partners to develop a common framework for monitoring and reporting, as well as to invest in capacity-building in countries that are lagging behind. Only through a coordinated and inclusive strategy can the legal and operational challenges be overcome, ensuring that the global sustainability goals are truly translated into practice.

3.6 Brief Summary and Conclusion

Overall, FTAs such as CETA and EUSFTA offer significant potential to integrate sustainability commitments into international trade by embedding legally binding clauses that translate global goals for environmental protection, social responsibility, and economic sustainability into concrete actions – thus balancing economic integration with ethical accountability and contributing to a resilient, forward-looking trade model.

However, implementing these clauses is complex; success requires a comprehensive strategy with robust tools for monitoring, reporting, and legal adaptation, while challenges arise from diverse political, administrative, and technical conditions within the EU – as well as from varying legal systems, technical standards, and geographical inequalities internationally – which can reduce commitments to mere symbolic gestures.

In summary, effective implementation demands close coordination among EU institutions, member states, and global trading partners, along with continuous adaptation, investment in technical infrastructure, and enhanced political and legal cooperation to genuinely achieve the ambitious sustainability goals.

²⁴⁰ Ibid.

4 Compliance Systems in CETA and EUSFTA

4.1 Overview

The EU ensures compliance with trade and sustainability commitments through sophisticated regulatory frameworks embedded in its agreements.²⁴¹ CETA and EUSFTA demonstrate how the EU adapts its monitoring, enforcement, and sanction structures to different geopolitical and regulatory landscapes.

CETA employs a cooperative compliance model, emphasizing transparency, reporting obligations, and reputation-based consequences as key instruments for ensuring compliance to sustainability provisions.²⁴² This agreement requires periodic reporting and independent audits, allowing for comparative assessments of progress and compliance over time.²⁴³ Additionally, continuous dialogue between trade partners ensures that sustainability commitments remain relevant and adaptable.²⁴⁴ Dispute resolution mechanisms within CETA, such as State-to-State arbitration and the Investment Court System, provide legal challenges for addressing breaches, though enforcement remains non-binding for sustainability-related disputes.²⁴⁵

By contrast, EUSFTA integrates more strict and enforceable compliance mechanisms, particularly in relation to environmental and labour standards. The agreement mandates sustainability reports, independent audits, and stakeholder consultations, ensuring that trade obligations align with EU regulatory expectations.²⁴⁶ Unlike CETA, EUSFTA includes binding sustainability dispute resolution mechanisms, allowing for enforceable corrective actions in cases of non-compliance.²⁴⁷ Additionally, the EU employs advanced technological monitoring, such as AI-driven analytics and satellite tracking, to oversee adherence to sustainability commitments in real time.²⁴⁸

While CETA favours flexibility, cooperation, and reputation-based accountability, EUSFTA enforces stricter compliance with binding mechanisms that ensure

²⁴¹ European Commission, 'Sustainable Development in EU Trade Agreements', accessed 2025-04-17.

²⁴² Jana Titievskaja, 'Sustainability Provisions in EU Free Trade Agreements', p. 5; Chapter 27, CETA.

²⁴³ Chapter 27, CETA.

²⁴⁴ Jana Titievskaja, 'Sustainability Provisions in EU Free Trade Agreements', p. 5.

²⁴⁵ Chapter 29 and article 8.22, CETA; Maria Fanou, 'The CETA ICS and the Autonomy of the EU Legal Order in Opinion 1/17 – A Compass for the Future' (2020) *Cambridge Yearbook of European Legal Studies* 106–132 <https://www.cambridge.org/core/journals/cambridge-yearbook-of-european-legal-studies/article/ceta-ics-and-the-autonomy-of-the-eu-legal-order-in-opinion-117-a-compass-for-the-future/1CF9189B17A06B65CE2EFE9354505FAC>, p. 120; Herbert Smith Freehills, 'CJEU CONFIRMS THAT CETA DISPUTE RESOLUTION PROVISION IS COMPATIBLE WITH EU LAW' (Herbert Smith Freehills, 23 May 2019) <https://www.herbertsmithfreehills.com/notes/publicinternationallaw/2019-05/cjeu-confirms-that-ceta-dispute-resolution-provision-is-compatible-with-eu-law>, accessed 2025-05-04.

²⁴⁶ Article 12.13-12.15, EUSFTA; European Commission, 'EU-Singapore Free Trade Agreement', accessed 2025-05-02.

²⁴⁷ Jana Titievskaja, 'Sustainability Provisions in EU Free Trade Agreements', p. 6.

