# Strengthening EU Leadership in GreenDigital Trade

KEY DEVELOPMENTS AND STRATEGIC RECOMMENDATIONS

# About Us

The **DigitalTrade4.EU consortium** envisions a **seamlessly interconnected Europe** and **neighbouring regions** powered by harmonized standards for the digitalisation of trade documents and processes. By fostering the digital transformation of trade, we aim to promote economic integration, enhance cooperation, and ensure long-term trade facilitation across borders.

Our consortium is made up of experts in their field, including 105 full partners—trade associations, logistics providers, shipping lines, banks and insurances, technology innovators, etc.—from 17 European Union countries (France, Belgium, Netherlands, Austria, Estonia, Finland, Italy, Latvia, Spain, Germany, Sweden, Poland, Luxembourg, Lithuania, Slovenia, Denmark, Bulgaria) and 22 non-EU countries (United Kingdom, Switzerland, Montenegro, Japan, Singapore, Hong Kong, Australia, New Zealand, India, Nepal, Canada, United States of America, Cameroon, Morocco, Egypt, Kenya, Pakistan, Nigeria, Brazil, Uzbekistan, Turkey, Ukraine).

Our consortium is already **aligned with the fundamentals** of the **EU Competitiveness Compass**. Learn more:

How DigitalTrade4.EU Can Help Achieve the Objectives of the EU Competitiveness
 Compass (February 2025)

https://www.digitaltrade4.eu/how-digitaltrade4-eu-can-help-achieve-the-objectives-of-the-eu-competitiveness-compass/

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# **Executive Summary**

Recent developments highlight the EU's leadership in integrating green and digital agendas in trade. In April 2025, the EU and Singapore signed a landmark Digital Trade Agreement (DTA), a cornerstone of EU digital trade diplomacy in Asia. This agreement builds on the 2019 FTA, reinforcing EU standards on cross-border data flows, e-identification, and cybersecurity, while eliminating "unjustified barriers to digital trade. By providing greater legal certainty for consumers and businesses on both sides, the Singapore DTA deepens connectivity with a trusted partner and serves as a model for future digital pacts. The EU is Singapore's fifth-largest goods trading partner, with bilateral trade in goods growing to over \$100 billion in 2024, representing 7.8% of Singapore's total goods trade. The bloc is also the second-largest services trading partner of Singapore, with bilateral trade in services reaching over \$110 billion in 2023.

At the same time, the EU's strategy for **sustainable supply chains** is converging with global efforts. The **UNECE's new Recommendation No. 49<sup>1</sup>** – "Transparency at Scale" – codifies a **UN standard** for **Digital Product Passports (DPPs)** and **traceability** of sustainability data.

Like the EU's forthcoming DPP rules and **CBAM-linked incentives**, Rec. 49 calls for every product to carry **verifiable sustainability** and **carbon-intensity** information at each trade stage. In sum, the EU's green-digital trade framework – from **DEPA/FTAs** to **DPPs** and **digital infrastructure** – is reinforced by these developments.

The European Commission must now translate them into concrete action: it should intensify **international coordination**, deepen **digital trade partnerships** (especially in Asia through **DEPA**), and champion global **interoperability** of laws and standards (**MLETR**<sup>2</sup>, **eIDAS 2.0**, etc.) in the coming MFF period.

This document is part of the **DigitalTrade4.EU** input to the **European Commission** on the **Multiannual Financial Framework (MFF)**<sup>3</sup> and the **Connecting Europe Facility 2014-2020 – evaluation**<sup>4</sup>.

https://uncitral.un.org/en/texts/ecommerce/modellaw/electronic transferable records

<sup>&</sup>lt;sup>1</sup> United Nations Economic and Social Council. Recommendation No. 49: Transparency at Scale – Fostering Sustainable Value Chains (March 2025)

https://unece.org/sites/default/files/2025-05/ECE-TRADE-C-CEFACT-2025-03E.pdf

<sup>&</sup>lt;sup>2</sup> UNCITRAL. Model Law on Electronic Transferable Records

<sup>&</sup>lt;sup>3</sup> European Commission. EU's next long-term budget (MFF) – implementing EU funding with Member States and regions, Public Consultation

https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14520-EUs-next-long-term-budget-MFF-implementing-EU-funding-with-Member-States-and-regions en

<sup>&</sup>lt;sup>4</sup> European Commission. Connecting Europe Facility 2014-2020 – evaluation, Public Consultation <a href="https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14245-Connecting-Europe-Facility-2014-2020-evaluation">https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14245-Connecting-Europe-Facility-2014-2020-evaluation</a> en

# Introduction

Global trade is being reshaped by the dual green and digital transitions, with the EU taking a leadership role. Through initiatives such as DigitalTrade4.EU — the EU's flagship program to modernize digital trade infrastructure — along with the Digital Economy Partnership Agreement (DEPA) in the Asia-Pacific and the Global Gateway in Central Asia, the EU is establishing new, resilient corridors for clean energy, infrastructure, and digital services. The EU's intensified engagement with Asia through digital trade is highlighted by the new EU-Singapore Digital Trade Agreement (DTA), which aims to provide greater clarity and legal certainty for consumers and businesses to transact online more seamlessly.

Most recently, EU leaders have emphasized the need for "trusted, sovereign partnerships" that combine sustainability with digital innovation. For example, EU President von der Leyen's April 2025 address in Central Asia highlighted the region's potential as a Eurasian trade and energy hub. Alongside these efforts, the EU has taken a major step in digital trade diplomacy: on 14 April 2025, the Council adopted a decision to conclude the EU–Singapore Digital Trade Agreement (DTA)<sup>5</sup>. The Singapore DTA – the EU's first bilateral agreement devoted solely to digital trade – will remove unjustified barriers, facilitate secure crossborder data flows, and promote trustworthy AI, while preserving the EU's privacy and cybersecurity standards. This breakthrough treaty exemplifies how the EU extends its rule-based approach beyond its borders. It complements DEPA (Singapore is a founding member) and advances interoperability of digital norms. At the same time, the EU is integrating environmental goals: tools like Digital Product Passports and carbon accounting are now being embedded in trade policy.

Notably, **UNECE Recommendation No. 49** ('Transparency at Scale') – finalized in 2025 – provides a **global protocol** for sharing **supply-chain ESG data**, aligning closely with the EU's vision of **traceable**, **sustainable trade**. In the sections below, we analyse these developments and outline how the EU can consolidate its **green-digital trade strategy** in concert with partners.

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<sup>&</sup>lt;sup>5</sup> European Commission. EU and Singapore sign landmark digital trade agreement (May 2025) https://ec.europa.eu/commission/presscorner/detail/en/ip 25 1152

# Digital Trade Diplomacy and Connectivity in Asia

The EU's digital trade engagement with Asia is intensifying. The new Singapore DTA is a key result of this strategy, designed to provide "greater clarity and legal certainty for consumers and businesses" to engage in online transactions. By establishing global standards for digital trade — including data flows, digital identities, e-signatures, cybersecurity, and anti-spam measures — the DTA removes and prevents unjustified barriers to digital trade. In practice, this means that Singaporean and EU firms will benefit from streamlined processes (e.g., no forced data localization) underpinned by EU-grade rules. The agreement supplements the EU-Singapore Free Trade Agreement (EUSFTA)<sup>6</sup> that entered into force in 2019 and aims to set global standards for digital trade and cross-border data flows without unjustified barriers.

Crucially, the DTA embeds the EU's **privacy** and **consumer-protection framework** into an **Asia-Pacific context**, allowing Europe to export its **regulatory model** to trusted partners.

This agreement strengthens **connectivity** and **rule-setting** with Asia in several ways:

- Trusted digital partnership: By concluding the DTA with Singapore (a DEPA founding member), the EU locks in a high-trust corridor. Singapore is a key hub for services and data, and over half of its trade in services with the EU is digitally delivered. The DTA therefore cements Singapore's role as a digital bridge, not just as an end-market, and signals to other DEPA members (e.g. New Zealand, Chile, and prospective members like South Korea and Japan) that EU standards are the template for future FTAs.
- High-standard rulebook: The agreement ensures that both parties retain the right to regulate in the public interest while committing to interoperability of digital rules. It codifies EU priorities such as free data flows (with safeguards), cross-border esignatures, and anti-spam/cyber rules. As a result, it amplifies the EU's influence on the global digital rulebook. In particular, it enforces the EU's vision of human-centric technology, ensuring that Al governance and other frontier issues are addressed in line with European values.

