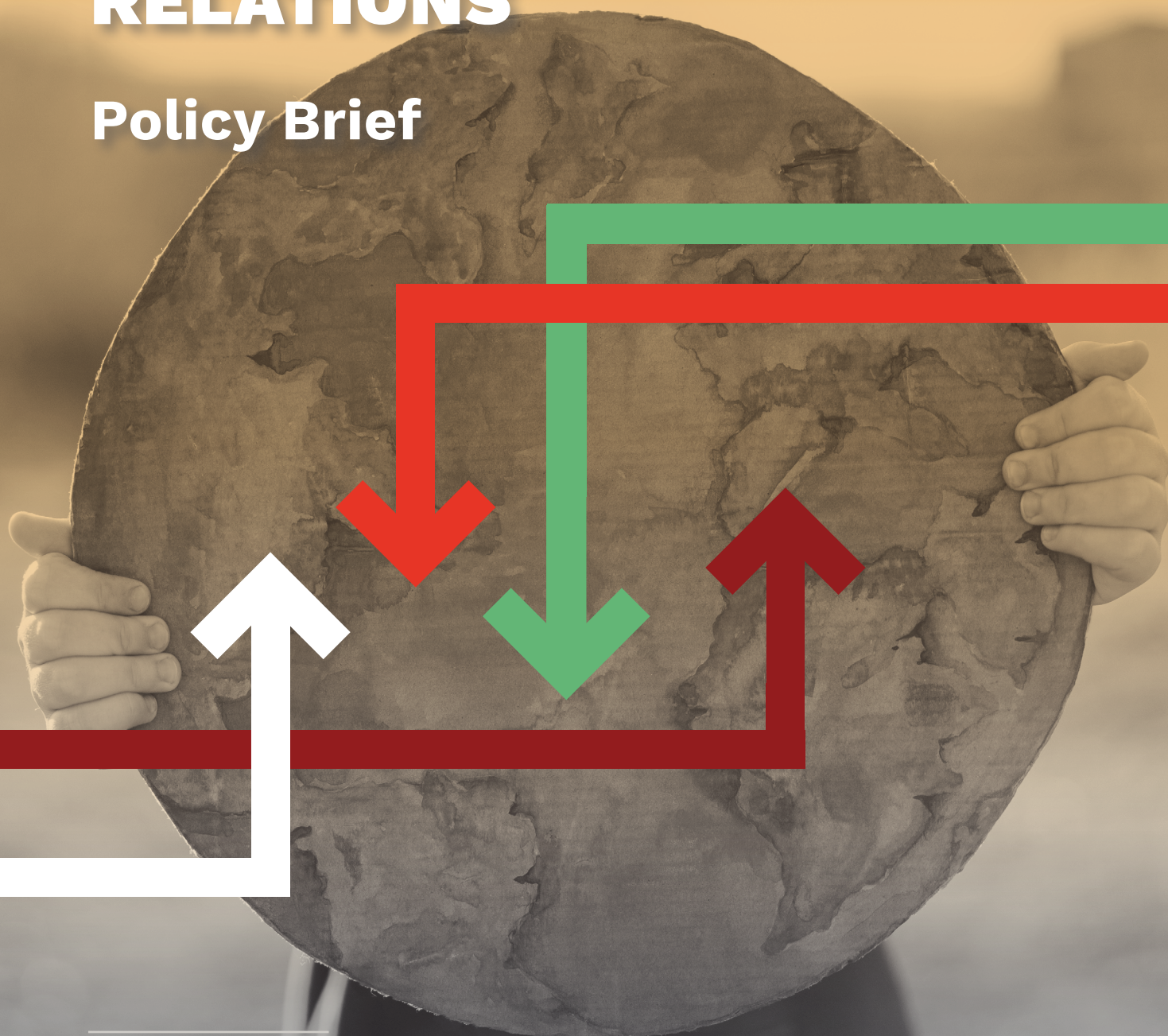
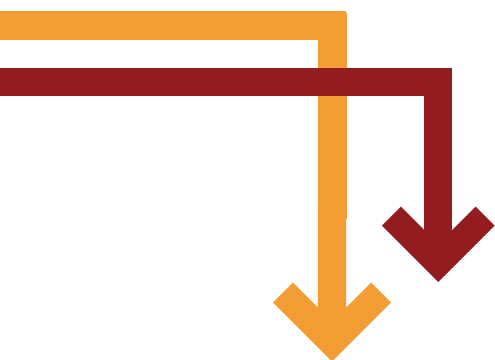


LEVERAGING EU TRADE FOR A JUST TRANSITION: RETHINKING EU-LAC RELATIONS

Policy Brief





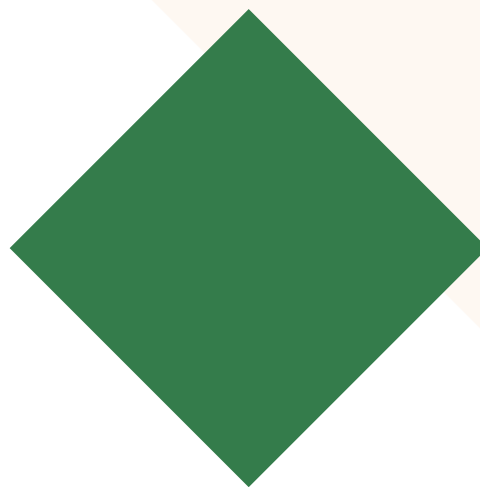
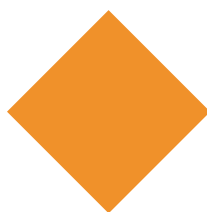
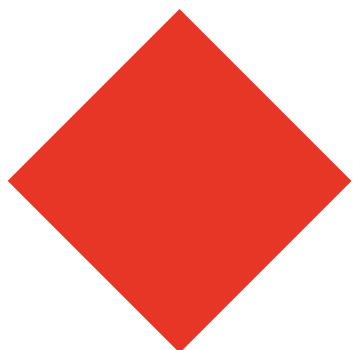
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EXECUTIVE SUMMARY



For too long, international trade has prioritised economic growth and market access with limited regard for environmental and social consequences. As the world must urgently accelerate the shift to a decarbonised economy to keep the 1.5° C threshold within a reach, aligning trade policy with climate justice and social equity is no longer optional – it is imperative. The EU has made some progress in this regard by incorporating sustainability objectives into its trade agenda through measures like supply chain due diligence regulations and Trade and Sustainable Development (TSD) chapters in trade agreements. However, these efforts remain limited in scope, poorly enforced, and trade relations often reinforce extractive economic models.

This policy brief explores how EU trade policy can better support decarbonisation goals, focusing on trade agreements and emerging partnership models such as the Clean Trade and Investment Partnerships (CTIPs). It identifies five core shortcomings in the EU's current trade approach:

1. The often non-inclusive design and limited ambition of sustainability regulations;

2. The weak and unenforceable TSD commitments in trade agreements;
3. The risk of replicating extractive economic models;
4. The structural constraints embedded in international trade rules;
5. The persistent governance and transparency deficits.

As a result, this brief calls for a shift in EU trade policy to embed enforceable sustainability commitments, protect the policy space of resource-rich developing countries, and ensure access to clean technologies so partner countries can chart their own decarbonisation and industrialisation pathways.

The brief then zooms in on EU trade relations with the Latin American and Caribbean States (LAC), offering region-specific policy proposals. With shared values and the upcoming EU-Community of Latin American and Caribbean States (CELAC) Summit planned for November 2025, both regions are well-positioned to lead in building a new model of trade rooted in mutual benefit and just transition principles.