²⁴⁸ European Commission, 'Environment' (European Commission, n.d.) https://research-and-innovation.ec.europa.eu/research-area/environment_en, accessed 2025-04-25; Farmonaut, 'AI-Powered Satellite Monitoring for EU Deforestation Compliance' (Farmonaut, n.d.) <https://farmonaut.com/precision-farming/ai-powered-satellite-monitoring-for-eu-deforestation-compliance>, accessed 2025-05-02.

immediate corrective measures when violations occur.²⁴⁹ These agreements illustrate the EU's strategic approach to sustainable trade governance, balancing long-term cooperation with legal enforceability, depending on the specific regulatory and economic needs of each trade partner.²⁵⁰

4.2 CETA: A Cooperative Approach with Transparency and Dialogue

CETA establishes a robust compliance framework designed to uphold trade and sustainability commitments through regular monitoring, dispute resolution, and reputational consequences.²⁵¹ Unlike more strict trade agreements that rely on disciplinary measures, CETA emphasizes collaboration, transparency, and adaptability, ensuring that compliance is achieved through continuous dialogue and structured oversight rather than immediate financial penalties.²⁵²

A fundamental aspect of CETA's compliance system is its multi-layered monitoring mechanisms, which integrate periodic reporting, transparency obligations, and independent audits.²⁵³ Both the EU and Canada are required to submit detailed trade and sustainability reports, allowing for comparative assessments over time.²⁵⁴ These reports track key sustainability indicators, such as carbon emissions, labour rights protections, and environmental impact, ensuring that commitments are not merely symbolic but actively implemented.²⁵⁵

To mitigate the risk of greenwashing, CETA mandates independent verification mechanisms.²⁵⁶ These audits ensure that sustainability claims are authentic and backed by measurable actions, preventing trade partners from bypassing environmental and labour obligations.²⁵⁷ Additionally, third-party assessments provide an objective evaluation of compliance, reinforcing the credibility of reported data.²⁵⁸

Beyond technical oversight, continuous dialogue between governments, businesses, and civil society groups plays a critical role in maintaining compliance.²⁵⁹ By fostering open exchanges, potential shortcomings can be identified and addressed

²⁴⁹ Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', pp. 6-7.

²⁵⁰ European Commission, 'Sustainable Development in EU Trade Agreements', accessed 2025-04-17; Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', p. 7.

²⁵¹ Article 21.7, chapter 29, article 29.15 CETA; European Commission, 'Sustainable Development in EU Trade Agreements', accessed 2025-04-17.

²⁵² Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', p. 7.

²⁵³ European Commission, 'Standards and values in CETA: a progressive agreement for sustainable development', p. 5.

²⁵⁴ Ibid.

²⁵⁵ European Commission, 'Sustainable Development in EU Trade Agreements', accessed 2025-04-17.

²⁵⁶ European Commission, 'Standards and values in CETA: a progressive agreement for sustainable development', p. 5.

²⁵⁷ Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', p. 8.

²⁵⁸ Claire Marchand, 'How to counter greenwashing with independent third-party certification' (*IEC e-tech*, 24 February 2023) <https://etech.iec.ch/issue/2023-01/how-to-counter-greenwashing-with-independent-third-party-certification>, accessed 2025-05-05.

²⁵⁹ European Commission, 'EU-Canada agreement: Committees and Dialogues' (*European Commission*, n.d.) https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/canada/eu-canada-agreement/committees-and-dialogues_en, accessed 2025-05-02.

proactively, preventing disputes from escalating into major trade conflicts.²⁶⁰ This collaborative process allows for rapid adjustments to trade rules, ensuring that agreements remain aligned with evolving regulatory and technological landscapes.²⁶¹

CETA's adaptive framework is particularly important in a world where sustainability standards, technological advancements, and geopolitical conditions are constantly shifting.²⁶² By allowing trade rules to evolve dynamically, the agreement ensures that compliance mechanisms remain effective and relevant.²⁶³

4.2.1 Enforcement and Dispute Resolution in CETA

CETA incorporates multiple dispute resolution pathways, ensuring that trade partners have structured mechanisms to address non-compliance. These pathways include:

- (1) State-to-State Dispute Settlement.²⁶⁴ If one party believes the other is failing to meet its obligations, they can initiate formal consultations.²⁶⁵ If the issue remains unresolved, the dispute may progress to arbitration, where an independent panel evaluates the case and issues recommendations,²⁶⁶
- (2) Investment Court System.²⁶⁷ This mechanism provides legal recourse for investors, ensuring that government actions do not violate investment protections.²⁶⁸ Unlike traditional Investor-State Dispute Settlement mechanisms, Investment Court System is designed to be more transparent and impartial, reducing concerns about corporate influence over trade rulings,²⁶⁹ and
- (3) Trade and Sustainable Development Dispute Mechanism.²⁷⁰ While CETA includes sustainability provisions, disputes related to environmental or labour standards are non-binding, meaning violations do not automatically result in financial penalties. Instead, compliance is encouraged through public reporting, reputational consequences, and diplomatic pressure.²⁷¹

²⁶⁰ Global Affairs Canada, 'Report from the Second CETA Civil Society Forum, held in Ottawa on November 12, 2019' (Government of Canada, 12 November 2019) <https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/2019-11-12-report-soc-civ-rapport.aspx?lang=eng>, p. 9.

²⁶¹ European Commission, 'Sustainable Development in EU Trade Agreements', accessed 2025-04-17.