<sup>&</sup>lt;sup>6</sup> Enterprise Singapore. European Union – Singapore Free Trade Agreement (EUSFTA) <a href="https://www.enterprisesg.gov.sg/grow-your-business/go-global/international-agreements/free-trade-agreements/find-an-fta/eusfta">https://www.enterprisesg.gov.sg/grow-your-business/go-global/international-agreements/free-trade-agreements/find-an-fta/eusfta</a>

- Deepened market access: By reducing paperwork and legal uncertainty, the DTA lowers costs for businesses and promotes services trade. As Việt Nam News noted<sup>7</sup>, this should particularly benefit SMEs and digital innovators on both sides. It also makes EU and Singapore regulations more compatible, which can spur investment (the EU is already a major investor in Singapore).
- Building resilience and autonomy: In an era of digital fragmentation, the EU aims to secure reliable digital supply chains. The Singapore agreement complements this goal by diversifying the EU's digital partnerships (including with the UK, another DEPA observer) and by fostering jointly governed infrastructure. Mechanisms like the UK's ETDA (Electronic Trade Documents Act) and the EU's ETD (electronic/digital versions of trade documents) frameworks can now be extended to link with Asia under common standards.

In sum, the **EU–Singapore DTA** is emblematic of **digital trade diplomacy**: it not only ties Singapore closer to the EU's **digital single market**, but also reinforces broader **interoperability**. It lays down a marker that trusted partners in Asia will adopt **EU-style digital governance** – a stepping-stone towards **regional rule-making initiatives**, and a boost for the EU's **global competitiveness**.

# Digital Sustainability and Supply-Chain Traceability

The EU's green and digital agendas align around the concept of a digitally transparent, sustainable value chain. A key component of this is the Digital Product Passport (DPP), which requires products to carry verifiable data on their composition, origin, and environmental impact. The EU has proposed DPPs as part of its Sustainable Products Initiative (targeting many goods by 2030) and is tying them to incentives like CBAM rebates and green finance. In practice, this means every consignment would come with a traceable dossier of compliance and emissions data. The concept of Digital Product Passports (DPPs) emerged from the growing need for greater supply chain transparency and sustainability. This initiative was spearheaded by the European Commission as part of the broader European Green Deal, aimed at fostering a circular economy and reducing environmental impacts.

<sup>&</sup>lt;sup>7</sup> Việt Nam News. Accelerating digital transformation to benefit SMEs (February 2023) https://vietnamnews.vn/economy/1487078/accelerating-digital-transformation-to-benefit-smes.html

This vision is reinforced by recent UNECE work. In March 2025, UN/CEFACT put forward Recommendation 49 – "Transparency at Scale" as a global framework. Rec. 49 stipulates that key supply-chain documents and credentials should be issued as verifiable digital credentials, with traceable events at each logistic step. For example, it recommends making DPPs mandatory: "Digital Product Passports designed to carry sustainability information about each product's shipment at each step of the value chain." This exactly mirrors the EU's approach of encoding carbon footprints and material data into DPPs. Rec. 49 also envisions digital conformity certificates (trusted by export authorities) to attest that goods meet environmental standards. Notably, it urges that traditional export documents (like certificates of origin) be extended to include verified sustainability attestations, such as carbon intensity measures. This aligns squarely with the EU's Carbon Border Adjustment Mechanism (CBAM), which requires importers to declare embedded emissions. In effect, UNECE is endorsing a form of carbon traceability that the EU is already moving toward via CBAM and supply-chain due diligence.

Beyond these specifics, Rec. 49 shares the EU's commitment to **standardized**, **inclusive digital infrastructure**. It explicitly leverages **open**, platform-neutral protocols (such as **W3C Verifiable Credentials**) so that **data can be shared securely** without a central repository. Importantly, it recognizes that **value chains** include actors with very different **digital capacities**. Rec. 49 therefore recommends **user-friendly tools** (e.g. intuitive apps, human-readable data) so that **small suppliers** can participate. This is fully consistent with EU policy: the Commission has stressed support for **SMEs** and **developing-country exporters** in meeting new **green trade requirements** (through funding, guidance and proportionate rules). In short, the **UNECE Recommendation** provides a **global blueprint** that *reinforces EU goals*: it embeds **DPPs** and **carbon metrics** into cross-border trade flows, promotes **data integrity** and **antigreenwashing** (boosting **consumer trust**), and suggests **interoperability** measures that mirror Europe's own legal initiatives (like **eIDAS 2.0** with digital identity).

By aligning on these standards, EU **policy-makers** can accelerate the **twin transition**. For instance, EU-funded pilot projects on **DPPs** (such as envisaged with Singapore electronics exports) would complement **Recommendation 49**'s guidelines. Likewise, the **Commission** can leverage **UNECE** processes (**CEFACT**) to push for **mutual recognition** of **digital credentials** and **signatures**. In the long run, the synergy means that an **EU-made product** with a verifiable **eco-**

**label** and **digital passport** will be readable and trusted in markets worldwide – exactly the outcome **Recommendation 49** envisages.

# Funding the Future

To operationalize the EU's green-digital trade strategy, the **2026–2034 Multiannual Financial Framework (MFF)** should prioritize investments in three key areas (amounts are estimated and subject to further analysis):

# 1. Digital Infrastructure in Asia:

- Allocate ~€2 billion under NDICI-Global Europe<sup>8</sup> to fund secure digital corridors and interoperable DPP platforms with Asian partners (e.g., Singapore, Japan, South Korea, Australia, New Zealand).
- Co-finance ASEAN-wide digital customs systems and blockchain-based traceability tools.

#### 2. SME Support and Capacity Building:

- Dedicate ~€800 million to upskilling Asian and EU SMEs on DPP compliance,
   carbon accounting, and e-signature adoption via the COSME programme.
- Launch a Green-Digital Trade Academy under Erasmus+ to train officials and businesses on emerging standards.

# 3. Interoperability and Standards Harmonization:

- Fund pilot projects (~€500 million) to align Asian digital trade rules
   with MLETR and eIDAS 2.0, focusing on mutual recognition of e-documents.
- Establish an EU-Asia Digital Standards Taskforce to streamline certification processes for sustainability data.

<sup>&</sup>lt;sup>8</sup> European Commission. Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI – Global Europe)

https://enlargement.ec.europa.eu/funding-technical-assistance/neighbourhood-development-and-international-cooperation-instrument-global-europe-ndici-global-europe en

# Next Steps for the Commission

- 1. Digital Standards and Interoperability. The Commission should prioritize aligning EU trade policies with global digital standards, adopting frameworks like MLETR and eIDAS 2.0. This will promote cross-border data flows, e-identification, and cybersecurity while preserving EU privacy standards. Strengthening digital rule interoperability through trade agreements, such as the EU–Singapore Digital Trade Agreement, will further solidify EU influence globally. Worth also mentioning the analysis<sup>9</sup> we carried out, following the mandate by the French Ministries of Justice and Finance on MLETR:
  - a. **Enhanced Legal Certainty:** The MLETR analysis emphasizes the importance of providing greater legal certainty for businesses engaged in digital trade, which aligns with the EU's goal of fostering a trusted and secure digital economy.
  - b. Interoperability of Digital Rules: The report highlights the need for interoperability of digital rules and standards, which is crucial for the EU's strategy to promote cross-border data flows and digital trade.
  - c. Consumer Protection and Data Privacy: The analysis underscores the significance of consumer protection and data privacy in digital trade agreements, reflecting the EU's commitment to upholding high standards in these areas.
  - d. **Support for SMEs:** The MLETR analysis suggests measures to support small and medium-sized enterprises (SMEs) in adapting to digital trade, which resonates with the EU's focus on enhancing digital tools and technology for SMEs.
  - e. **Regulatory Alignment:** The report advocates for regulatory alignment and cooperation between the EU and its trading partners, which is essential for the EU's efforts to deepen digital trade partnerships and promote global interoperability of laws and standards.
  - f. **Promotion of Digital Innovation:** The analysis emphasizes the role of digital innovation in driving economic growth and competitiveness, aligning with the EU's vision of fostering a secure and inclusive digital economy.

