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21.04.2026 Session brief

Trading Within the Limits. An EU Trade Policy that delivers both for Strategic Autonomy and Climate Justice

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Trading within the Limits

A balanced EU Trade Policy that delivers both for Climate Justice and Strategic Autonomy

The [Think2030 Cyprus Conference – IEEP 50th Anniversary](#), held on 21 April 2026, brought together European decision-makers, businesses, policy experts and civil society leaders to explore how Europe can deliver on its climate, biodiversity and zero-pollution ambitions while ensuring strategic autonomy in key sectors such as food systems, water management and industrial production. These discussions took place as [the Institute for European Environmental Policy \(IEEP\)](#) marks its 50th anniversary as the Brussels-based think tank specialised in EU environmental policy. For five decades, IEEP has supported evidence-based and impact-driven policymaking, helping to shape Europe’s environmental acquis and its global leadership in sustainability.

As part of the Think2030 Dialogue, [the Institute for European Environmental Policy \(IEEP\)](#) organised a session titled “Trading within the Limits – A balanced EU Trade Policy that delivers both for Climate Justice and Strategic Autonomy” and this session brief summarizes the key take-aways from this session.

Lead: Institute for European Environmental Policy (IEEP)

Moderator: Pierre Leturcq, Associate (IEEP)

Speakers:

- Sergio Balibrea, Adviser on Sustainable Development, DG Trade, European Commission
- Lynn Boylan, Member of the European Parliament
- Richard Baron, Director of Industrial Policy and Trade, European Climate Foundation
- Ursula Woodburn, Director – CISL Europe, CLG Europe

- Virginia Enssle, International and Institutional Relations Manager, Fair Trade Advocacy Office
- Alice Tipping, Director, Trade and Sustainable Development at the International Institute for Sustainable Development (IISD) - Member of ThinkSustainableEurope network of think tanks

Key highlights

Stronger sustainability enforcement in trade agreements

There is a need to move beyond symbolic sustainability commitments by strengthening monitoring, enforcement and implementation mechanisms within EU trade agreements. Trade and Sustainable Development (TSD) chapters should become an integral part of overall trade policy rather than remain isolated provisions.

Use CBAM revenues to support global decarbonisation

The importance of improving the international legitimacy of the Carbon Border Adjustment Mechanism (CBAM) by recycling part of its revenues to support decarbonisation efforts in developing countries: it could help build trust, reduce inequalities and encourage broader global climate cooperation.

Expand technical and financial support for partner countries

Partner countries will require greater technical assistance, institutional support and financing to implement green trade measures effectively. Support for emissions monitoring systems, verification infrastructure and regulatory capacity-building was identified as essential for a fair transition.

Better align trade, industrial and climate policies

Greater alignment is needed to support industrial decarbonisation while reducing dependencies on unsustainable or extractive supply chains.

Stronger policy coherence between trade, industrial and climate agendas is also needed to help build resilient, low-carbon and circular value chains.

Promote inclusive governance and international cooperation

The discussion emphasised the importance of strengthening civil society participation, particularly through Domestic Advisory Groups and cross-border cooperation. Inclusive governance and stronger international partnerships were seen as key to ensuring that sustainable trade policies remain fair, credible and globally effective.

Summary of policy session

As the EU seeks to strengthen its economic resilience and strategic autonomy, trade policy is increasingly expected to deliver simultaneously on competitiveness, decarbonisation and environmental sustainability objectives. Against the backdrop of geopolitical fragmentation, expanding carbon pricing systems and growing demand for critical raw materials (CRMs), this Think2030 session explored how EU trade policy can better support a resilient, circular and net zero economy while remaining open and cooperative internationally.

The discussion highlighted a growing recognition that trade policy can no longer be treated separately from climate, industrial and environmental policy. Participants stressed that existing trade frameworks still insufficiently account for consumption-based emissions, resource depletion and broader environmental impacts embedded in global supply chains. Several operational priorities and policy recommendations emerged throughout the exchange.

1. Strengthening the Sustainability Dimension of Trade Agreements

The discussion underlined that Trade and Sustainable Development (TSD) chapters have become a central pillar of EU trade policy and are increasingly embedded across ongoing and future trade negotiations. Participants noted important progress in recent years, including stronger enforcement mechanisms, legally binding environmental commitments linked to the Paris Agreement and greater formal involvement of civil society actors.

However, it was repeatedly emphasised that implementation remains the critical challenge. Several participants stressed that sustainability provisions should not remain isolated within dedicated chapters but instead shape the overall architecture and objectives of trade agreements. Greater policy coherence across trade, climate, agriculture and industrial policies was identified as essential.