²⁶² Global Affairs Canada, 'Joint statement: Sustainable economic growth in the European Union and Canada through the Comprehensive Economic and Trade Agreement' (Government of Canada, 9 February 2024) <https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/2024-02-09-joint-statement-declaration-conjointe.aspx?lang=eng>, accessed 2025-05-02.

²⁶³ European Commission, 'Sustainable Development in EU Trade Agreements', accessed 2025-04-17.

²⁶⁴ Chapter 29, CETA.

²⁶⁵ Article 29.4, CETA.

²⁶⁶ Article 29.6, CETA.

²⁶⁷ Article 8.22, CETA.

²⁶⁸ Ibid.

²⁶⁹ Kevin Xhebexhia, 'The Investment Court System of the CETA: The Panacea for Criticism of ISDS or Ineffective Pick-Me-Up?' (2025) *The American Review of International Arbitration* <https://arbitrationlaw.com/library/investment-court-system-ceta-panacea-criticism-isds-or-ineffective-pick-me-american-review>, pp. 3-4.

²⁷⁰ Article 22.4, CETA.

²⁷¹ Articles 22.2 and 22.5, CETA.

Although CETA's dispute resolution system provides structured pathways for addressing violations, its lack of binding enforcement for sustainability-related disputes remains a notable limitation. Unlike agreements that impose direct financial penalties, CETA relies on cooperation and reputational accountability, which may not always be sufficient to compel immediate corrective actions.

4.2.2 Sanctions in CETA

Unlike more strict trade agreements, CETA does not impose automatic financial penalties for sustainability violations.²⁷² Instead, non-compliance can lead to alternative consequences, including:

- (1) Trade restrictions, limiting market access for companies or industries that fail to meet sustainability standards,²⁷³
- (2) Investment barriers, affecting foreign business operations and reducing economic incentives for non-compliant entities,²⁷⁴ and
- (3) Public transparency measures, where violations are disclosed, creating reputational risks that may discourage unethical practices.²⁷⁵

While CETA's enforcement model is softer compared to agreements with strict financial penalties, its cooperative approach ensures that compliance efforts remain dynamic and adjustable.²⁷⁶ This flexibility allows trade partners to adapt to new sustainability challenges, promoting long-term commitments rather than imposing immediate punitive measures.²⁷⁷

However, the lack of binding sanctions for sustainability violations raises concerns about effectiveness, as companies or governments may delay corrective actions without facing direct economic consequences.²⁷⁸

4.3 EUSFTA: A More Strict and Binding Compliance Framework

EUSFTA represents one of the most comprehensive and enforceable trade agreements in the EU's portfolio, particularly in its approach to sustainability compliance.²⁷⁹ Compared to CETA, EUSFTA features stronger enforcement tools, ensuring that sustainability provisions are not just aspirational commitments but legally binding obligations. The agreement mandates structured monitoring, and

²⁷² European Commission, 'Standards and values in CETA: a progressive agreement for sustainable development', p. 5.

²⁷³ Ibid.

²⁷⁴ Article 8.10, CETA.

²⁷⁵ Article 22.2, CETA.

²⁷⁶ Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', p. 8.

²⁷⁷ European Commission, 'Sustainable Development in EU Trade Agreements', accessed 2025-04-17.

²⁷⁸ W.T. Douma, 'CETA: Gold Standard or Greenwashing?' in W.T. Douma et al. (eds), *The Evolving Nature of EU External Relations Law* (T.M.C. Asser Press, The Hague 2021) 61–99 https://doi.org/10.1007/978-94-6265-423-5_4, p. 86.

²⁷⁹ European Commission, 'EU-Singapore Free Trade Agreement', accessed 2025-05-02; Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', p. 8.

enforceable corrective actions making it a highly regulated framework for sustainable trade.²⁸⁰

A key distinction of EUSFTA is its multi-layered monitoring system, which requires sustainability reports, independent audits, and stakeholder consultations.²⁸¹ These mechanisms ensure that environmental and labour protections are actively followed and not merely symbolic.²⁸² The EU employs advanced technological tracking, including satellite imaging and AI-driven analytics, to oversee compliance in real time, making enforcement more precise and data-driven.²⁸³

Unlike CETA, which relies on reputational consequences, EUSFTA mandates binding sustainability rulings, meaning that violations trigger enforceable consequences.²⁸⁴ If a party fails to meet its sustainability obligations, corrective measures must be implemented immediately, ensuring that breaches lead to concrete economic consequences rather than mere diplomatic pressure.²⁸⁵

4.3.1 Enforcement and Dispute Resolution in EUSFTA

EUSFTA follows a multi-tier dispute resolution approach, combining State-to-State Dispute Settlement and Sustainability Dispute Mechanisms.²⁸⁶ These mechanisms ensure that non-compliance is addressed through structured legal processes, rather than relying solely on negotiations or voluntary corrective actions.²⁸⁷

One of the most significant differences between EUSFTA and CETA is that sustainability violations in EUSFTA can trigger legal penalties.²⁸⁸ If a party fails to meet its environmental or labour obligations, corrective action can be mandated through binding rulings, ensuring that compliance is not optional but legally required.²⁸⁹

The State-to-State Dispute Settlement Mechanism allows governments to formally challenge violations, ensuring that sustainability commitments are enforced at the highest level.²⁹⁰ Meanwhile, the Sustainability Dispute Mechanism provides a

²⁸⁰ European Commission, 'Sustainable Development in EU Trade Agreements', accessed 2025-04-17.