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<sup>&</sup>lt;sup>9</sup> French Ministry for the Economy, Finance and Industrial and Digital Sovereignty, "Speeding up the Digitalisation of Trade Finance", 2023. https://www.economie.gouv.fr/files/files/2023/rapporttrade-EN.pdf

- g. **Cybersecurity and Trust:** The MLETR analysis stresses the importance of cybersecurity and trust in digital trade, which is a key priority for the EU in its digital trade diplomacy and partnerships.
- 2. Trade Finance and ESG: Discuss the role of trade finance digitalisation in supporting the EU's efforts in terms of ESG, CSRD, and CS3D. It is worth mentioning here the EU's commitment to simplifying reporting obligations under the CSRD and the potential impact on trade finance. In particular, the EU's push for a more sustainable and circular economy, with trade finance digitalisation playing a crucial role in achieving these goals, could be summarized as follows:

# a. Simplification of Reporting Obligations:

- i. The EU has proposed increasing the employee threshold for CSRD reporting companies to 1,000 employees and revising the standards to "substantially" reduce the number of data points companies would be required to collect.
- ii. The EU's "stop-the-clock" proposal postpones reporting under the CSRD for Wave 2 and 3 companies by 2 years, respectively to 2028 and 2029, providing companies with more time to adapt to the new requirements.

# b. Impact on Trade Finance:

- i. The simplification of reporting obligations under the CSRD is expected to reduce the administrative burden on companies, making it easier for them to access trade finance and invest in sustainable projects.
- ii. The EU's push for a more sustainable and circular economy is driving the demand for green finance, with trade finance digitalisation playing a crucial role in facilitating the flow of capital towards sustainable investments.

#### c. Promotion of Sustainable and Circular Economy:

i. The EU's Green Deal aims to make Europe the first climate-neutral continent by 2050, with trade finance digitalisation playing a key role in achieving this goal by facilitating the transition to a low-carbon economy. ii. The **EU's commitment** to **sustainability** is reflected in its efforts to promote the use of **Digital Product Passports (DPPs)**, which will provide consumers with information on the **environmental footprint** of products, driving demand for **sustainable goods** and **services**.

## d. Role of Trade Finance Digitalisation:

- i. Trade finance digitalisation is expected to enhance the efficiency and transparency of trade transactions, making it easier for companies to comply with the CSRD's reporting requirements and access sustainable finance.
- ii. The digitalisation of trade finance is also expected to reduce the cost and complexity of trade transactions, making it more accessible for SMEs to participate in international trade and contribute to the EU's sustainability goals.

Why it matters: ESG transformation is often associated with inflationary pressure, at a time where corporates and consumers are unwilling to pay extra for ESG, after several years of high inflation, denting purchasing powers. The opportunity of trade finance digitalisation consists of providing companies that are willing to boost their ESG performance with additional funding at cheaper rates, hence increasing immediately the very profitability of Buyers and their Suppliers, thus increasing our EU competitiveness and the very resilience of our companies.

- 3. Trade Policy for Sustainability. The Commission must integrate environmental goals into trade agreements by promoting digital traceability tools like Digital Product Passports and carbon-accounting mechanisms. By advancing global protocols, such as UNECE's "Transparency at Scale," the EU can embed its green standards across supply chains, reinforcing its Carbon Border Adjustment Mechanism and circular economy objectives.
- 4. Leadership in Global Governance. The EU should leverage forums like the G7, G20, and WTO to shape global digital and green trade standards. Championing e-commerce rules and sustainability targets will ensure EU values on data protection, Al ethics, and environmental accountability are upheld in global trade governance.

- 5. Strengthening EU-Asia Partnerships. The Commission should deepen partnerships in Asia-Pacific through DEPA and the EU-Singapore DTA. Extending these agreements to other key partners like Japan, South Korea, and Vietnam will enhance digital and green trade corridors, ensuring EU standards on data, AI, and sustainability are integrated into regional markets.
- 6. Platform Interoperability and Digital Sovereignty: The Commission should ensure that dominant online platforms allow interoperability with third-party applications, to avoid vendor lock-in. The Court of Justice of the European Union recent ruling (Case C-233/23<sup>10</sup>) confirms that refusing to provide interoperability can amount to an abuse of dominance. Enforcing this will empower SMEs and strengthen the EU's digital sovereignty, complementing initiatives like DEPA and eIDAS 2.0 that promote open, interoperable digital infrastructures.
- 7. Global Digitalisation Projects and Funding: The EU co-funds digitalisation projects in non-European countries, leveraging EU standards and technical frameworks (financed by CEF, Digital Europe Programme, etc.). These initiatives aim to extend EU digital infrastructure and promote interoperability across borders. By integrating EU-led standards, such as DPPs and eIDAS 2.0, these projects ensure that digital transformation in global markets aligns with EU regulatory and sustainability goals.

<sup>&</sup>lt;sup>10</sup> Judgment of the Court (Grand Chamber) of 25 February 2025. https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:62023CJ0233

# Conclusion

The European Commission must now translate them into concrete action: it should intensify international coordination, deepen digital trade partnerships (especially in Asia through DEPA), and champion global interoperability of laws and standards (MLETR, eIDAS 2.0, etc.) in the coming MFF period. It is worth highlighting here the EU's leadership in linking trade with green and digital agendas. Besides, the significance of the EU-Singapore Digital Trade Agreement and the role of DPPs in promoting sustainable trade should be emphasized:

# 1. EU-Singapore Digital Trade Agreement (DTA):

- The EU-Singapore DTA, signed in May 2025, is the EU's first bilateral agreement devoted solely to digital trade, aiming to provide greater clarity and legal certainty for consumers and businesses to transact online more seamlessly.
- The agreement supplements the EU-Singapore Free Trade Agreement (EUSFTA) that entered into force in 2019 and aims to set global standards for digital trade and cross-border data flows without unjustified barriers.
- The EU is Singapore's fifth-largest goods trading partner, with bilateral trade in goods growing to over \$100 billion in 2024, representing 7.8% of Singapore's total goods trade. The bloc is also the second-largest services trading partner of Singapore, with bilateral trade in services reaching over \$110 billion in 2023.

# 2. **Digital Product Passports (DPPs)**:

- The concept of Digital Product Passports (DPPs) emerged from the growing need for greater supply chain transparency and sustainability. This initiative was spearheaded by the European Commission as part of the broader European Green Deal, aimed at fostering a circular economy and reducing environmental impacts.
- The EU has proposed DPPs under its Sustainable Products Initiative, aiming to cover many goods by 2030 and linking them to incentives like CBAM rebates and green finance. In practice, this means every consignment would come with a traceable dossier of compliance and emissions data.

 The EU's push for a more sustainable and circular economy is driving the demand for green finance, with trade finance digitalisation playing a crucial role in facilitating the flow of capital towards sustainable investments.

## 3. Strengthening Digital Trade Partnerships:

- The EU's engagement with Asia through digital trade is intensifying, with the new Singapore DTA serving as a concrete result of this policy. The agreement aims to provide greater clarity and legal certainty for consumers and businesses to transact online more seamlessly.
- The EU's strategy for sustainable supply chains is converging with global efforts, with the UNECE's new Recommendation No. 49 "Transparency at Scale" codifying a UN standard for Digital Product Passports (DPPs) and traceability of sustainability data.

# 4. Championing Global Interoperability of Laws and Standards:

- The EU's strategy for sustainable supply chains is converging with global efforts, with the UNECE's new Recommendation No. 49 "Transparency at Scale" codifying a UN standard for Digital Product Passports (DPPs) and traceability of sustainability data.
- The EU's green and digital agendas converge on the idea of a digitally transparent, sustainable value chain, with the Digital Product Passport (DPP) concept playing a central role.

# 5. Integrating Environmental Goals into Trade Agreements:

- The EU's green and digital agendas converge on the idea of a digitally transparent, sustainable value chain, with the Digital Product Passport (DPP) concept playing a central role.
- The EU's commitment to integrating environmental goals into trade agreements is reflected in its efforts to promote the use of Digital Product Passports (DPPs), which will provide consumers with information on the environmental footprint of products, driving demand for sustainable goods and services.