SUMMARY OF POLICY OPTIONS

To ensure that EU trade policy supports a global just transition, the EU must fundamentally rethink how it approaches trade and investment. Trade should be a lever for climate justice, social equity, and sustainable development – not just economic objectives. This requires centring labour rights, environmental protection, and inclusive participation within trade frameworks, while also adapting to partners' development needs. The following policy proposals outline key areas for reform.

Cross-cutting policy options:

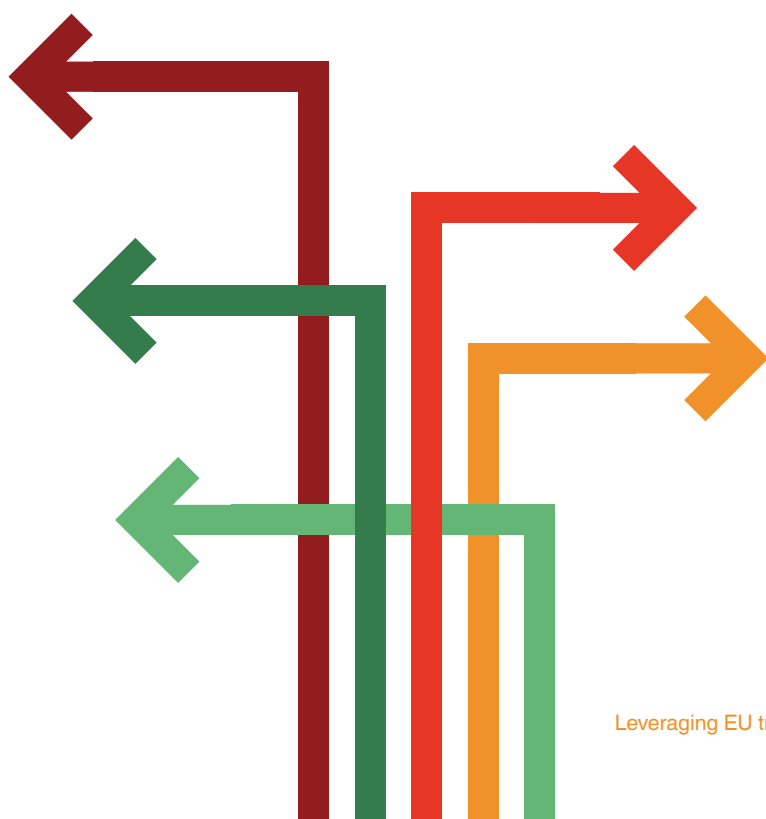
- Strengthen labour, social, and environmental commitments in trade agreements, and reinforce monitoring and enforcement mechanisms

- Promote access to clean technologies and liberalise trade in environmental goods and services
- Design Clean Trade and Investment Partnerships (CTIPs) as mutually beneficial, sustainability-centred partnerships
- Support local value addition and clean industrial development by allowing more policy space
- Institutionalise inclusive and binding civil society participation mechanisms in all trade processes

The EU and CELAC are uniquely positioned to lead the way in building a new model of just and sustainable trade. While the broader recommendations above apply to the EU's trade engagement with the Global South, the EU-CELAC relationship merits particular attention given shared values, strategic relevance, and the upcoming Summit scheduled for November 2025. To strengthen this bi-regional partnership, the EU must take steps to align trade policy with CELAC countries' priorities on climate resilience, inclusive development, and sovereignty over natural resources.

CELAC-specific policy options:

- Review and modernise outdated trade agreements to include enforceable sustainability clauses and provide policy space for green industrial policies
- Pilot innovative partnership models with CELAC countries, such as through CTIPs to move beyond extractivist trade relations and support local industrial development and value addition
- Guarantee the rights, protection, and participation of Indigenous Peoples and marginalised communities in trade and investment frameworks





I. INTRODUCTION

For decades, international trade was treated primarily as an economic tool, prioritising trade liberalisation and efficiency with little regard to its adverse impacts on climate, biodiversity, and human rights. Today, this approach is no longer viable. International trade is estimated to account for around one quarter (20–30%) of global carbon dioxide (CO₂) emissions, and its role in driving environmental harm is under increased scrutiny.¹

At the same time, the transition to a decarbonised economy is beginning to reshape production patterns, investment, and supply chains worldwide, creating growing pressure on trade policies support this shift. Trade is essential to ensure the flow of environmental goods and services as well as technologies for the green transition. However, trade in environmentally goods is expanding, while trade in polluting products remains largely unabated.² Despite the growing recognition of the role of trade in driving global emissions and exacerbating inequalities, comprehensive action to tackle its negative impacts remains insufficient. There is a need to course-correct.

In recent years, the European Union (EU) has adopted some initiatives to reduce the social and environmental impact of its trade. This included strengthening the sustainability credentials of its Free Trade Agreements (FTAs) and adopting ambitious supply chain regulations, such as the

Corporate Sustainability Due Diligence Directive (CSDDD) and Deforestation-free Products Regulation (EUDR). However, these measures alone fall far short of what is needed to align trade with broader social and environmental imperatives. Moreover, even these hard-won advances are under threat today as the EU's new simplification agenda risks watering down sustainability commitments and lowering the overall level of ambition of these instruments.³

With the beginning of the new EU cycle, political priorities have shifted. The focus has moved from the previous so-called “geopolitical Commission” centred on green growth and climate commitments under the in the European Green Deal, towards a new focus on boosting competitiveness, industrial policy, and accelerating the decarbonisation of EU industry. This shift is reflected in the European Commission's new flagship initiative – the Clean Industrial Deal (CID) – which seeks to marry decarbonisation and competitiveness.⁴

While this shift could present an opportunity to advance more sustainable, equitable, and socially just trade models, it also carries significant risks. There is a clear push to diversify alliances and supply chains, reduce overdependence on China for key resources, such as critical raw materials (CRMs) and clean technologies, and seek new export markets amid growing trade tensions

¹ LSE Grantham Research Institute (2023) *“How does trade contribute to climate change and how can it advance climate action”*.

² UNCTAD (2024) *“UNCTAD's global trade update shows encouraging signs amidst persistent challenges”*; Council on Foreign Relations (2025) *“Trade tools for climate action: The rise of green goods”*.

³ The “simplification agenda” refers to the European Commission's initiative to reduce administrative burdens and reporting requirements for companies as part of its competitiveness strategy. In this context, the Commission proposed an “omnibus proposal” in February 2025 to simplify and adjust several pieces of legislation, including the Corporate Sustainability Due Diligence Directive, raising concerns about the potential weakening of sustainability standards. Additional omnibus proposals are expected for other legislative files. See European Commission (2024) *“Commission simplifies rules on sustainability and EU investments, delivering over €6 billion”*.

⁴ European Commission (2025) *“Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: The Clean Industrial Deal – A joint roadmap for competitiveness and decarbonisation (COM 2025/85 final)”*.

with the USA. These dynamics have prompted the EU to reconsider its relations with the Global South, which has now become a key priority for the European Commission. The pressure to conclude new deals and secure resources for EU industries could come at the expense of sustainability – whether by concluding trade agreements and partnerships that fail to deliver on sustainable development or by weakening regulatory commitments and lowering social and environmental standards.

This paper explores how just transition is currently addressed in EU trade policy, with a focus on bilateral trade instruments, such as FTAs and the Clean Trade and Investment Partnerships (CTIPs).⁵ Building on the findings of an extensive literature review, this policy brief zooms in on the trade relationship between the EU and the Latin America and Caribbean (LAC) region to illustrate both the risks and opportunities of existing trade policy approaches, putting forward actionable recommendations on how trade can be a lever for a global just transition. The LAC region offers a particularly relevant case study, given its vast natural resources, biodiversity, and geostrategic importance. Furthermore, the upcoming EU-Community of Latin American and Caribbean States (CELAC) summit, scheduled for November 2025, offers a timely opportunity for both regions to reflect on and co-create a transformative new trade model.