²⁸¹ Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', p. 9.

²⁸² European Commission, 'Sustainable Development in EU Trade Agreements', accessed 2025-04-17.

²⁸³ Maksym Sushchuk, 'How EUDR Compliance Drives Demand For Satellite Data' (*EOS Data Analytics*, 14 November 2024) <https://eos.com/blog/how-eudr-compliance-drives-demand-for-satellite-data/>, accessed 2025-05-05; Energy, Climate change, Environment, 'Commission boosts cooperation with UNEP on environment & climate' (*European Commission*, 28 March 2025) https://environment.ec.europa.eu/news/commission-boosts-cooperation-unep-environment-climate-2025-03-28_en, accessed 2025-04-25.

²⁸⁴ Article 12.17, EUSFTA; Laurens Ankersmit, 'Opinion 2/15: Adding some spice to the trade & environment debate' (*European Law Blog*, 15 June 2017) <https://www.europeanlawblog.eu/pub/opinion-215-adding-some-spice-to-the-trade-environment-debate/release/1>, accessed 2025-05-04.

²⁸⁵ European Commission, 'EU-Singapore Free Trade Agreement', accessed 2025-05-02.

²⁸⁶ Chapter 14, EUSFTA; European Commission, 'EU-Singapore Free Trade Agreement', accessed 2025-05-02; Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', p. 9.

²⁸⁷ Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', p. 9.

²⁸⁸ Article 12.12, EUSFTA; Laurens Ankersmit, 'Opinion 2/15: Adding some spice to the trade & environment debate', accessed 2025-05-04.

²⁸⁹ European Commission, 'EU-Singapore Free Trade Agreement', accessed 2025-05-02.

²⁹⁰ Chapter 14, EUSFTA.

structured process for addressing environmental and labour-related breaches, ensuring that corrective measures are promptly implemented.²⁹¹

4.3.2 Sanctions in EUSFTA

EUSFTA incorporates a graduated sanction system, meaning that penalties scale based on the severity of violations.²⁹² This ensures that minor infractions are addressed through corrective measures, while severe breaches result in stronger economic consequences.²⁹³

The sanctions framework includes:

- (1) Trade restrictions, limiting market access for companies that fail sustainability audits,²⁹⁴ and
- (2) Termination clauses, allowing agreements to be suspended if obligations are persistently ignored.²⁹⁵

By integrating strict enforcement mechanisms, EUSFTA strengthens the EU's ability to uphold sustainability standards, reinforcing its commitment to long-term environmental and labour protections.²⁹⁶ This binding compliance framework ensures that sustainability is not just a policy goal but a legally enforceable requirement.

4.4 Strengths and Limitations of CETA and EUSFTA

While both CETA and EUSFTA aim to ensure compliance with trade and sustainability commitments, they differ in their enforcement mechanisms, monitoring strategies, and sanction frameworks. Each agreement offers unique strengths but also presents certain limitations in its approach to ensuring accountability.²⁹⁷

CETA adopts a cooperative compliance model, emphasizing transparency, dialogue, and reputation-based consequences rather than strict financial penalties.²⁹⁸ One of its key strengths lies in its comprehensive monitoring system, which requires detailed reporting, independent audits, and regular assessments to evaluate progress.²⁹⁹ These

²⁹¹ Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', p. 9.

²⁹² Stefanie Schacherer and Tensin Studer, 'Trade and Sustainable Development Chapters in EU FTAs: Adapting Enforcement Methods to the Purpose(s)?' (*Centre for International Law*, National University of Singapore, n.d.) <https://cil.nus.edu.sg/blogs/trade-and-sustainable-development-chapters-in-eu-ftas-adapting-enforcement-methods-to-the-purposes-by-stefanie-schacherer-and-tensin-studer/>, accessed 2025-05-05.

²⁹³ Laurens Ankersmit, 'Opinion 2/15: Adding some spice to the trade & environment debate', accessed 2025-05-04.

²⁹⁴ European Commission, 'Sustainable Development in EU Trade Agreements', accessed 2025-04-17.

²⁹⁵ Laurens Ankersmit, 'Opinion 2/15: Adding some spice to the trade & environment debate', accessed 2025-05-04.

²⁹⁶ European Commission, 'Sustainable Development in EU Trade Agreements', accessed 2025-04-17.

²⁹⁷ Stefanie Schacherer and Tensin Studer, 'Trade and Sustainable Development Chapters in EU FTAs: Adapting Enforcement Methods to the Purpose(s)?', accessed 2025-05-05.

²⁹⁸ European Commission, 'Standards and values in CETA: a progressive agreement for sustainable development', p. 5.