# EU Green-Digital Trade Leadership Roadmap (DigitalTrade4.EU, 2025)

activity	objective	indicative metrics	tools/enablers
1. EU-Singapore DTA & Expand DEPA Partnerships	Strengthen digital trade diplomacy in Asia through high-standard agreements.	<ul><li>5+ new digital trade agreements</li><li>by 2030</li><li>15% increase in EU-Asia digital</li><li>services trade by 2028</li></ul>	DEPA framework, EU-Singapore DTA, Global Gateway Initiative, eIDAS 2.0
2. Implement Digital Product Passports (DPPs)	Ensure traceable, sustainable supply chains aligned with EU Green Deal.	- 50% adoption of DPPs by 2030 - 20% reduction in supply-chain carbon intensity by 2030	EU Sustainable Products Initiative, CBAM incentives, UNECE Recommendation 49
3. Fund Secure Digital Corridors in Asia	Build interoperable digital infrastructure for EU-Asia trade.	<ul> <li>- €2B allocated via NDICI-Global</li> <li>Europe</li> <li>- 10+ blockchain-based</li> <li>traceability pilots by 2027</li> </ul>	NDICI-Global Europe, ASEAN digital customs systems, EU Customs Data Hub
4. Harmonize Digital Standards (MLETR/eIDAS 2.0)	Enable cross-border recognition of e-documents and digital identities.	<ul><li>- 90% mutual recognition of</li><li>e-signatures by 2028</li><li>- 70% SME adoption of eIDAS</li><li>wallets</li></ul>	MLETR framework, eIDAS 2.0, EU Transport Law updates, UN/UNECE protocols
5. Launch Green-Digital Trade Academy	Upskill SMEs and officials on DPPs and carbon accounting.	<ul><li>- 40% increase in SME</li><li>participation by 2027</li><li>- 60% cost savings for SMEs</li></ul>	Erasmus+ grants, COSME programme tiered compliance thresholds

activity	objective	indicative metrics	tools/enablers
6. Integrate ESG into Trade Finance	Link trade finance to sustainability metrics for cheaper capital access.	- €10B/year unlocked for green trade finance - 30% lower Scope 3 emissions by 2030	InvestEU guarantees, CSRD-aligned reporting, FinTech platforms
7. Enforce Platform Interoperability	Prevent vendor lock-in and empower SMEs.	<ul><li>- 100% compliance with CJEU rulings by 2026</li><li>- 50% reduction in platform dominance</li></ul>	CJEU Case C-233/23, DEPA, eIDAS 2.0, Digital Markets Act (DMA)
8. Global Digitalisation Projects with EU Standards	Extend EU digital infrastructure and norms globally.	- 20+ co-funded projects by 2030 - 80% interoperability with EU systems	Digital Europe Programme, CEF funding, EU-Asia Digital Standards Taskforce
9. Advance UNECE Transparency Protocols	Globalize EU sustainability standards for supply chains.	<ul><li>- 100% alignment with UNECE</li><li>Rec. 49 by 2028</li><li>- 30% reduction in greenwashing claims</li></ul>	UNECE CEFACT, W3C Verifiable Credentials, EU CBAM registry
10. Pilot CBAM-DPP Corridors	Link trade finance to verifiable ESG metrics for tariff incentives.	- 20% CBAM compliance cost reduction - 50% DPP adoption by 2030	IoT carbon trackers, CBAM rebate schemes, EU Customs Single Window

For a more detailed overview, including relevant **legislation**, **implementation timetables**, and **KPIs** with pilots, please refer to the attached document "How the EU budget (MFF) can accelerate the competitiveness of green and digital trade".





As the **European Union** navigates a **pivotal moment** in shaping its **economic** and **geopolitical** future, aligning **financial resources** with **strategic priorities** has become more urgent than ever. The upcoming **Multiannual Financial Framework (MFF)** represents a **vital opportunity** to strengthen the EU's **competitiveness**, **resilience**, and **global leadership** in an era increasingly defined by **digital innovation** and **sustainability**.

This paper, developed by the **DigitalTrade4.EU consortium**, is a response to the **European Commission's public consultation** on the EU's next **long-term budget**. It presents a **forward-looking blueprint** to leverage the MFF as a **catalyst** for **green** and **digital trade competitiveness**. Our proposal is guided by the belief that the EU's **budgetary framework** must go beyond addressing **immediate challenges**—it must also lay the foundation for a **seamlessly interconnected, sustainable**, and **rules-based global trade system**.

# DigitalTrade4.EU Team

**Keywords:** Digital Trade, Green Economy, Multiannual Financial Framework (MFF), Digital Product Passport (DPP), Carbon Border Adjustment Mechanism (CBAM), UNCITRAL MLETR, DEPA (Digital Economy Partnership Agreement), EU Competitiveness, Circular Economy, TradeTech

# **Executive Summary**

This policy framework offers a comprehensive roadmap for aligning the EU's trade governance with global digital and green standards, particularly through the **Digital Economy**Partnership Agreement (DEPA) <sup>1</sup> and the EU's Global Gateway initiative in Central Asia. It focuses on three interlinked pillars:

- 1. International cooperation (DEPA, UNCITRAL MLETR, WTO e-commerce)
- 2. Legislative adaptation (MLETR, eIDAS 2.0, eFTI, PSR/PSD3, MiCA, CSRD, FiDA)
- Implementation through secure digital infrastructure, Digital Product Passports (DPPs), utilizing FiDA to automate access to green finance (e.g., CBAM rebates, EIB loans) and enhance sustainability tracking in logistics

As trade corridors evolve, the **Digital Product Passport (DPP)**, combined with **Carbon Border Adjustment Mechanism (CBAM)** incentives, offers a mechanism for transparency and compliance—making supply chains more resilient, efficient, and environmentally aligned.

This document introduces measurable indicators such as 80% adoption of ETDR by 2030 and 60% DPP usage by logistics operators by 2029 to support EU evaluation benchmarks.

**Policy Anchors** (*click to the anchor to read more*):



This vision drives our **global initiative**, creating a **future** where **trade digitalisation** and **Environmental**, **Social**, **and Economic (ESE) integration** seamlessly align. By prioritizing **sustainability** in a way that **supports—rather than hinders—business growth**, we ensure that **environmental objectives** are achieved alongside **economic resilience** and **social progress**.

Why ESE? ESE integration ensures sustainability drives competitiveness, not compliance burdens, by aligning environmental goals with business incentives like CBAM rebates and green finance.

<sup>&</sup>lt;sup>1</sup> Digital Economy Partnership Agreement (DEPA) https://www.mti.gov.sg/Trade/Digital-Economy-Agreements/The-Digital-Economy-Partnership-Agreement

# Introduction

As global trade undergoes profound transformation—driven by climate imperatives, digitalisation, and shifting alliances—the European Union is asserting a leadership role in shaping open, sustainable, and secure trade. This is increasingly evident in its deepening engagement with Asia-Pacific economies through the Digital Economy Partnership Agreement (DEPA) and, more recently, its growing strategic focus on Central Asia.

At the EU-Central Asia Summit (April 2025, Samarkand), European Commission President Ursula von der Leyen highlighted the region's emerging role as a geostrategic trade corridor, calling for trusted, sovereign partnerships and signalling the EU's intent to support infrastructure, clean energy, and digital connectivity. This forward-leaning vision aligns closely with the EU's broader goals for greening logistics, securing digital trade routes, and fostering resilient, rule-based supply chains across both the Pacific and Eurasian land corridors.

This evolving framework builds on the **foundational principles** outlined in the *White Paper on a Security and Defence Strategy for the European Union*<sup>2</sup>, which emphasizes the need to bolster **economic resilience**, **digital trust**, and **strategic autonomy**.

It complements the New Zealand–Singapore–Chile digital trade blueprint under DEPA, aligning it with the EU's green and digital trade governance priorities, while incorporating Central Asia's potential as a transit and transformation hub. In this context, the EU's engagement reflects not only geopolitical foresight but also a commitment to shaping the digital and environmental standards of 21st-century trade.

Importantly, the EU is now moving closer to finalizing its first bilateral digital trade agreement with a DEPA founding member—Singapore. On April 14, 2025, the Council of the European Union adopted the decision to conclude the EU-Singapore Digital Trade

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<sup>&</sup>lt;sup>2</sup> European Commission. Joint White Paper for European Defence Readiness 2030 (March 2025) <a href="https://defence-industry-space.ec.europa.eu/document/download/30b50d2c-49aa-4250-9ca6-27a0347cf009\_en?filename=White%20Paper.pdf">https://defence-industry-space.ec.europa.eu/document/download/30b50d2c-49aa-4250-9ca6-27a0347cf009\_en?filename=White%20Paper.pdf</a>

Agreement (DTA)<sup>3</sup>, marking a significant step in the EU's strategy to deepen digital connectivity with trusted partners in the Asia-Pacific. This agreement will modernize trade by removing unjustified barriers to digital transactions, facilitate secure cross-border data flows, and promote trustworthy and human-centric artificial intelligence (AI)—while preserving the EU's regulatory autonomy and high standards on data protection and cybersecurity.