This briefing is organised in three sections. The first examines how just transition considerations are reflected in EU trade policy, outlining key gaps and proposing options for reform. The second focuses on EU–CELAC trade relations, identifying region-specific risks and opportunities and presenting policy proposals for a more equitable and sustainable bi-regional partnership. The final section summarises the main takeaways. By doing so, the brief aims to inform the public debate and support the necessary shift in EU policymaking to ensure trade policy meaningfully contributes to a just transition on both EU and partner countries through a better alignment of trade and sustainable development goals.

This literature review followed a structured, multi-step approach. Firstly, we defined the concept of just transition using the International Labour Organization (ILO) guidelines.⁶ This helped identify key themes such as decent work, poverty eradication, environmental sustainability, stakeholder consultation, and policy coherence. A keyword-based search was then conducted to gather relevant analysis, complemented by a targeted review of EU policy documents, trade and investment agreements, and other official documents. Over 50 sources were selected and systematically reviewed, with key insights synthesized to inform the analysis and recommendations presented in this briefing.

⁵ For our definition of a Global Just Transition, please see SOLIDAR (2024) *“Building a Global Just Transition Narrative: Challenges and Approaches to turn a Global North concept into a Common Agenda”*.

⁶ International Labour Organisation (2015) *“Guidelines for a just transition towards environmentally sustainable economies and societies for all”*.

II. JUST TRANSITION IN EU TRADE POLICY

A) Context

As the world's largest trading bloc, the EU frequently ties preferential access to its market to the achievement of objectives other than trade, such as promoting sustainable development, upholding human rights, and ensuring good governance.⁷ This approach is rooted in the EU's foundational treaties. Article 21(3) of the Treaty on European Union (TEU) explicitly includes trade as part of the EU's external action, stating that trade policy must be guided by the Union's core values. These values are outlined in Article 21(1), which affirms that the EU's actions on the global stage are shaped by the principles that underpin the bloc's creation and evolution — including democracy, the rule of law, respect for human dignity, equality, solidarity, and adherence to the principles of the United Nations Charter and international law.⁸

This often takes the form of provisions embedded directly into FTAs, as demonstrated by the introduction of dedicated TSD chapters in EU trade deals, or through instruments such as the Generalised Scheme of Preferences (GSP), which grants unilateral preferential tariff treatment to developing countries and least developed countries (LDCs), notably based on their commitment to international labour, human rights, environmental, and governance standards. At the same time, the EU is increasingly turning to unilateral regulatory measures, which are deployed in parallel to its trade agreements, to

align imports with its social and environmental standards and avoid the risk of carbon leakage. These include the CSDDD, EUDR, and the Carbon Border Adjustment Mechanism (CBAM).

As part of the shift in political priorities with the Clean Industrial Deal, trade plays a central role in the EU's new industrial strategy as a vehicle to secure key inputs, access new markets, and protect European industries from unfair competition.⁹ In particular, a key focus of the Commission has been on accelerating the EU's bilateral trade agenda by advancing negotiations on a series of FTAs. At the same time, as a complement to trade agreements, the Commission has announced the launch of a new partnership model: the Clean Trade and Investment Partnerships (CTIPs) which will consist of a “faster, more flexible, and more targeted approach” for engaging with trading partners.¹⁰

The rationale behind the CTIPs is to pursue a whole-of-government approach by integrating trade, investment, and regulatory cooperation under a single framework supported by the Global Gateway. In doing so, it aims to present an attractive offer to partner countries, emphasising local value addition while securing key inputs benefits for EU industries, specifically in the field of CRMs, clean energy, and clean technologies. However, little is known about what this new partnership model will entail in practice. Negotiations for the first CTIP were announced

⁷ ECDPM(2020) “*EU trade policies: Carrot-and-stick mechanisms in pursuit of non-trade policy objectives*”.

⁸ European Union (2012) “*Consolidated version of the Treaty on European Union (OJ C 326, 26.10.2012)*”.

⁹ Heinrich-Böll-Stiftung European Union (2025) “*Clean, competitive and global? EU's trade strategy faces a geopolitical test*”.

¹⁰ European Commission (2025) “*Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: The Clean Industrial Deal – A joint roadmap for competitiveness and decarbonisation (COM 2025/85 final)*”.

in March 2025 with South Africa, together with a Global Gateway Package of EUR 4.7 billion to support mutually beneficial investment projects.¹¹

B) Shortcomings and challenges

The EU's efforts to embed sustainability and just transition considerations into its trade policy are welcome, but they fall short of addressing deeper structural imbalances in global trade systems. This brief identifies five major shortcomings in the EU's current trade policy that hinder its contribution to a global just transition.

1. Sustainability regulatory measures: lack of inclusiveness and risk lower ambition

The pace of climate policy deployment in the Global North – including in the EU – risks creating trade distortions that disproportionately affect countries with fewer financial, technical, and institutional resources to comply (or prove compliance) with higher sustainability requirements, such as developing countries and LDCs.

This applies to some EU sustainability regulations like the CSDDD, EUDR, and CBAM. While these measures pursue noble climate and environmental objectives, without dedicated technical and financial assistance and adequate support, they risk operating as climate-based trade barriers, increasing costs and reducing competitiveness for smaller exporters, especially in the Global South.¹²

These measures are often perceived as protectionist, adopted without sufficient

consultation, and fail to adequately consider domestic sustainability efforts and the socio-economic circumstances of trading partners. As a result, they are seen as undermining key principles enshrined in the Paris Agreement, such as the principle of common but differentiated responsibilities and respective capabilities (CBDR-RC).¹³ The absence of exemptions for low-income countries and sufficient support to adapt to EU market standards further highlight this contradiction. Rather than fostering cooperation, these EU measures risk deepening inequalities and fuelling resentment, ultimately rendering the transition unjust for those who are already most vulnerable to climate impacts.¹⁴

Moreover, EU sustainability measures face increasing risks in the current political context. The EU's simplification agenda and “omnibus” legislative proposals aimed at reducing administrative burdens and compliance costs, threaten to weaken social and environmental standards. Combined with mounting political pressure to prioritise industrial competitiveness and economic security, and safeguard the competitiveness of European industries, there is a real danger of backsliding on hard-won sustainability commitments. This would further undermine their credibility as legitimate climate measures and fuel perceptions of unfairness and climate injustice vis-à-vis trading partners.

2. Insufficient sustainable development commitments in EU trade agreements

Another key shortcoming lies in the EU's approach to sustainability in its trade agreements. Since the 2011 EU-Korea FTA, trade and sustainable development (TSD) chapters have

¹¹ European Commission (2025) “*EU-South Africa Summit Declaration*”.

¹² Europe Jacques Delors, (2023) “*EU trade and the environment: Development as the missing side of the triangle*”.

¹³ For an explanation of the CBDR principle, see Resources for the Future. (2023) “*For climate and trade policies, the principle of common but differentiated responsibilities cuts both ways*”.

¹⁴ ECDPM, (2025) “*Perceptions of the EU's international cooperation: Navigating troubled waters*”.

become standard in EU trade deals, covering a range of provisions from labour rights to climate change, biodiversity, and environmental protection. However, TSD commitments are often framed as “best endeavour” clauses with vague, non-committal language. Also, they are normally excluded from the general dispute settlement mechanisms of trade agreements, relying instead on panels of experts whose recommendations are non-binding. As a result, such clauses often result in aspirational commitments rather than enforceable obligations.¹⁵

Most sustainability commitments in FTAs are confined to TSD chapters, with limited mainstreaming across other parts of the trade agreements, which continue to promote trade in harmful products. Therefore, it is often argued that the environmental and social harms caused at times outweigh their potential benefits, which are unevenly distributed, leaving local communities without a fair share.¹⁶

In 2022, the Commission published a new TSD Action Plan aimed at overcoming some of these shortcomings.¹⁷ Among other things, this revised strategy proposes subjecting the TSD chapter to the general, binding state-to-state dispute settlement and introducing the Paris Agreements as an essential element in EU FTAs. In doing so, it seeks to introduce the possibility of sanctions in case of grave breaches of the Paris Agreement – an option that was up until then reserved for violations of the ILO fundamental principles and rights at work. Such measures are, however, considered of last resort as they can only be triggered in case of serious violations, a concept that remains to be defined.