²⁹⁹ *Ibid.*, p. 4.

mechanisms create a structured process for tracking sustainability commitments, helping the EU and Canada compare their performance over time.³⁰⁰ Furthermore, CETA's Investment Court System enhances investor protection, ensuring that companies operating under the agreement benefit from fair and predictable dispute resolutions.³⁰¹ This system replaces traditional Investor-State Dispute Settlement mechanisms, making rulings more transparent and impartial.³⁰²

However, CETA's main limitation is its lack of binding enforcement regarding sustainability violations. Although it integrates State-to-State Dispute Resolution, breaches of environmental or labour provisions do not lead to automatic penalties or trade restrictions. Instead, compliance relies on public reporting and reputational pressure, which, while valuable, may not be strong enough to compel immediate corrective actions. Additionally, because CETA focuses on gradual cooperation rather than strict regulatory enforcement, it may be less effective in addressing urgent sustainability concerns that require immediate intervention.³⁰³

In contrast, EUSFTA incorporates a more strict and enforceable compliance framework, ensuring that sustainability obligations are legally binding. A major strength of EUSFTA is its structured dispute resolution system, which includes binding rulings and enforceable corrective actions for non-compliance.³⁰⁴ Unlike CETA, EUSFTA mandates sustainability reports and independent audits, ensuring that trade commitments align with EU regulatory standards. Additionally, EUSFTA introduces advanced technological monitoring, using AI analytics and satellite imaging to track emissions and labour conditions in real time, making compliance oversight far more precise.³⁰⁵

Despite its strong enforcement mechanisms, EUSFTA does have certain limitations. While its sanction system is stricter, the complexity of market access restrictions could create tensions between trade partners, potentially discouraging smaller businesses from entering the market.³⁰⁶ Furthermore, the strict compliance framework may limit flexibility, making it harder to adapt trade rules to evolving global sustainability challenges.³⁰⁷ Unlike CETA, which allows for ongoing dialogue and cooperative adjustments, EUSFTA's binding mechanisms could make regulatory changes more bureaucratically intensive.³⁰⁸

In summary, CETA prioritizes transparency and dialogue, making it well-suited for long-term cooperation and adaptability, but its lack of binding sanctions may reduce its effectiveness in enforcing strict sustainability standards. EUSFTA, on the other

³⁰⁰ Ibid., p. 5.

³⁰¹ Maria Fanou, 'The CETA ICS and the Autonomy of the EU Legal Order in Opinion 1/17 – A Compass for the Future', p. 120.

³⁰² Ibid.

³⁰³ Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', p. 10.

³⁰⁴ Ibid.

³⁰⁵ European Commission, 'Environment', accessed 2025-04-25; Maksym Sushchuk, 'How EUDR Compliance Drives Demand for Satellite Data', accessed 2025-05-05.

³⁰⁶ Marco Bronckers and Giovanni Gruni, 'Retooling the Sustainability Standards in EU Free Trade Agreements', pp. 35-36.

³⁰⁷ Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', p. 10.

³⁰⁸ Laurens Ankersmit, 'Opinion 2/15: Adding some spice to the trade & environment debate', accessed 2025-05-03.

hand, offers a more enforceable and legally binding framework, ensuring compliance through penalties and structured monitoring, though its strictness may pose challenges in adapting to emerging sustainability priorities. Together, these agreements highlight the EU's commitment to integrating sustainability into trade, each taking a different approach to balancing economic interests with environmental and social responsibility.

4.5 The Green Deal's Influence on the Compliance Mechanisms in CETA and EUSFTA

The Green Deal has had a profound impact on the compliance mechanisms embedded within the EU's trade agreements.³⁰⁹ By integrating climate action, environmental protections, and sustainability reporting into trade policies, the Green Deal has reshaped how compliance is monitored, enforced, and sanctioned within these agreements.³¹⁰

4.5.1 Strengthening Sustainability Commitments in Trade Agreements

The Green Deal has reinforced the importance of sustainability provisions in trade agreements, ensuring that environmental and labour protections are not merely symbolic but legally binding.³¹¹ Both CETA and EUSFTA have been influenced by this shift, leading to stricter compliance mechanisms that align with the EU's climate neutrality goals.

While CETA was initially designed as a progressive trade agreement, the Green Deal has pushed for stronger environmental oversight.³¹² The EU has emphasized carbon footprint assessments, sustainable supply chain monitoring, and stricter reporting requirements for companies operating under CETA.³¹³ Additionally, the Paris Agreement has been integrated into compliance mechanisms, allowing for trade restrictions if sustainability obligations are not met.³¹⁴

EUSFTA, which already had binding sustainability provisions, has seen further reinforcement of compliance mechanisms due to the Green Deal.³¹⁵ The EU has introduced advanced monitoring technologies, such as AI-driven analytics and satellite tracking, to ensure that Singaporean industries adhere to strict

³⁰⁹ European Commission, 'Sustainable Development in EU Trade Agreements', accessed 2025-04-17; Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', p. 10.

³¹⁰ European Commission, 'Sustainable Development in EU Trade Agreements', accessed 2025-04-17; Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', p. 10.

³¹¹ European Commission, 'Sustainable Development in EU Trade Agreements', accessed 2025-04-17.