## Why EU-Asia Cooperation Based on DEPA Matters:

- Strategic Alignment with EU Digital Strategy. The EU's International Digital Partnerships<sup>4</sup> policy promotes trusted, secure, and human-centric digital transformation. DEPA offers a practical framework to implement these principles in the Asia-Pacific, enabling collaboration on data governance, AI, digital trade facilitation, and digital inclusion.
- Rule-Based Digital Trade. DEPA supports the EU's goal to establish interoperable digital rules and standards, including on cross-border data flows, digital identities, and cybersecurity. This aligns with the EU's emphasis on protecting fundamental rights while fostering innovation.
- Bridge for Asia–EU Digital Integration. As interest in DEPA grows (e.g. South Korea, Vietnam, Japan), the agreement serves as a flexible, plurilateral platform for deeper EU–Asia digital cooperation—without requiring full-scale free trade agreements (FTAs).
- Green and Inclusive Digital Economy. DEPA and the EU both embed sustainability and inclusiveness in digital trade. This includes cooperation on sustainability standards (ESE), green tech innovation, and MSME empowerment—key pillars of the EU's Digital Decade and Green Deal agendas.

<sup>&</sup>lt;sup>3</sup> European Commission. Council moves one step closer to concluding the Digital Trade Agreement with Singapore

 $<sup>\</sup>underline{\text{https://www.consilium.europa.eu/en/press/press-releases/2025/04/14/council-moves-one-step-closer-to-concluding-the-digital-trade-agreement-with-singapore}$ 

<sup>&</sup>lt;sup>4</sup> European Commission. Digital Partnerships https://digital-strategy.ec.europa.eu/en/policies/partnerships

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**Resilience and Trusted Connectivity**. Amid rising digital fragmentation, DEPA-based collaboration supports the EU's pursuit of **open strategic autonomy**, enhancing the **security and resilience** of digital infrastructure and supply chains across Eurasia.

**The EU–Singapore DTA**—closely aligned with **DEPA principles**—not only serves as a **model** for future **digital trade agreements** but also reinforces the EU's capacity to shape **interoperable norms** and safeguard **ethical digital practices** on the **global stage**.

Expanding the EU's digital trade borders is increasingly feasible through collaboration with strategic partners—most notably the United Kingdom. By engaging the UK in DEPA–EU initiatives, the Electronic Trade Documents Act (ETDA) <sup>5</sup> provides a robust legal and operational foundation for advancing paperless trade and enhancing regulatory convergence.

As a former **EU member** and a global **digital leader**, the United Kingdom plays a pivotal political role—not only as a **wider bridge between EU and DEPA economies**, due to its deep **regulatory alignment** with the EU and strong **trade**, **digital**, and **political ties** with DEPA members like **Singapore**, **Chile**, and **New Zealand**, but also as a **catalyst for wider alignment** across the **Commonwealth** and **G7 partners**. In particular, the UK's close ties with **Australia** and **Canada** — both **DEPA observers** — position it to amplify momentum for **transregional cooperation**, accelerate **legal harmonization**, and reinforce a trusted, **rules-based digital trade architecture** that spans **Europe**, **Asia-Pacific**, and **North America**.

<sup>&</sup>lt;sup>5</sup> UK. Electronic Trade Documents Act 2023 https://www.legislation.gov.uk/ukpga/2023/38/contents

# **Circular Economy Integration: Enabling Sustainable Digital Trade**

The DigitalTrade4.EU framework recognizes the circular economy as a cornerstone of sustainable competitiveness in global trade. By leveraging digital solutions—including traceability systems, Digital Product Passports (DPPs), and resource efficiency platforms—it bridges the gap between environmental accountability and trade digitalisation. This approach is fully aligned with key EU frameworks, such as the Circular Economy Action Plan (CEAP) and the Digital Product Passport initiative under the Ecodesign for Sustainable Products Regulation (ESPR). These tools empower businesses to:

- Track materials and lifecycle data (e.g., recyclability, repairability) through DPPs, ensuring compliance with the ESPR and the Carbon Border Adjustment Mechanism (CBAM).
- Optimize resource flows via IoT-enabled circular supply chains, reducing waste and emissions across logistics corridors such as the EU-Central Asia Global Gateway.
- Unlock green finance by linking circularity metrics to environmental, social, and economic (ESE)-aligned incentives, including EIB green loans and CBAM rebates.

#### Why It Matters:

Circular economy principles are not just **regulatory requirements**—they are **strategic enablers**. By embedding **digital traceability** and **closed-loop systems** into **trade infrastructure**, we:

- Future-proof compliance with evolving EU Green Deal regulations, including the Corporate Sustainability Reporting Directive (CSRD) and the Waste Framework Directive.
- Enhance market access for exporters embracing sustainable practices, especially in DEPA partner markets where green standards are rapidly advancing.
- **Drive cost efficiency** through **resource optimization** and **reduced regulatory burden**, in line with the EU's **"less is more"** governance philosophy.

By integrating circular economy principles into digital trade governance, we ensure that sustainability fuels competitiveness—turning compliance into a catalyst for innovation, resilience, and cross-border growth.

# **Foundational Governance Roles**

# **Secure Technological Infrastructure**

# **International Agreements**

- Leverage **DEPA protocols** on digital identity, trade document trust, and data sharing
- Align with UNCITRAL Model Law on Electronic Transferable Records (MLETR)<sup>6</sup>
   and WTO e-commerce<sup>7</sup> provisions

# **Legislative Adaptation**

- EU-wide adoption of MLETR by 2026, synchronized with the rollout of eIDAS 2.0
- Legal basis for recognizing DPP as part of CBAM compliance

# **Implementation Tools**

- Create **EU TradeTech Sandboxes** for testing:
  - Enables interoperability between digital identity frameworks to support the mutual recognition of diverse trust services.
  - Secure, interoperable **DPPs** for tracking product-level sustainability footprint, materials, and repairability (using distributed ledger technology, cryptographic verification, or other trusted systems).
  - Integrate FIDA APIs to enable real-time financial health checks for green loan approvals and automate CBAM rebate processing.
  - IoT-enabled sustainability monitoring for logistics chains in Central Asia and DEPA economies.
  - Ensure data compliance with GDPR, the Data Act, the Data Governance Act, the Digital Services Act, and other relevant regulations, as well as cross-border DEPA standards.
  - Apply AI for predictive analytics, supply chain optimization, sustainability monitoring, and compliance, building a smarter and greener logistics network.

https://uncitral.un.org/en/texts/ecommerce/modellaw/electronic transferable records

https://www.wto.org/english/tratop e/ecom e/information on agreement ecom.pdf

<sup>&</sup>lt;sup>6</sup> UNCITRAL. Model Law on Electronic Transferable Records

<sup>&</sup>lt;sup>7</sup> WTO. Agreement on Electronic Commerce

# **TradeTech Ecosystem Acceleration**

# International Coordination

- Develop joint EU-DEPA innovation labs for supply chain digitalisation, DPP standardization, and ESE linked finance
- Advance logistics digitalisation in Central Asia under the Global Gateway and DEPA knowledge exchange

# **Legislative Framework**

- Embed trade finance APIs into PSD3/PSR + FiDA, linking payments to sustainability data and DPPs
- Legal harmonization for port authorities and customs to accept digital logistics documents and product passports

# Implementation Mechanism

- EU TradeTech Catalogue
  - Certify compliant TradeTech and DPP solutions
  - Prioritize, support, foster logistics applications for micro, small and mediumsized enterprises (MSMEs) freight operators and customs brokers
  - Shared data enabled by FiDA to facilitate access to green finance:
    - Automated ESG reporting (linking DPPs to bank records)
    - Dynamic logistics pricing based on carbon footprint

# The Role of a European Union Trade Services Governance

Ensure the existence of secure technological solutions accessible to the whole ecosystem, especially banks and businesses.

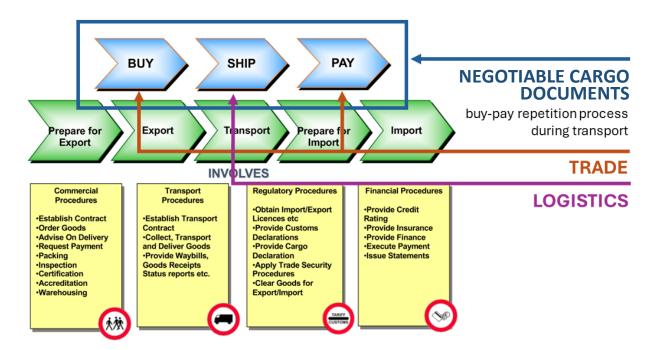
Support the creation of a conducive framework for digitalisation of international trade documents at European Union level, notably when it comes to certification and management of open and interoperable ledgers.