While the new strategy was seen as a step in the right direction and a welcome improvement compared to previous approaches, its effectiveness remains largely untested in practice. Indeed, the EU’s new TSD approach does not apply retroactively to existing agreements concluded before 2022 and it has only been fully implemented once so far, in the context of the EU-New Zealand trade deals. This raises questions about whether such an approach is fit for trading partners with different levels of economic development and diverse social and economic contexts.¹⁸

3. Trade agreements and partnerships risk perpetuating old extractivist models

The growing demand for natural resources for the green transition adds another layer of complexity as it risks deepening existing asymmetries in global trade. While developing countries hold immense potential in the transition to decarbonised economies, they continue to disproportionately bear the environmental and social costs of resource extraction, often with minimal local beneficiation.

In its pursuit of raw material security, the EU is deploying a range of trade and investment tools to secure supply chains from resource-rich countries across regions. This strategy includes the negotiation of FTAs with countries such as Chile, Indonesia, and Australia, as well as the conclusion of a series strategic partnerships on raw materials in the form of Memoranda of Understanding (MoUs), most of them with emerging and developing economies. Combined with these efforts is a more assertive trade posture vis-à-vis countries’ trade restrictions, as

¹⁵ Institute for European Environmental Policy (2023) “*Reflections on the new approach to the TSD Chapters for greener trade*”.

¹⁶ Veblen Institute (2023) “*Making trade agreements conditional on climate and environmental commitments*”.

¹⁷ European Commission (2022) “*Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: The power of trade partnerships: together for green and just economic growth*”.

¹⁸ Europe Jacques Delors (2024) “*From rhetoric to action: Taking stock of the green trade agenda of von der Leyen’s ‘geopolitical’ Commission*”.

seen in the EU's challenge of Indonesia's nickel export restrictions at the WTO.¹⁹

Although these instruments are often presented as vehicles to uphold a rules-based trade and promote responsible CRM sourcing, they frequently fall short in addressing systemic socio-environmental harms tied to extractive industries while reinforcing extractivist economic models centred on the export of raw materials with minimal local value addition. At the same time, trade instruments often constrain the ambitions of resource-rich countries to retain more local value over their resources and move up the value chain.

A recent study has shown that energy and raw materials provisions within EU FTAs tend to prioritise commitments aimed at securing EU supply over local development needs, sustainability considerations, and the rights of affected communities.²⁰ Similar concerns have arisen with regard to MoUs on raw materials, which are soft instruments, without enforceable commitments or financial backing, and have so far delivered little in terms of new EU investment in partner countries. They also raise concerns around the overall lack of transparency link to their negotiation and implementation.²¹

If not adequately designed and implemented, new partnership models like the Clean Trade and Investment Partnerships risk replicating old, inadequate partnership approaches. The Commission claims CTIPs will create value in

partner countries while upholding human and labour rights, and high social and environmental standards. This idea is reflected in the words of trade Commissioner Maroš Šefčovič, about the aim of the CTIPs: "We are going to work with you; we are going to create value-added in your country; (...) This is, I would say, the new element which we want to bring."²²

While it remains unclear how these goals will be achieved in practice and to what extent CTIPs will differ from existing partnership models, there are some signs of concern.²³ The Clean Industrial Deal frames CTIPs mainly as tools "tailored to the concrete business interests of the EU and its partners", missing a crucial opportunity to connect them to broader sustainable development objectives such as the 2030 Agenda.²⁴ Failure to deliver mutually beneficial CTIPs that balance economic considerations with social and environmental objectives risks further undermining the EU's credibility as a reliable trading partner and may push countries towards other actors, such as China.

4. Constraints posed by international legal frameworks

There is also a structural problem in the international trade architecture, which often poses obstacles to climate ambition and industrialisation of developing countries. Trade liberalisation remains the guiding principle of international trading system, reflected in both

¹⁹ Indonesia has adopted a series of trade restrictions, including a ban on nickel ore exports to boost domestic industrial development by attracting investment in nickel processing and other downstream industries. The EU challenged the measure at the WTO, arguing it unduly restricted access to CRMs and violated trade rules. Although the WTO ruled in favour of the EU, Indonesia appealed, leaving the case unresolved due to the paralysis of the Appellate Body. In 2023, the European Commission launched formal consultations under its enforcement regulation to consider the possibility of adopting retaliatory measures but as of mid-2025, no countermeasures have been imposed. See European Commission, Directorate-General for Trade and Economic Security (2023) ["EU launches consultation on use of Enforcement Regulation on Indonesian nickel export restrictions"](#).

²⁰ Transport & Environment (2024), ["Strike a balance: Trade agreements for resilient and responsible supply chains"](#).

²¹ Institute for European Environmental Policy (2024) ["Sourcing critical raw materials through trade and cooperation frameworks"](#).

²² European Parliament (2024) ["Hearing of Commissioner-designate Maroš Šefčovič"](#).

²³ Europe Jacques Delors (2025), ["A new era of EU mini-trade deals? Re-prioritising sustainable development through Clean Trade and Investment Partnerships \(CTIPs\)"](#).

²⁴ European Commission (2025) ["Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: The Clean Industrial Deal – A joint roadmap for competitiveness and decarbonisation \(COM 2025/85 final\)"](#).

WTO rules and FTAs, limiting governments' ability to adopt green industrial policies, and protecting emerging clean sectors, as they could be perceived as potential barriers to trade. Indeed, under WTO rules, there is limited policy space for "local content requirements" policies which are generally perceived as unfairly advantaging domestic over foreign producers and thus violating non-discrimination principles.

Such measures include policies requiring a certain percentage of renewable energy technologies, like solar panels or wind turbines, to be produced locally to support domestic green industries.²⁵ Another common example is export restrictions on unprocessed raw materials, largely used by resource-rich countries like Indonesia (as described above), Chile, India, and the Philippines to promote domestic processing and value addition.²⁶ Historically, these measures have often faced WTO challenges, undermining developing countries' efforts to move up value chains and industrialise. Yet similar local content requirements are now increasingly used by advanced economies, such as under the U.S. Inflation Reduction Act, and are being considered by the EU, highlighting shifting trade dynamics and reinforcing perceptions of double standards.

A major obstacle to a Global Just Transition is the deep inequality in access to climate-related science, technology, and innovation. Clean technologies – essential for decarbonisation – are largely researched, produced, and traded by and between advanced economies and emerging industrial powers, with China emerging as a dominant player in critical sectors such as solar panels, batteries, and critical raw materials

processing. This technological divide creates a dependency on external solutions, limiting the ability of low-income countries to drive their own decarbonisation paths.

Meanwhile, structural barriers such as restrictive trade rules, intellectual property, and investor protections continue to hinder efforts of developing nations and LDCs to build domestic capabilities and participate meaningfully in green value chains. These include intellectual property rules, like those in the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), and even stronger IP clauses in preferential trade deals.²⁷ Additionally, Investor-State Dispute Settlement (ISDS) mechanisms embedded in many trade and investment treaties further constrain policy space, as they allow foreign investors to sue states over policy changes that might affect their business activities and expected profits. This can have a chilling effect on climate policies, discouraging governments from enacting bold measures, particularly when fossil fuel investments are involved.²⁸

5. Inadequate governance structures and the lack of transparent, inclusive decision-making

Governance and transparency challenges continue to undermine the alignment of trade with climate and development policies. There is still no institutionalised space at the multilateral level for discussing the intersection of trade and climate, leaving trade and sustainable development policy to operate largely in silos. Trade and environmental experts still tend to work

²⁵ A well-known example is India's National Solar Mission launched in 2010 which required a share of solar cells and modules used in government-supported solar projects to be made domestically to boost the country's solar manufacturing industry. The US challenged these measures at the WTO, arguing these local content requirements violated WTO rules. India argued that such measures are necessary to increase its share of renewable power generation to 40% and meet international climate commitments. In 2016, the WTO ruled in favour of the US, including the appellate body, requiring India to scrap local content requirements. See Office of the United States Trade Representative (2016) "[United States Wins Decisive Victory in Dispute Challenging Discrimination Against U.S. Solar Exports](#)".