³¹² European Commission, 'Delivering the European Green Deal', accessed 2025-04-21.

³¹³ European Commission, 'Standards and values in CETA: a progressive agreement for sustainable development', p. 5; Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', p. 10.

³¹⁴ European Commission, 'Sustainable Development in EU Trade Agreements', accessed 2025-04-17.

³¹⁵ European Commission, 'EU-Singapore Free Trade Agreement', accessed 2025-05-02.

environmental standards.³¹⁶ Additionally, penalties for non-compliance have been strengthened, ensuring that violations lead to direct consequences.³¹⁷

4.5.2 Impact on Monitoring and Reporting Mechanisms

The Green Deal has significantly influenced how compliance is monitored within CETA and EUSFTA.³¹⁸ The EU has introduced more strict reporting requirements, ensuring that trade partners provide transparent and measurable sustainability data.³¹⁹

To prevent greenwashing, the EU mandates third-party audits to verify compliance.³²⁰ This ensures that companies do not overstate their sustainability efforts without implementing concrete measures.³²¹

The Green Deal has encouraged the use of satellite imaging, AI-driven analytics, and blockchain tracking to monitor environmental and labour compliance in real time.³²² This allows for more precise enforcement of sustainability obligations.³²³

4.5.3 Enforcement and Sanctions Under the Green Deal Framework

The Green Deal has also influenced how non-compliance is addressed within CETA and EUSFTA.³²⁴ While CETA traditionally relied on reputational consequences, the EU has strengthened enforcement measures, ensuring that sustainability violations lead to trade restrictions and investment barriers.³²⁵

The EU has introduced stricter trade restrictions in CETA for companies failing to meet sustainability standards.³²⁶ Additionally, investment limitations have been imposed on industries with high carbon footprints, ensuring that non-compliant businesses face economic consequences.³²⁷

³¹⁶ European Commission, 'Environment', accessed 2025-04-25; Maksym Sushchuk, 'How EUDR Compliance Drives Demand for Satellite Data', accessed 2025-05-05.

³¹⁷ Marco Bronckers and Giovanni Gruni, 'Retooling the Sustainability Standards in EU Free Trade Agreements', pp. 37-38; Laurens Ankersmit, 'Opinion 2/15: Adding some spice to the trade & environment debate', accessed 2025-05-03.

³¹⁸ European Commission, 'Sustainable Development in EU Trade Agreements', accessed 2025-04-17; Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', p. 10.

³¹⁹ European Commission, 'Delivering the European Green Deal', accessed 2025-04-21.

³²⁰ European Commission, 'Standards and values in CETA: a progressive agreement for sustainable development', p. 5; Planet Compliance, 'The Role of Compliance in Preventing Greenwashing' (*Planet Compliance*, 21 November 2024) <https://www.planetcompliance.com/regulatory-compliance/preventing-greenwashing/>, accessed 2025-05-05.

³²¹ Marco Bronckers and Giovanni Gruni, 'Retooling the Sustainability Standards in EU Free Trade Agreements', pp. 37-38.

³²² European Commission, 'Delivering the European Green Deal', accessed 2025-04-21.

³²³ European Commission, 'Environment', accessed 2025-04-25; Maksym Sushchuk, 'How EUDR Compliance Drives Demand for Satellite Data', accessed 2025-05-05.

³²⁴ European Commission, 'Sustainable Development in EU Trade Agreements', accessed 2025-04-17; Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', p. 10.

³²⁵ European Commission, 'Standards and values in CETA: a progressive agreement for sustainable development', p. 5.

³²⁶ Ibid.

³²⁷ Jana Titievskaia, 'Sustainability Provisions in EU Free Trade Agreements', p. 10.

EUSFTA already had penalties for sustainability violations, but the Green Deal has reinforced these measures.³²⁸ Companies that fail to meet EU environmental standards now face potential market access limitations.³²⁹

4.6 Brief Summary and Conclusion

The EU has embedded sophisticated compliance frameworks in its trade agreements to ensure that sustainability and economic commitments are upheld. CETA and EUSFTA illustrate how the EU tailors its monitoring, enforcement, and sanction structures to the regulatory environments of its trade partners. While both agreements aim to integrate sustainability into trade, they adopt different approaches. CETA relies on a collaborative compliance model based on transparency, periodic reporting, and reputation-based accountability – with independent audits, third-party verification, and non-binding dispute resolution that leverage public scrutiny and diplomatic pressure – whereas EUSFTA employs stricter, legally binding mechanisms that mandate sustainability reports, structured dispute resolution, and penalties, allowing for immediate corrective actions.

The transformative influence of the Green Deal is evident in both agreements. To meet its goal of making Europe the first carbon-neutral continent by 2050, the EU has strengthened sustainability provisions in its trade agreements. Under the Green Deal, CETA has been adjusted to include measures such as carbon footprint assessments, sustainable supply chain monitoring, and enhanced reporting requirements – with the integration of the Paris Agreement enabling trade restrictions if obligations are not met. Meanwhile, EUSFTA has seen its compliance mechanisms reinforced through advanced monitoring technologies, like AI-driven analytics and satellite tracking, and more strict penalties.