A number of operational recommendations emerged from the discussion:

- strengthen monitoring and implementation mechanisms attached to TSD chapters;
- expand the role and capacity of Domestic Advisory Groups (DAGs), particularly for environmental organisations and actors from partner countries;
- support cross-border cooperation between EU and partner-country civil society organisations;
- ensure that sustainability commitments are accompanied by technical assistance, institutional support and implementation financing;
- integrate sustainable food systems, biodiversity protection and resource efficiency more systematically across trade agreements.

Concerns were also raised regarding the EU's recent "simplification" agenda. It was noted that rapid revisions to sustainability legislation risk creating regulatory uncertainty for businesses and weakening the predictability of the EU's long-term policy direction. Participants stressed that simplification efforts should avoid undermining environmental ambition or reducing accountability mechanisms.

2. Improving the International Acceptability of CBAM

The Carbon Border Adjustment Mechanism (CBAM) was identified as both a major innovation in EU climate policy and a significant source of international tension. While participants broadly recognised CBAM's potential to reduce carbon leakage and incentivise global decarbonisation, the discussion repeatedly highlighted concerns regarding fairness, political acceptability and impacts on developing countries.

A central theme was the need to shift perceptions of CBAM from a purely defensive trade measure towards a broader framework towards cooperation on industrial decarbonisation policies. Several operational priorities were discussed in this regard:

- recycle part of CBAM revenues internationally to support decarbonisation efforts in developing countries. This could take the shape of a financial pledge mirroring the 25% of CBAM revenues financing the Temporary Decarbonisation Fund ;
- provide technical assistance for emissions monitoring, reporting and verification systems;
- support the development of local verification infrastructure and institutional capacity;
- strengthen cooperation with trading partners on carbon pricing interoperability;
- use trade agreements and partnerships to accompany implementation of carbon-related measures.

The discussion also highlighted that many countries are increasingly developing their own carbon pricing systems in response to EU measures. This creates growing demand for international cooperation on interoperability between systems. Participants noted that discussions in international fora are increasingly focused on how different carbon pricing approaches can coexist and interact. At the same time, it was acknowledged that political appetite within the EU for international revenue recycling remains limited at present, despite growing recognition that greater solidarity and cooperation may be necessary to improve the legitimacy and long-term sustainability of the mechanism.

3. Aligning Trade Policy with Industrial Decarbonisation objectives

Another recurring theme concerned the need for stronger alignment between trade policy, industrial policy and climate objectives. Participants stressed that trade instruments should support the development of resilient low-carbon value chains while avoiding the reproduction of extractive economic relationships.

Part of the discussion focused on critical raw materials and battery supply chains, where concerns were raised regarding environmental degradation, water use and excessive dependence on dominant suppliers. The discussion highlighted the importance of moving from extractive trade models towards long-term industrial partnerships capable of supporting decarbonisation both within and outside the EU.

Operational recommendations emerging from the exchange included:

- strengthen cooperation with partner countries on low-carbon industrial development;
- integrate circular economy objectives more systematically into trade policy;
- incorporate resource efficiency and consumption-based emissions into trade assessments;
- improve coherence between trade agreements, industrial strategies and climate objectives;
- develop partnership-based approaches to critical raw materials governance that include environmental and social safeguards.

Participants also highlighted the importance of providing stable and predictable regulatory signals for businesses. Regulatory coherence and long-term visibility were identified as essential conditions for enabling investment in low-carbon supply chains and industrial transformation.

4. Supporting Inclusive and Cooperative Trade Governance

The discussion repeatedly returned to the importance of inclusive governance and international cooperation. Speakers emphasised that sustainable trade governance requires not only stronger rules but also broader participation from civil society, businesses and partner countries.

Several interventions highlighted the value of evidence-based cooperation between civil society organisations across countries, particularly in monitoring trade agreement implementation and identifying practical solutions to sustainability challenges. It was also noted that many environmental organisations remain underrepresented in existing trade governance structures.

At the international level, participants observed that discussions on trade and climate cooperation are currently advancing more rapidly in trade-related forums than within formal UN climate negotiations. This may create opportunities for stronger integration

between trade and climate governance in the future. However, concerns were also raised regarding the risk that smaller or lower-capacity countries could remain excluded from emerging “clubs” or informal cooperation structures.

Overall, the discussion pointed to a growing consensus that EU trade policy is entering a period of profound transformation. Ensuring that trade contributes effectively to climate neutrality, environmental sustainability and economic resilience will require greater coherence across policy areas, stronger implementation mechanisms and deeper international cooperation capable of addressing both competitiveness concerns and questions of global fairness.



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About Think2030

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

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

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