²⁶ Office of the President of the Philippines, Presidential Communications Office (2024) "[PBBM signs law for accounting of PH natural resources](#)".

²⁷ Thrasher, R. & Liu, Y. (2023) "[Toward a Green and Just Transition: A New Framework for Trade and Investment Rules and Climate Action](#)".

²⁸ CAN Europe (2020) "[Position on trade and trade policy](#)".

largely separately. This fragmented approach results in trade policy being primarily framed through an economic lens, with its sustainability impacts either overlooked or treated as an afterthought rather than integrated from the outset into policy design and implementation.

The same siloed approach is also evident within EU policymaking. For instance, while EU trade-related climate measures such as the CSDDD and the EUDR seek to pursue noble climate and environmental objectives, they at times neglected their potential negative socio-economic impacts on more vulnerable or exposed trading partners.

Moreover, trade negotiations themselves are often opaque, lacking transparency and meaningful participation of key stakeholders, including civil society organisations and communities in partner countries most affected by trade decisions. Mechanisms intended to facilitate stakeholder engagement, such as the Domestic Advisory Groups (DAGs) established under EU FTAs, often fall short due to limited transparency, inadequate representation, and insufficient financial and technical resources. For instance, business stakeholders tend to dominate these groups, while environmental organisations and vulnerable communities remain underrepresented. Opaque selection processes further undermine their legitimacy and influence.²⁹

Additionally, the technical complexity of trade agreements and the lack of accessible information hinder meaningful participation from local communities, particularly Indigenous Peoples and marginalised groups, who are largely excluded from decision-making processes. This exclusion results in trade policies that often fail to reflect their needs, protect their rights, and support their priorities. Without specific commitments to uphold their rights and measures enabling their effective participation in trade processes, these communities remain vulnerable to economic

exploitation and environmental harm. Ultimately, this lack of inclusiveness undermines democratic accountability and prevents trade policy from being a genuinely transformative tool supporting a Global Just Transition.

C) Way forward for just EU trade policies

To ensure that EU trade policy effectively supports a just transition, the EU must fundamentally restructure its trade and investment frameworks to align more closely with broader climate justice, social equity, and sustainable development objectives. Trade policy should be positioned as an enabler of the global shift to a decarbonised economy within planetary boundaries, rather than a self-interested tool that pursues economic objectives alone.

Rethinking today's trade dynamics is essential, as they are too often centred on the flow of raw materials to Europe and on goods, products and services that are cheaper than if they were produced in the EU. This extractive model also prioritises raw materials for the production of "clean" goods that are then exported back to global markets. Such an approach risks exposing European companies to unfair competition and European consumers to products containing substances banned in the EU. At the same time, it does not contribute to build partners' manufacturing capacity nor encourage them to raise social and environmental standards. A better path would be for the EU to push for stronger multilateral cooperation, support regional and South-South trade relations, helping to build more balanced and resilient value chains. Only then, EU trade policy can create real shared benefits, foster equity in global trade, and support sustainable industrial development worldwide.

To do so, the EU should consider the following five policy options.

²⁹ ECDPM (2020) *"Making it count: Civil society engagement in EU trade agreements"*.

1. Strengthen labour, social, and environmental commitments in trade agreements as well as monitoring, implementation, and enforcement mechanisms

Labour rights, environmental sustainability, and social equity must be central to all EU trade agreements. Achieving this requires a dual approach. First, the Commission should proactively review and upgrade older trade agreements to align them with the 2022 revised TSD approach, ensuring coherence and consistency across all FTAs. These reviews must involve meaningful civil society participation. Second, ongoing and future trade agreements should reflect the core features of the TSD review, including enforceable sustainability commitments and recognition of the Paris Agreement as an essential element, although adapted to the socio-economic circumstances of the trading partner.

Monitoring and enforcement must be strengthened to ensure breaches of TSD commitments lead to tangible consequences. This should be backed by effective mechanisms for investigating violations, and enforcement tools such as binding dispute settlement procedures, access to remedies, and the ability to impose sanctions, including suspension of trade preferences or parts of the agreement.

To drive measurable progress, the EU should pair enforcement with smart compliance incentives. This could include technical and financial assistance, as well as capacity-building to help partner countries implement labour, social, and environmental commitments in trade agreements without bearing the full compliance burden, particularly important in the case of the most vulnerable developing trading partners. The Commission could also consider introducing a progressive tariff reduction mechanism, whereby additional or faster tariff reductions are conditional on improvements in key sustainability

indicators. These could include ratification and implementation of ILO conventions, reducing GHG emissions in certain sectors, protecting biodiversity, or tackling deforestation. Countries that fail to improve or regress could risk losing these incremental benefits or face a review of trade preferences. These efforts should be accompanied by ex-post control systems to assess the environmental and social impact of the FTA, feeding into formal review cycles.

Crucially, the rights of workers across international supply chains must be reinforced. Doing so will require the EU to take steps to assert the primacy of international social, environmental, and human rights standards over its economic interests and investor rights, such as by phasing out Investor-State Dispute Settlement mechanisms in all EU trade and investment agreements.

2. Promote access to clean technologies and facilitate trade in environmental goods and services

The EU should leverage its trade policy to promote equitable access to clean technologies and environmental goods, particularly in developing countries. This means actively facilitating the transfer of environmentally sound technologies through its trade agreements, including renewable energy equipment, energy efficiency tools, and sustainable agricultural solutions. Promoting flexibilities in intellectual property rights for key environmental goods, particularly under WTO rules, is also crucial, especially for least developed countries (LDCs), to allow them to produce or import green technologies without violating patent rules while ensuring that access to green technologies is not limited by prohibitive costs or legal barriers. Bridging technological capacity gaps is not only a matter of fairness but is also essential to accelerate global decarbonisation.

The EU should also step up efforts to liberalise trade in environmental goods and services.

Some recent agreements already point in this direction, for example, the EU–New Zealand FTA eliminates tariffs on various green goods and liberalises climate-related services.³⁰ Building on this momentum, the EU could take inspiration from pioneering initiatives like the Agreement on Climate Change, Trade and Sustainability (ACCTS), a plurilateral agreement concluded a group of like-minded countries (New Zealand, Costa Rica, Fiji, Switzerland) and open to all WTO members.³¹ The ACCTS is the first legally binding agreement to ban fossil fuel subsidies while liberalising trade in a wide range of environmental goods and services and promoting eco-labelling.³² While some concerns have been raised regarding specific elements of the agreement, it nonetheless offers innovative approaches the EU could learn from, particularly its comprehensive list of environmental goods and services, fossil fuel subsidy phase-out commitments, and innovative eco-labelling standards. Aligning with these elements would position the EU as a leader in sustainability-driven trade.³³

3. Design CTIPs as mutually beneficial partnerships with binding sustainability commitments and tailored support

CTIPs offer a crucial opportunity for the EU to redefine its global partnerships by prioritizing not only economic gains but also long-term sustainable development and just transition. They should contribute to advance decarbonisation, reduce fossil fuel dependency, and long-term climate and economic resilience for both the EU and its partner countries – offering a genuine mutually beneficial model that distinguishes the EU from other global powers.