In summary, CETA and EUSFTA reflect the EU's evolving trade governance strategies by balancing economic cooperation with enforceable sustainability obligations. As the Green Deal initiatives expand, future trade agreements will likely feature even stricter compliance mechanisms, reinforcing the EU's role as a global leader in sustainable trade governance.

³²⁸ Laurens Ankersmit, 'Opinion 2/15: Adding some spice to the trade & environment debate', accessed 2025-05-03; European Commission, 'EU-Singapore Free Trade Agreement', accessed 2025-05-02.

³²⁹ European Commission, 'EU-Singapore Free Trade Agreement', accessed 2025-05-02; Marco Bronckers and Giovanni Gruni, 'Retooling the Sustainability Standards in EU Free Trade Agreements', pp. 37-38.

5 Final Analysis and Discussion

5.1 Introduction

The EU has long supported the integration of sustainability commitments into its trade agreements, aiming to balance economic growth with environmental responsibility and social protections. Agreements such as CETA and EUSFTA reflect this ambition, embedding legal sustainability clauses to advance labour rights, environmental protections, and ethical supply chains. However, the key challenge is not merely the existence of sustainability clauses or even the presence of compliance mechanisms - the true test lies in whether these commitments are actively enforced in a way that ensures real-world impact.

Without robust enforcement, sustainability clauses risk becoming symbolic gestures rather than practical tools, allowing trade partners to claim adherence while continuing harmful environmental practices or exploitative labour conditions. The effectiveness of EU trade agreements depends on the mechanisms ensuring accountability, meaning that monitoring, legal oversight, and sanctions must be structured to compel compliance rather than encourage voluntary participation.

The following sections critically evaluate whether sustainability clauses truly fulfil the SDGs and the Green Deal's ambitions, and, more importantly, whether the EU's compliance mechanisms are strong enough to ensure these commitments lead to measurable results.

5.1.1 Effectiveness and Barriers

While sustainability clauses represent a crucial step forward, their implementation and enforcement remain complex due to political, economic, and legal barriers. For these clauses to be effective, they must not only align with global sustainability frameworks - such as the UN's Agenda 2030 and the European Green Deal - but also be backed by enforceable compliance mechanisms that ensure genuine transformation in trade practices.

However, even within EU trade agreements, enforcement varies significantly. CETA relies heavily on reputational consequences and voluntary reporting, whereas EUSFTA mandates penalties and direct legal consequences. This difference raises concerns about whether sustainability clauses truly drive change or merely exist as symbolic commitments.

5.1.2 Do Sustainability Clauses Fulfil the UN's Global Goals?

The EU has positioned its trade policy to support the UN's Agenda 2030, in this analysis the focus lies on SDG 8, SDG 12, and SDG 13. However, the extent to which sustainability clauses actually contribute to these goals depends entirely on how well they are enforced.

5.1.2.1 SDG 8 – Decent Work and Economic Growth

The fundamental purpose of integrating sustainability clauses into trade agreements is to prevent labour exploitation and promote fair working conditions. Both CETA and EUSFTA contain provisions to safeguard workers' rights, ensuring that trade relations do not contribute to labour violations.

In EUSFTA, these clauses are legally binding, meaning that companies failing to uphold labour rights face consequences. This direct enforcement mechanism ensures that SDG 8 commitments translate into measurable improvements in workplace protections.

CETA, on the other hand, relies on voluntary commitments, meaning that violations do not trigger legal penalties. Instead, compliance is encouraged through public scrutiny and reputational pressure, which - while a step forward - does not guarantee enforcement.

This inequality reveals that while sustainability clauses align with SDG 8, their actual effectiveness depends on the presence of strict enforcement measures. A trade agreement that merely includes these commitments without ensuring compliance cannot be considered a true driver of change.

5.1.2.2 SDG 12 – Sustainable Consumption and Production

The goal of SDG 12 is to ensure efficient resource use and ethical corporate behaviour, particularly in global trade supply chains. EU trade agreements have incorporated sustainability clauses that require businesses to track environmental footprints, reduce waste, and maintain ethical supply chains.

EUSFTA actively enforces corporate responsibility, requiring third-party audits and satellite-based monitoring to track whether companies uphold sustainability mandates.

CETA, however, lacks strong enforcement mechanisms, allowing trade partners to self-report adherence without facing direct legal consequences for failing to meet sustainability goals.

Again, the effectiveness of sustainability clauses depends on enforcement. If corporations can neglect environmental responsibilities without penalties, the trade agreements lose their power as instruments of change.

5.1.2.3 SDG 13 – Climate Action

While EU trade agreements reference climate commitments, only EUSFTA enforces binding obligations that require companies to reduce emissions or face penalties. CETA lacks this enforceability, allowing trade partners greater flexibility in meeting their commitments - often resulting in inconsistent climate actions.