**Foster the European TradeTech ecosystem**, the solutions of which are often mature and can help achieve the goals of the reform.

Ensure that technical standards and requirements are clear and normative, as with PSD3 / PSR on payments, eIDAS 2.0 on digital identity and trust services, or e-FTI on electronic information on the transport of goods.

**Source:** French Ministry for the Economy, Finance and Industrial and Digital Sovereignty, "Trade and Globalization: The State of Play and the Way Forward", 2023.

# **Regulatory & Standards Framework**



**Figure 1.** Source: UNECE. The UN/CEFACT Buy-Ship-Pay Supply Chain Model offers an effective framework for analysing the relationships between trade, logistics, and key financial documents — including bills of lading, promissory notes, and bills of exchange.

# **Interoperable Digital Trade Documents**

# **Global Agreement Alignment**

- Alignment between EU laws and global agreements (e.g., eFTI ↔ MLETR ↔ DEPA)
- Coordinate EU–DEPA–WTO efforts to ensure DPPs are recognized across jurisdictions

# **EU Legislative Standards**

Standard	EU Equivalent	Implementation Milestone	
MLETR	eFTI Regulation	Legal use of negotiable cargo and financing documents (eg. e-bills of lading, promissory notes, bills of exchange) by 2027	
DPP Sustainability Tracking	CSRD / ESRS / Ecodesign	Mandatory DPPs for key sectors by 2027	
Financial Data Sharing	PSD3/PSR + FIDA	Auto-approval of green loans by 2028	
CBAM Carbon	Data MiCA + ETS Phase IV	IoT-integrated carbon tracking for import flows	

# **Governance Tool**

- Establish the EU Trade Document Registry (ETDR)
  - Includes verified cross-border trade documents and DPPs, secured through a zero trust architecture
  - Built on the concept of a qualified electronic ledger, such as the European Blockchain Services Infrastructure (EBSI)
  - Linked to DEPA's Green Trade Hub and logistics networks in Central Asia

# **Conducive Policy Levers**

# **Legislation-Informed Design**

#### 1. Risk-Based Certification

 Tiered compliance for sustainability reporting (e.g., simplified DPP entries for low-volume importers)

# 2. Incentives for DPP & CBAM Adoption

- CBAM Rebate Scheme: ~5% tariff rebate for importers using EU-verified DPPs and low-sustainability logistics
- EIB Green Discount: ~0.5-3.0% interest rate reduction for supply chain loans with integrated DPP tracking
- ESE Incentive Mechanisms: CBAM rebates, EIB green loans, and DPP adoption targets to harmonize sustainability with economic growth

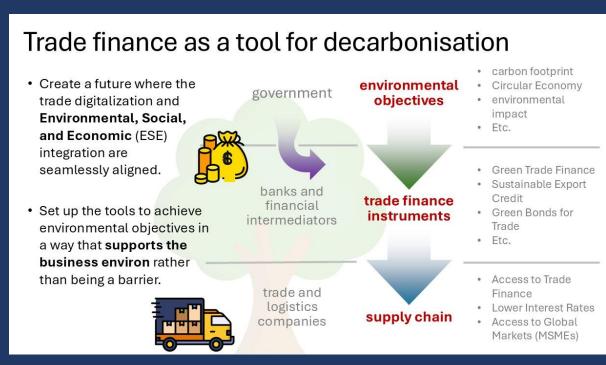


Figure 2. Source: Riho Vedler, DigitalTrade4.EU. Icons by Flaticon

# **Implementation Roadmap**

# 2025-2026: Foundation Phase

- Q4 2025: Launch EU-Central Asia Digital Trade Pilot
  - Focus on integrating negotiable cargo and financing documents (eg. e-bills of lading, bills of exchange and promissory notes), DPPs, and sustainability tracking in rail/road freight
- Q2 2026: Publish EU-DEPA TradeTech Certification Guidelines
- Q4 2026: Start CBAM Digital Twin Pilots
  - Textile/logistics chains in EU-Uzbekistan-Singapore-Chile-New Zealand using DPP-based emissions declarations
  - o Enable green loans based on FiDA, linked to DPP data

# **2027–2030: Scaling Phase**

- 2027: 100% paperless trade enabled in EU-Kazakhstan-Singapore corridor
- 2028: CBAM-linked green finance covers 40% of EU MSME logistics transactions
- 2030: DPP interoperability across all Global Gateway corridors and DEPA partners

# **Monitoring & KPIs**

# Joint EU-DEPA Performance Metrics

Metric	Target	Tool
% trade documents on ETDR	80% by 2030	Eurostat TradeTech Dashboard
% logistics operators using DPPs with verified economic benefits (cost savings, tariff rebates)	60% by 2029	EU DPP Registry Reports
Avg. CBAM compliance cost reduction	40% by 2027	ECB MSME Surveys + ETDR data
TradeTech adoption among EU MSMEs	50% by 2029	Digital Europe Programme Reviews

# **Challenges & Mitigation Measures**

Challenge 1: Data Sovereignty Conflicts and Fragmented Digital Norms. Data localization rules force companies to duplicate IT infrastructure and navigate conflicting regulations, raising costs and limiting market access—directly counter to the EU's push for a unified digital economy.

Mitigation: Advance interoperable data governance via DEPA, grounded in GDPR and the EU-ASEAN Digital Partnership. Promote Data Free Flow with Trust (DFFT) using GDPR-compliant sandboxes and EU model clauses.

Challenge 2: Technological Lag and Digital Divide in Central Asia and ASEAN. Insufficient digital infrastructure and cybersecurity restrict MSME access to the EU digital economy. Mitigation: Utilize Global Gateway investments for connectivity and cloud infrastructure. Expand digital skills through EU twinning, training, and tech incubators.

Challenge 3: Legal Fragmentation around Paperless Trade & E-Transactions. Limited MLETR adoption creates legal uncertainty in digital commerce.

Mitigation: Promote MLETR through EU technical assistance, regulatory dialogues, and leverage EU–Singapore and EU–Vietnam FTAs.

Challenge 4: Inconsistent Cybersecurity Protocols. Divergent cybersecurity standards weaken EU–ASEAN supply chain security.

Mitigation: Foster mutual recognition using ENISA, NIS2, and the Cybersecurity Act. Support incident response training and EU Cyber Diplomacy Toolbox.

Challenge 5: Gaps in Digital Financial Infrastructure for Inclusive Trade. Weak digital finance ecosystems limit MSME access to e-payments, e-invoicing, and ESE-aligned financing.

Mitigation: Expand e-KYC, open banking, and digital identity (ID Card, Digital Wallet) via DEPA-EU sandbox projects. Align these initiatives with the EU Digital Finance Strategy and mobilize blended finance to enhance access to capital for green MSMEs.

Challenge 6: Limited Integration of Circular Economy in Trade Ecosystems. Digital trade often excludes circular economy and Green Deal objectives.

Mitigation: Promote digital product passports, green finance, eco-design, and blockchain traceability. Fund pilot projects via Horizon Europe and LIFE.

# **Conclusion**

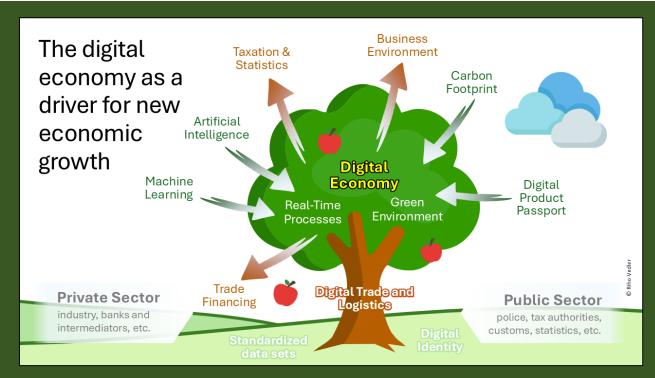
The golden triangle of modern trade governance: seamless tech, clear rules, and smart incentives.

Adapted from "Less is More"

The European Union is strategically bridging international trade norms and technological tools to create a digital-first, low-sustainability logistics and easily financeable ecosystem. Through international cooperation (DEPA, Central Asia), legislative alignment (MLETR, eFTI, eIDAS 2.0, CSRD, CBAM, FiDA), and practical implementation tools (DPPs, ETDR, TradeTech certification), the EU enables a future of trade that is trusted, transparent, and interoperable.