While it may be reasonable to assume that CTIPs will not replicate the full scope of TSD provisions typically found in EU FTAs, they should nevertheless contain strong and enforceable commitments to labour rights, social protections, and environmental sustainability. Respect for core labor rights and environmental standards, aligned with international frameworks such as the Paris Agreement, the 2030 Agenda, the SDGs, and ILO Conventions, should be treated as non-negotiable, forming a core part of all CTIPs. In addition, these partnerships should include targeted sustainability and value addition commitments tailored to the specific supply chains they cover. In doing so, they would help advance a Just Transition through decent job creation, mitigate the negative socio-economic impacts of resource extraction and industrialisation on affected workers and communities, and tackle related sustainability challenges, including agroecology and biodiversity loss. They should also support partner countries in addressing spillover effects from EU unilateral policies such as the CBAM and the EUDR while contributing to national climate and economic development strategies.³⁴

Another key pillar of CTIPs should be the provision of knowledge and technology transfer, technical assistance, and concessional finance to strengthen domestic capacities in raw materials, clean energy, and clean technology sectors while supporting domestic efforts to raise sustainability standards—carefully designed to avoid additional debt burdens. This support must be rooted in the priorities and needs of developing countries and be co-developed with local stakeholders to ensure that these

³⁰ European Commission, Directorate-General for Trade (2024) *“Factsheet – EU-New Zealand Trade Agreement: Trade and Sustainable Development”*.

³¹ For more information about the ACCTS, see New Zealand Ministry of Foreign Affairs and Trade (2025) *“Agreement on Climate Change, Trade and Sustainability (ACCTS)”*.

³² International Institute for Sustainable Development (2025) *“Agreement on Climate Change, Trade and Sustainability (ACCTS): a landmark pact for trade and sustainability”*.

³³ Ngā Tōkī (2025) *“ACCTS fails Tiriti o Waitangi test”*.

³⁴ Europe Jacques Delors (2025), *“A new era of EU mini-trade deals? Re-prioritising sustainable development through Clean Trade and Investment Partnerships (CTIPs)”*.

partnerships foster genuine value addition and long-term development benefits, as opposed to replicating old extractivist dynamics.

4. Provide more policy space to trading partners by supporting local value addition and clean industrial development

The EU should empower developing countries and LDCs in the development of their own domestic decarbonisation strategies to advance a just transition without compromising their economic development. To do so, EU trade policy should work as an enabler, rather than a constraint. This means granting greater policy space within trade and investment frameworks, allowing developing partners to adopt measures that promote local value retention.

Practically, this means that the EU should refrain from challenging legitimate domestic resource strategies at the WTO, such as export restrictions and local content requirements, which seek to ensure that communities and workers directly benefit from local natural resources. Moreover, the EU could enhance flexibility in its FTAs, especially in chapters related to energy and raw materials, by allowing partner countries the regulatory space to promote downstream processing, value-added production, and investment in emerging green sectors such as solar panel manufacturing, battery recycling, and sustainable agriculture.

While the EU may face internal resistance, especially as it works to build competitive clean industries at home, this shift is essential to secure long-term alliances with resource-rich countries that are increasingly unwilling to export raw materials without local benefits. Supporting these partners' domestic resource strategies is crucial to guarantee a stable, resilient supply of critical resources for EU industries, maintain the EU's credibility as a reliable trading partner

and climate champion, and enhance economic security by strengthening supply chain resilience.

5. Institutionalise inclusive, transparent, and binding civil society participation mechanisms in trade agreements and partnerships, including CTIPs

Transparency in trade negotiations is essential not only to build public trust but to ensure that agreements serve the public interest on both sides. Meaningful engagement of CSOs, trade unions, local authorities, businesses, Indigenous Peoples, and marginalised groups throughout the negotiation, design, and implementation of trade agreements and partnerships is key to ensuring that these deals reflect the needs and priorities of those most impacted. Strengthening their role helps counterbalance the disproportionate influence of corporate interests and ensures that trade policy reflects a broader range of voices, making it more democratic and transparent.

While many FTAs include stakeholder engagement platforms, these often remain procedural rather than enabling genuine, impactful participation. The EU must establish clear, structured, and binding mechanisms to guarantee inclusive participation across all stages, from negotiation to implementation and monitoring. Strengthening existing bodies like Domestic Advisory Groups (DAGs) with adequate financial and technical resources, and creating new platforms for stakeholder engagement, such as a permanent Indigenous consultative body, are crucial to ensuring participation of vulnerable and underrepresented groups, including minorities and local communities, which are largely absent from current trade processes. The Commission should also consider establishing a complaint mechanism along the lines of the Single-Entry Point, within new partnership frameworks like the CTIPs, to allow civil society actors to report violations of sustainability commitments to the Commission's attention.



III. EU-LAC TRADE RELATIONS AND THE JUST TRANSITION

A) Context

Recent years have seen a renewed EU interest in establishing Latin America and the Caribbean (LAC) as a strategic region. With rising global demand for critical raw materials, clean energy and clean technologies, Europe remains highly dependent on a few third countries for critical inputs. This dependence has made diversification a strategic priority to strengthen supply chain resilience and boost the bloc's economic security. To mitigate geoeconomic risks and reduce reliance on dominant suppliers like China, the EU has intensified engagement with resource-rich countries, including in the LAC region, which has emerged as a key partner.

The LAC region offers significant potential not only as an export market for clean products but also as a reliable partner in the green transition. The region is a global renewable energy powerhouse, with over 60% of electricity in the power mix coming from renewables – making it the cleanest energy matrix in the world. It is also vital to global environmental sustainability, home to over 50% of the planet's biodiversity, and plays a major role in global food security, accounting for 14% of world food production.³⁵

Critically, LAC countries are also key players in the global CRM supply chain. Of the 34 raw materials deemed critical by the EU, 25 are extracted in Latin America. The region is particularly rich in lithium, copper, niobium, and rare earth elements. Chile is the world's largest

exporter of critical minerals, accounting for 11% of global CRM exports in 2022, followed by Peru and Brazil. Brazil alone supplies over 90% of the world's niobium, a metal essential to high-strength, lightweight steel. The so-called "lithium triangle" – Argentina, Bolivia, and Chile – holds about half of the world's measured lithium resources, with Chile alone providing 79% of the EU's refined lithium supply. As lithium demand is expected to rise 12-fold by 2030 and 21-fold by 2050 in the EU alone, the strategic value of CELAC countries for the green transition is undeniable.³⁶ Notably, one of the 13 strategic projects under the EU's Critical Raw Materials Act is located in Brazil, underlining the region's growing importance in Europe's efforts to secure resilient and diversified supply chains.³⁷

Beyond resource wealth, LAC could become an important ally for the EU in the increasingly complex and fragmented geopolitical context. Many Latin American governments see closer ties with the EU as an opportunity to access its vast consumer market, to gain better access to technologies, and attract high-standard EU investment in the region as a counterbalance to China's growing presence and the unpredictability of U.S. trade policy. Given these strategic complementarities and a shared interest in avoiding entanglement in the US-China rivalry, deepening bi-regional cooperation between the EU and CELAC is increasingly necessary.

Since 1999, the EU and the Community of Latin America and Caribbean states (CELAC) have been holding high-level summits, which serve

³⁵ Council of the European Union (2024) "[EU–CELAC Relations: Facts and Figures](#)".

³⁶ European Parliamentary Research Service (2024) "[EU–Latin America: Enhancing cooperation on critical raw materials](#)".