In conclusion, sustainability clauses theoretically align with the SDGs, but only agreements with binding compliance mechanisms, such as EUSFTA, effectively

enforce these commitments. Voluntary models like CETA lack the necessary accountability to ensure real progress.

5.1.3 Do Sustainability Clauses Fulfil the Goals of the Green Deal?

The Green Deal seeks to make Europe climate-neutral by 2050, integrating policies that promote emissions reductions, circular economy principles, and sustainable industrial practices. Sustainability clauses within EU trade agreements should translate these ambitions into enforceable measures, but CETA and EUSFTA differ significantly in their ability to do so.

CETA recognizes Green Deal principles, but its lack of binding enforcement limits its impact. Companies can self-report progress without facing trade restrictions or penalties if they fail to meet sustainability targets.

EUSFTA mandates direct accountability, requiring companies to comply with environmental regulations or risk market exclusion.

In conclusion, sustainability clauses support the Green Deal's objectives, but they only drive measurable change if they are actively enforced.

5.1.4 Does EU's Compliance mechanisms actually work?

The effectiveness of the EU's compliance mechanisms depends on whether monitoring, enforcement, and sanctions are applied consistently and strictly.

CETA relies on transparency and voluntary commitments, making enforcement challenging.

EUSFTA enforces strict penalties and legal consequences, creating a clear deterrent effect for violations.

For sustainability clauses to be genuinely effective, compliance mechanisms must hold trade partners accountable, ensuring that commitments are not empty promises but legally binding obligations.

5.2 Final Thoughts: Strengths, Weaknesses, and Future Considerations

While sustainability clauses align with global sustainability objectives, their real impact depends entirely on enforcement. CETA's voluntary approach creates gaps, while EUSFTA's binding framework provides stronger accountability.

Moving forward, EU trade policy must go beyond integrating sustainability clauses – it must enforce them through strict compliance measures. Future agreements will likely expand financial penalties, refine technological monitoring, and demand stronger accountability, and thereby reinforcing the EU's role as a global leader in sustainable trade governance.

6 Summary and Conclusion

6.1 Summary of Results: What has the Analysis Shown?

The analysis of EU trade agreements and sustainability compliance mechanisms has revealed both strengths and weaknesses in how sustainability clauses are implemented, monitored, and enforced. While the EU has successfully integrated sustainability into its trade frameworks, the effectiveness of these clauses depends on the strength of enforcement mechanisms rather than their mere existence.

A central finding is that the presence of sustainability clauses alone is not enough - they must be actively enforced to drive concrete progress in environmental protection, labour rights, and responsible economic growth. Agreements such as CETA and EUSFTA illustrate different approaches.

CETA employs a cooperative model, relying on transparency, self-regulation, and reputational consequences, which can be effective in fostering dialogue but lacks enforceable penalties for violations.

EUSFTA, by contrast, integrates legally binding enforcement tools, including penalties, trade restrictions, and advanced monitoring technologies, ensuring that compliance is not optional but mandatory.

The analysis further indicates that EU sustainability clauses align with the SDGs, particularly SDG 8, SDG 12, and SDG 13. However, without binding enforcement, these commitments risk being symbolic rather than transformative. While EUSFTA provides clear mechanisms to ensure compliance, CETA's voluntary approach leaves gaps that may allow trade partners to avoid responsibilities without consequences.

The Green Deal has played an essential role in influencing compliance mechanisms, pushing trade agreements toward stricter reporting requirements, technological monitoring, and enhanced enforcement tools. Nevertheless, the effectiveness of these measures depends entirely on the EU's ability to ensure that sustainability clauses result in concrete action rather than mere declarations.

6.2 Conclusion and Final Thoughts on the Future

This thesis has demonstrated that while sustainability clauses are increasingly embedded within EU trade agreements, their true impact depends on enforcement. A trade agreement is only as strong as its ability to hold parties accountable, meaning that compliance must be more than a political aspiration - it must be a legal obligation.

Looking ahead, the EU must expand binding enforcement mechanisms across all trade agreements, ensuring that sustainability violations trigger financial consequences rather than reputational pressure alone. Technology-driven monitoring

tools, such as AI analytics and satellite imaging, will play a growing role in strengthening oversight, allowing regulators to track compliance in real-time.

Additionally, political willpower will be a determining factor in shaping future agreements. The EU must ensure that trade partners commit to enforceable sustainability measures, rather than allowing them to avoid obligations through loopholes or soft commitments. The shift from voluntary models to strict legal enforcement will be crucial in making sustainability clauses impactful.

To truly fulfil the SDGs and the Green Deal's ambitions, trade agreements must move beyond words and into actionable, measurable compliance. If the EU successfully strengthens its enforcement structures, it will not only set a precedent for global sustainability governance but also establish a trade model that prioritizes ethical, climate-conscious practices without compromising economic growth.

In conclusion, sustainability in trade agreements must evolve into a system of legal accountability rather than diplomatic consensus. Binding enforcement, advanced monitoring, and strict penalties will, in my opinion, be key in ensuring that EU trade commitments result in real-world change, and thereby also reinforcing the EU's position as a global leader in sustainable business.

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