With **Digital Product Passports** at the core, this framework ensures that every traded good carries its **carbon footprint**, compliance history, and sustainability credentials—supporting **greener markets**, **efficient trade routes**, **and economic resilience**.

By harmonizing ecological stewardship, social equity, and economic viability, this framework delivers a triple win—ensuring trade digitalisation benefits the planet, people, and prosperity equally.



**Figure 3.** Source: Riho Vedler, DigitalTrade4.EU. Digital trade and logistics are the trunk of the tree, and will provide the foundation and power for the green area. This is where the digital economy, with its green environment and real-time processes, will develop and grow. Through ESE integration, digital trade becomes the trunk supporting green growth (leaves) and economic prosperity (fruits). Icons by Flaticon

# **Annexes**

# **Annex 1. Possible Case Studies with Implementation**

# Case Study 1: EU-Singapore DPP Pilot for Electronics

**Objective:** Test full-cycle **Digital Product Passports (DPPs)** for consumer electronics exports from Singapore to the EU.

# Scope:

- Track product lifecycle data (e.g., material origin, repairability, carbon footprint).
- Integrate with customs via the EU Trade Document Registry (ETDR).

**Stakeholders:** EU Customs, Singapore Infocomm Media Development Authority, logistics firms, electronics manufacturers.

**Outcome Goal:** Demonstrate feasibility of DPPs for high-value, high-turnover goods. Set baseline for cross-border DPP interoperability.

# Case Study 2: CBAM Digital Twin – Uzbekistan – EU Textile Corridor

**Objective:** Simulate **sustainability tracking and tariff adjustment** for textiles moving via rail from Uzbekistan through Central Asia to the EU.

# Scope:

- Use IoT-linked sustainability monitors in freight.
- Apply CBAM logic to test a 5% rebate scheme for verified low-emission shipping, demonstrating how ESE integration reduces compliance costs.

**Stakeholders:** EU CBAM Authority, Uzbekistan Textile Association, DEPA Green Trade Hub, EIB.

**Outcome Goal:** Prove incentive design for **low-sustainability trade corridors** under Global Gateway strategy.

# Case Study 3: Legal Harmonization Sandbox – DEPA + UK + Baltic States

**Objective:** Test **MLETR-based recognition of negotiable electronic trade documents** across DEPA and EU-adjacent jurisdictions (e.g., UK, Estonia, Latvia).

# Scope:

- Pilot e-bills of lading and promissory notes under the Electronic Trade
   Documents Act (UK), Data (Use and Access) Bill [HL] (UK)<sup>8</sup> and eIDAS 2.0.
- Engage fintech and port authorities to validate enforceability.

**Stakeholders:** UK Law Commission, Estonian Ministry of Economic Affairs, Baltic logistics startups, DEPA secretariat.

#### **Outcome Goal:**

- Create a scalable "trust bridge" model for legal convergence on digital trade.
- Quantify cost savings from paperless trade for MSMEs to underscore ESE value.

# **Case Study 4: FIDA-Enabled Green Loans for French MSMEs**

**Objective.** Demonstrate how **FIDA** accelerates green financing for French exporters by linking **Digital Product Passports (DPPs)** with real-time financial data. Validates FIDA as key infrastructure for France's green transition, aligning with **AGEC Law** and **France 2030** investment plan.

#### Scope:

- French MSMEs in fashion, food processing, and renewables
- FIDA + DPP integration for real-time financial/sustainability data
- BPI France green loans + AGEC tax credits as incentives

**Stakeholders**: Banks, French FinTech Association, Tech ecosystem, Exporters, French government (DG Trésor, France's Ministry of Ecological Transition).

# **Outcome goals:**

- Accelerated financing access. Reduce loan approval times for MSMEs using FIDA-linked DPP data (~60%).
- **Sustainability adoption.** Increase DPP usage (~40%).
- Cost efficiency. Cut compliance costs via automated FIDA/DPP reporting (~25%).

<sup>&</sup>lt;sup>8</sup> UK Parliament. Data (Use and Access) Bill [HL] https://bills.parliament.uk/bills/3825

# **Annex 2. Mapping Key Elements of the Supply Chain (Business-to-Business)**

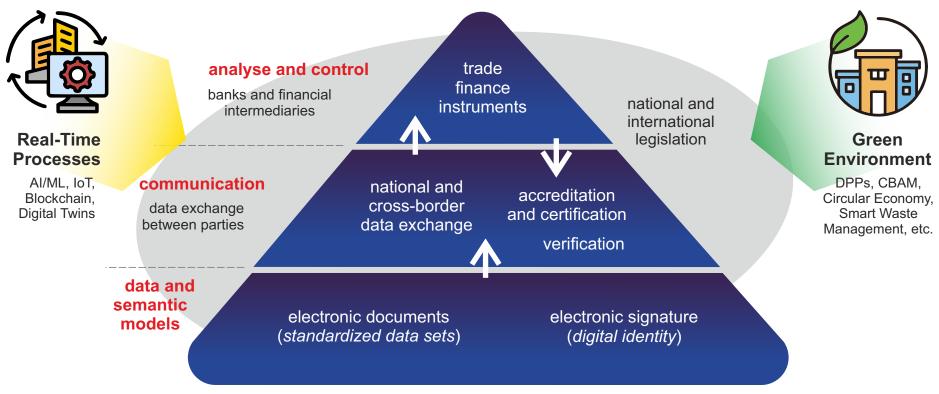


Figure 4. Source: Riho Vedler, DigitalTrade4.EU. Icons by Flaticon.

# **Four Conditions for Digitalisation Success**

# 1. Legal Harmonisation

Ensure cross-border recognition of electronic transferable documents through widespread adoption of frameworks like MLETR and the EU eFTI Regulation, driven by EU leadership or coordinated national action.

# 2. Standardisation

Align and streamline existing standards (e.g., UN/CEFACT, GS1, DCSA, SWIFT, ISO) to ensure interoperability, reducing fragmentation and supporting initiatives like DEPA and WTO ecommerce agreements.

# 3. Certification

Establish a globally recognized certification framework to validate that digital platforms (e.g., ETDR, DPPs) comply with MLETR requirements, ensuring seamless cross-border interoperability and legal enforceability.

# 4. Open Platforms

Promote public-private partnerships to develop secure, open platforms (e.g., EU TradeTech Sandboxes) for seamless data exchange, sustainability tracking, and cross-system compatibility.

# Annex 3. Technology as a Tool to Support Diverse Metrics Across Green Deal Standards

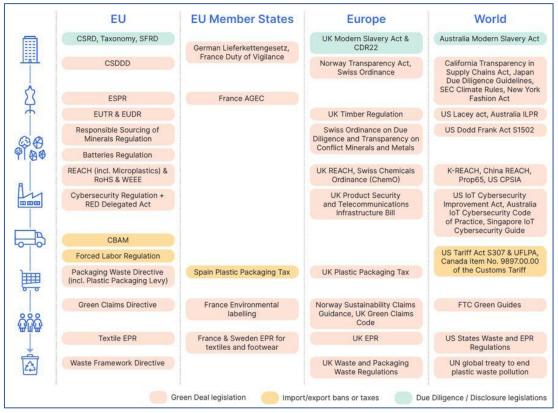


Figure 5. Understanding The EU Green Deal: A Comprehensive Guide for Businesses. Qima 2023

The **EU Green Deal** sets **ambitious sustainability benchmarks**, yet key **gaps** remain compared to **global frameworks**, including those emerging in **Asia**:

#### 1. Scope & Enforcement

- The EU's CSRD and CSDDD require broad ESE reporting and due diligence, while the UK Modern Slavery Act, US Dodd-Frank Act, and many Asian regulations (e.g., Japan's voluntary ESG disclosures) focus on narrower issues.
- The EUDR mandates strict anti-deforestation checks, unlike the lighter enforcement of the US Lacey Act or ASEAN timber regulations.

## 2. Transparency & Supply Chains

 France's AGEC Law mandates eco-labeling, while the FTC Green Guides (US) and several Asian frameworks (e.g., Singapore's Green Claims guidelines) are voluntary.  The EU Forced Labor Regulation enforces import bans, compared to disclosure-only models like the California Transparency Act and emerging Asian standards.