³⁷ European Commission (2025) "[Selected Strategic Projects under the Critical Raw Materials Act \(CRMA\)](#)".

as the primary platform for bi-regional dialogue bringing together leaders from both regions to discuss political, trade, and investment relations. After an eight-year hiatus, the third EU-CELAC Summit was held in 2023, where both parties agreed to relaunch their bi-regional partnership based on shared values and strong economic, social, and cultural ties.³⁸

A key feature of the EU-CELAC relationship is its commercial pillar: the EU maintains an extensive network of trade agreements with 27 of the 33 countries in the LAC region. Economic ties are also robust: the EU stands as the region's primary investor, its third most significant trading partner, and the leading contributor to development cooperation.³⁹ The EU's renewed focus on the region is reflected in recent efforts to finalise new trade agreements and partnerships with countries in the LAC region, including strategic partnerships on CRM with Argentina and Chile, the updated trade agreement with Chile, and the finalisation of negotiations with Mercosur and Mexico.

The upcoming EU-CELAC Summit in November 2025, taking place in Colombia, offers an opportunity to strengthen bi-regional relations. The summit's agenda is expected to focus on advancing trade and investment, accelerating green and digital transitions, and enhancing joint efforts to address pressing global challenges such as international security and climate change.⁴⁰

B) Shortcomings and challenges

The relationship between Europe and LAC has been historically shaped by a legacy of asymmetry dating back to colonial times –

patterns that persist to date. Although LAC countries hold significant CRM reserves, yet most processing and manufacturing occur abroad, limiting local value addition. This economic model, still present across the region, position LAC as a supplier of raw materials, sustaining economic dependency and benefiting foreign actors more than local communities.

As global demand for critical raw materials accelerates, the region's vulnerability also increases, particularly the risk of further environmental degradation, social unrest, and human rights abuses. Notably, over 40% of environmental conflicts in LAC are tied to mining, often involving serious human rights violations, corruption, and weak governance.⁴¹ Additionally, the EU's scramble for critical raw materials under the CRM Act also raises concerns about the potential for fast-tracked mining projects with inadequate social and environmental safeguards, often relying on opaque and non-binding industry certifications. At the same time, endemic debt crises in the LAC region further prevent investment in infrastructure, technology, and education – key pillars for the green transition.

While trade agreements have deepened economic ties between the EU and the LAC region, they have not consistently advanced broader goals such as sustainable development, poverty reduction, or environmental protection. Many EU FTAs with LAC countries are outdated, with weak TSD chapters, and they often fail to account for structural asymmetries between the EU and LAC, as well as among LAC countries themselves. These agreements frequently carry significant social and environmental impacts, with local communities – particularly Indigenous Peoples, who make up around 8% of the region's population – excluded from decision-

³⁸ Council of the European Union (2023) *"EU-CELAC Summit, 17–18 July 2023, Brussels"*.

³⁹ Council of the European Union (2024) *"EU-CELAC Relations: Facts and Figures"*.

⁴⁰ EU-LAC Foundation (2025) *"IV CELAC-EU Summit 2025, Santa Marta, Colombia, 9–10 November 2025"*.

⁴¹ European Parliamentary Research Service (2024) *"EU-Latin America: Enhancing cooperation on critical raw materials"*.

making processes and denied their right to Free, Prior, and Informed Consent (FPIC).⁴²

Weak regional coordination further undermines LAC's collective negotiating power, leaving smaller economies in the region more exposed to unequal deals. In contrast, stronger regional players like Chile have been able to secure more favourable terms from the EU, such as commitments on local value addition to boost domestic raw materials processing in the context of the updated EU-Chile trade agreement.⁴³ While this sets a positive precedent in the way EU FTAs deal with raw materials trade, it likely reflects Chile's status as a regional economic powerhouse rather than a model easily replicable by smaller LAC countries.

In the context of the renewed EU-LAC cooperation, the European Commission has launched the EU-LAC Global Gateway Investment Agenda, defined as "a political commitment to work together, identifying fair green and digital investment opportunities in Latin America and the Caribbean, which will benefit from the open environment generated by trade and investment agreements and will help achieve the Sustainable Development Goals".⁴⁴ However, many CSOs and stakeholders criticize the Global Gateway for primarily benefiting European companies, questioning the local value of these investments. On top of that, there is an overall lack of transparency in how projects are allocated, with the private sector having an overly dominant role in decision-making, while there are limited consultation opportunities for CSOs, trade unions, and local communities and authorities.⁴⁵ Finally, the use of development

cooperation funds for the Global Gateway raises concerns that resources meant for issues like poverty eradication may be serving EU economic and political interests, effectively subsidizing European companies that might otherwise secure financing independently.

C) Policy options for EU-LAC trade relations

The EU and LAC have the chance to pioneer a new model of just and sustainable trade relationship, one that leads to shared benefits for both regions but also for the people and the planet. While the recommendations outlined in Section II c. apply broadly to the EU's trade engagement with the Global South, additional measures tailored to the bi-regional relationship are necessary, given the strategic significance of the upcoming EU-CELAC Summit. The following policy options could be considered:

1. Review and update older trade agreements with LAC countries to embed stronger sustainability commitments and provide more policy space for industrial development

The EU and CELAC should commit to reviewing outdated trade agreements with individual LAC countries to align them with today's imperatives of sustainability, social justice, and industrial developments. This requires aligning older agreements with the core elements of the 2022 TSD review, namely by integrating binding and enforceable environmental and labour provisions,

⁴² The Free, Prior and Informed Consent (FPIC) principle is enshrined in both the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights, the United Nations Declaration on the Rights of Indigenous Peoples and the ILO Convention 169 on Indigenous and Tribal Peoples. It refers to the right of Indigenous Peoples to give or withhold consent for any activity affecting their lands, territories, or rights. It must be obtained without pressure (free), before any activity begins (prior), and based on full, understandable information (informed). Yet, some EU FTAs contradict the FPIC principle, such as the EU-Mercosur deal, which only mentions "prior and informed consent" leaving out the term "free".

⁴³ Institute for European Environmental Policy (2024) "[Sourcing critical raw materials through trade and cooperation frameworks](#)".

⁴⁴ European Commission, Directorate-General for International Partnerships (2023) "[EU-LAC Global Gateway Investment Agenda](#)".

⁴⁵ Oxfam EU, Counter Balance & Eurodad (2024) "[Who Profits from the Global Gateway? The EU's new strategy for development cooperation](#)".

adding the Paris Agreement as an essential element, and strengthening mechanisms for civil society participation. In particular, the introduction of well-resourced DAGs is essential, as these are either absent or inadequately functioning in older agreements.

Trade agreements must support, not constrain, domestic strategies for green industrialisation and value addition. They should provide governments in LAC region with the necessary policy space to design and implement national development strategies aligned with their climate, industrial, and social goals. The modernised EU–Chile trade agreement offers a useful reference point. It includes innovative provisions acknowledging Chile’s right to promote domestic value addition in the raw materials sector – such as through dual pricing policies, which allow differentiation between domestic and export prices to support local processing industries. However, the scope of such provisions remains limited and should be broadened in future trade agreements to enable more ambitious industrial and environmental strategies.

2. Pilot innovative partnership models with LAC countries, such as through CTIPs to move beyond extractivist trade relations and support local industrial development and value addition

To make EU–LAC trade relations fit for the 21st century, it is imperative to break away from outdated extractivist models that have historically defined the relationship between the two regions. In a context of growing geopolitical competition and a global push for green industrialisation, CELAC countries are increasingly asserting sovereignty over their resources and calling for more balanced and diversified partnerships.

The EU must respond to this shift not by repackaging old paradigms, but by offering a credible and forward-looking alternative that supports domestic green industrial development, strengthens economic sovereignty, and ensures that more of the value generated from natural resources remains in the region.

The EU has already signalled a shift in this direction. Its commitment to “adding value to natural resources through innovation and technology... and supporting value chain creation” suggests a willingness to move beyond extraction-only trade dynamics.⁴⁶

If adequately designed and implemented with just transition principles and sustainable development goals at their core, the new CTIPs could be a vehicle to operationalise this vision. To realise this potential, however, CTIPs must go beyond rhetoric and provide concrete technical and financial support for low-carbon development, clean technology transfer, and skills development and to strengthen domestic sustainability standards. They should serve to promote joint industrial development, integrated clean value chains in strategic sectors, tailored to the development priorities and nationally determined contributions of CELAC countries.

Done right, CTIPs could enable CELAC partners to move up the value chain, reduce reliance on low-value raw material exports, and build inclusive, climate-compatible economies. But this requires embedding binding and enforceable commitments on environmental protection and labour rights, backed by participatory mechanisms that allow civil society, Indigenous Peoples, and marginalised groups to play a meaningful role in shaping and monitoring these agreements.

⁴⁶ European Commission & High Representative of the Union for Foreign Affairs and Security Policy (2023) *“A New Agenda for Relations between the EU and Latin America and the Caribbean”*.

New civil society engagement mechanisms must be established, learning from the shortcomings of existing mechanisms like the DAGs, with sufficient financial and technical support to ensure balanced and effective representation. Public oversight should also be reinforced through stronger accountability tools such as independent complaint mechanisms like the Single-Entry Point, which allows civil society to flag breaches of sustainability commitments. The use of this mechanism by CELAC-based actors in past trade agreements demonstrates the region's readiness to engage.⁴⁷

3. Guarantee rights, participation, and protection of Indigenous Peoples' rights, and marginalised communities in trade processes

The EU and CELAC Summit must uphold the rights of Indigenous, Afro-descendent, and peasant communities impacted by trade and energy-related projects. This includes securing their free, prior, and informed consent, in line with ILO Convention 169 and the UN Declaration on the Rights of Indigenous Peoples and respecting their right to self-determination. Transparent decision-making, access to information, and effective consultation mechanisms must be ensured throughout the negotiation and implementation of trade and investment policies. They should also support the implementation of the Escazú Agreement and actively protect environmental and human rights defenders, while reinforcing civic space and diverse civil society participation in both regions.

Give the peculiarity of the CELAC region when it comes to the strong presence of Indigenous Peoples, trade agreements and partnerships must also fully respect their rights and agency. Indigenous communities, together with other marginalized communities must be recognized as key stakeholders, with governments upholding their duty to consult and secure their free, prior, and informed consent (FPIC) throughout the trade negotiation processes. Transparent decision-making, access to information, and effective consultation mechanisms must be ensured throughout the negotiation and implementation of trade and investment policies. Agreements should formally reference the Escazú Agreement, include robust commitments on indigenous rights, such as provisions to safeguard traditional knowledge and ensure a fair and equitable benefit-sharing, drawing on good practices such as those established in the EU–New Zealand FTA.⁴⁸

⁴⁷ The Single-Entry Point (SEP), established by the Commission in 2020, allows stakeholders to report violations of trade and sustainable development commitments in EU FTAs and GSP. The first-ever complaint submitted to the SEP was filed by a Netherlands-based trade union together with trade unions from Colombia and Peru, and it concerned an alleged breach of labour rights obligations under the EU-Colombia-Peru Trade Agreement. For more information, see CNV Internationaal (2022) "[Complaint CNVI-0334: Colombia & Peru – SEP submission under EU–Andean Trade Agreement \(Chapter IX\)](#)".

⁴⁸ The Regional Agreement on Access to Information, Public Participation and Justice in Environmental Matters in Latin America and the Caribbean, better known as the Escazú Agreement, is an international treaty signed by 25 LAC countries that guarantees access to environmental information, public participation in environmental decisions, and environmental justice, aiming to protect the right to a healthy and sustainable environment.

IV. CONCLUSION



Throughout this policy brief, we have explored the intersection of EU trade policy and Just Transition elements, highlighting both the potential and the limitations of current trade instruments to contribute meaningfully to environmental protection and sustainable development. This brief showcases how the EU has taken concrete steps to incorporate sustainability and just transition elements into its trade policy, for example, through TSD chapters in trade agreements. These efforts, however, often fall short in addressing systemic power imbalances, enforcement challenges, and the specific needs of partner countries. EU trade policy remains largely driven by market access and resource security, often reinforcing extractivist models and global inequalities.

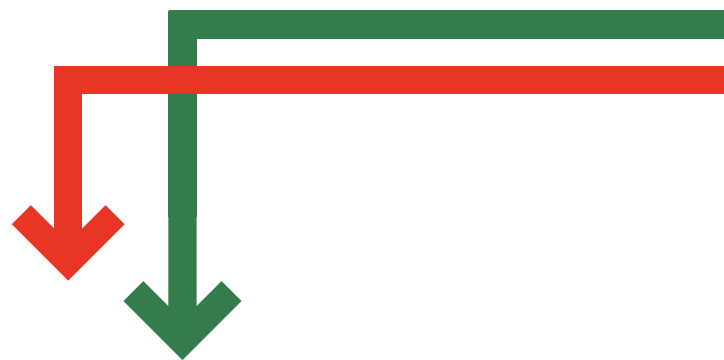
The urgent climate crisis, shifting geopolitical dynamics, and a renewed focus on clean industrialisation and economic security present a critical opportunity for the EU to reposition itself as a reliable, forward-looking trading partner by promoting a new trading model that delivers mutual benefits for the EU and partner countries, notably developing countries and LDCs. Crucially, the EU should empower partner countries to lead their own just transitions by providing access to clean technologies, technical and financial resources, facilitating trade in environmental goods and services, and allowing the policy space necessary to chart their own sustainable development and industrialisation paths.

To truly advance just transition through trade policy, trade agreements and partnerships like CTIPs must deliver mutual benefits and embed robust social and environmental commitments. This requires more than a rhetorical shift.

It demands, first and foremost, a genuine partnership approach: a relationship of equals that produces added value on both sides. The EU is not new to the concept of partnerships, having pursued comprehensive trade agreements and softer instruments like the Just Energy Transition Partnerships (JETPs), Strategic Partnerships on Critical Raw Materials, and the new CTIPs. Indeed, the new Commission often stresses the need to build “mutually beneficial partnerships”, a promising notion that is yet to be fleshed out and risks being perceived as greenwashing unless backed by substantive policy change.

To fully reflect a partnership model, trade agreements and partnerships must be fundamentally rethought. This will require aligning EU trade policy more closely with the needs, contexts, and capabilities of its developing trading partners, moving beyond a one-size-fits-all approach to frameworks tailored to their socio-economic realities and domestic priorities.

The renewed EU focus on strengthening ties with Latin America and the Caribbean offers a pivotal opportunity to test and advance this new model of trade partnerships. The LAC region’s wealth of natural resources and biodiversity makes it strategically vital for the EU’s climate and industrial goals. Together, both regions are uniquely positioned to co-create a fresh paradigm of trade relations – one grounded in mutual benefit, fairness, and shared ownership, and focused on sustainable development, social and environmental protection. The forthcoming EU-CELAC Summit represents a critical test for this new approach.



ABOUT SOLIDAR

SOLIDAR is a European and worldwide network of Civil Society Organisations (CSOs) working to advance social justice through a just transition in Europe and worldwide. Our over 50 member organisations are based in 27 countries (19 of which are EU countries) and include national CSOs in Europe, as non-EU, EU-wide and organisations active at the international level.

solidar


50 Avenue Des Arts
Box 5, 2nd floor
B1000 - Brussels
Belgium

 SOLIDAR & SOLIDAR Foundation

 @solidar-eu.bsky.social

 @solidar_eu

 SOLIDAR

 solidar@solidar.org

 www.solidar.org

Author: Lavinia Mazzei

Editor: Cláudia Azevedo

Design: Dagmar Bleyová

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