#### 3. Waste & Circular Economy

- The EU Packaging Waste Directive and plastic levy are stricter than the UK
   Plastic Tax and Asia's varied waste strategies, where targets differ by
   country.
- The EU Waste Framework Directive imposes binding recycling goals, while the UN Plastic Treaty and many Asian agreements are still evolving.

## 4. Global Inconsistencies

 The EU Batteries Regulation and Cybersecurity Regulation establish broad requirements, whereas the US and most Asian economies regulate these sectors more narrowly or only for government projects.

Divergences in scope, enforcement, and sectoral coverage create major compliance challenges for exporters. However, full harmonization is neither feasible nor desirable, as environmental objectives must reflect local ecosystems, economic priorities, and cultural specificities. Standards and IT systems

Social Environment
Sustainable Viable

Equitable Viable

Figure 6. This <u>Venn diagram</u> demonstrate how ESE principles connect. The overlaps highlight winwin solutions—like green jobs and circular supply chains—where environmental, social and economic benefits work together.

should therefore support different environmental drivers across regions.

**Traders** must understand these **variations** when **exporting**, but **compliance procedures** should be **simplified** to reduce complexity and foster **global sustainable trade**.

It is **crucial that environmental objectives** become **embedded** in the **culture** of every organization, not treated as **barriers** to growth. **Financial resources**, effectively **mobilized**, remain one of the most powerful **levers** to **lead** and **drive this transformation**.

# **Glossary**

# AI (Artificial Intelligence)

The capability of computer systems to perform tasks that typically require human intelligence, such as **learning**, **reasoning**, **problem-solving**, and **decision-making**. In the **EU policy context**, AI is governed by the **AI Act**, which introduces a risk-based regulatory framework. The Act classifies AI systems by **risk level**—from minimal to unacceptable—and establishes corresponding **compliance requirements** to ensure safety, transparency, and fundamental rights protection.

# AGEC Law (in French Loi Anti-Gaspillage pour une Économie Circulaire)

Enacted in France in February 2020, the AGEC Law is a landmark regulation aimed at reducing waste and promoting a circular economy. It addresses the entire lifecycle of products—from production to disposal—by imposing new requirements on manufacturers, retailers, and consumers.

# **ASEAN Timber Regulations**

Regional policies (e.g., Malaysia's MYTLAS, Indonesia's SVLK) aimed at combating illegal logging by requiring legal verification for timber exports. Aligns with the EU's FLEGT-VPA program but faces challenges due to weak enforcement and corruption in some member states.

# **California Transparency Act**

Requires large retailers and manufacturers (with global revenues >\$100M) to disclose efforts to eliminate slavery and human trafficking from their supply chains. Though enforcement is limited, non-compliance can lead to reputational damage and lawsuits under California's unfair competition laws.

# **Circular Economy Action Plan (CEAP)**

A strategic policy framework introduced by the European Union (EU) to promote the transition from a linear (take-make-dispose) economic model to a circular economy. The CEAP outlines measures to reduce waste, enhance resource efficiency, and encourage sustainable production and consumption. Key focus areas include ecodesign, waste reduction, recycling, and extending product life cycles. The plan supports the EU's broader climate and sustainability goals under the European Green Deal.

#### **CBAM (Carbon Border Adjustment Mechanism)**

The EU's pioneering policy tool to **prevent carbon leakage** by imposing carbon costs on imports of selected goods (e.g., steel, cement, aluminium). Aligns with EU climate goals by ensuring foreign producers face equivalent carbon pricing to EU manufacturers under the **Emissions Trading System (ETS).** 

#### Commonwealth

An intergovernmental organization of **56 member states**, most of which are former territories of the British Empire. It promotes democracy, **human rights**, **economic development**, **and digital trade cooperation**, serving as a platform for geopolitical and regulatory alignment.

# **CSRD** (Corporate Sustainability Reporting Directive)

An EU rule (effective 2024) expanding mandatory ESG disclosures for companies, requiring detailed reporting on environmental, social, and governance impacts.

# **CSDDD** (Corporate Sustainability Due Diligence Directive)

Mandates human rights and environmental due diligence across global supply chains, with fines for violations. Approved in 2024 after prolonged negotiations. It also imposes fines for non-compliance, holding businesses accountable for their supply chain practices.

# **DEPA (Digital Economy Partnership Agreement)**

A plurilateral digital trade agreement pioneered by New Zealand, Singapore, and Chile, focusing on data flows, Al governance, digital identities, and SME inclusivity. Serves as a modular template for EU-Asia-Pacific digital trade integration.

# **DFFT (Data Free Flow with Trust)**

A policy framework that promotes the unrestricted movement of data across borders, while ensuring that such flows are anchored in strong privacy, security, and governance standards. Introduced by Japan at the 2019 G20 Summit, DFFT seeks to balance economic openness with the protection of personal data, intellectual property, and national security, enabling countries to build mutual trust and interoperability in their digital regulations. It supports the development of global digital trade through transparent, accountable, and human-centric data governance.

# **DPP (Digital Product Passport)**

An initiative led by the European Union under the Ecodesign for Sustainable Products Regulation (ESPR), the Digital Product Passport (DPP) requires standardized digital records detailing a product's environmental impact, material composition, and lifecycle information. The DPP aims to promote transparency, support sustainable production and consumption, and advance circular economy practices within the EU and across global supply chains.

#### **Ecodesign for Sustainable Products Regulation (ESPR)**

An EU initiative setting **minimum sustainability requirements** for products (e.g., energy efficiency, durability) to advance circular economy principles.

# **eFTI (Electronic Freight Transport Information)**

A regulatory framework established by the European Union to **digitalize freight transport documents**, enabling the electronic exchange of cargo-related information between businesses and authorities. Implemented under the **Digital Freight Transport Corridors** initiative, eFTI aims to **replace paper-based processes**, improve **logistics efficiency**, and support **sustainable**, **interoperable**, **and secure supply chains** across the EU.

## **EIB** (European Investment Bank)

The European Investment Bank is the financial institution of the European Union, established to provide long-term financing for sustainable development and investment projects that contribute to EU policy goals. It funds projects across sectors like infrastructure, innovation, and environmental sustainability.

# eIDAS (Electronic Identification, Authentication, and Trust Services)

An EU regulation that establishes a uniform legal framework for electronic identification, authentication, and trust services across Member States. eIDAS enables individuals, businesses, and public authorities to securely access online services and conduct legally recognized digital transactions across borders. It supports key trust services such as electronic signatures, seals, timestamps, and website authentication, facilitating trusted, interoperable digital interactions within the EU Digital Single Market.

# **ENISA (European Union Agency for Cybersecurity)**

ENISA is the EU's central agency for cybersecurity, established to enhance network and information security across the Union. It supports member states, EU institutions, and businesses by providing cyber threat intelligence, developing cybersecurity policies, and promoting best practices. ENISA plays a key role in the implementation of EU-wide cybersecurity legislation, including NIS2, and in building a trusted and resilient digital ecosystem.

# **ESE (Ecological, Societal, and Economic Sustainability)**

A sustainability framework that assigns equal importance to ecological, societal, and economic outcomes. ESE ensures that environmental policies are designed not only to protect natural resources and promote social well-being but also to support sustainable business growth and economic resilience.

# **ESG** (Environmental, Social, and Governance)

A framework for assessing **sustainability and ethical impact** in business and investment. Central to EU regulations like the **CSRD**, it drives corporate accountability in:

- Environmental (carbon footprint, circularity)
- **Social** (labor rights, inclusion)
- **Governance** (transparency, anti-corruption)

# Clarify "ESE" vs. "ESG"

Unlike ESG, which often emphasizes governance over economic outcomes, ESE explicitly prioritizes **balanced sustainability**—ensuring environmental and social policies **enhance**, not hinder, business growth.

# **ESRS (European Sustainability Reporting Standards)**

The **reporting framework under CSRD**, specifying how companies must disclose sustainability data (e.g., carbon emissions, labor practices) to ensure comparability and transparency. It provides **standardized metrics** and **disclosure requirements**, enabling stakeholders to assess and compare companies' **environmental and social impacts** more effectively.

# **ETDA (Electronic Trade Documents Act)**

A **UK law (2023)** granting legal recognition to electronic trade documents (e.g., bills of lading, promissory notes), enabling **paperless trade**. It aligns with global digital trade frameworks like **DEPA**, reducing costs and accelerating cross-border transactions.

# **ETDR (EU Trade Document Registry)**

A digital platform that stores and manages trade-related documents and/or verifiable credentials within the European Union. It facilitates the efficient exchange,

authentication, and storage of trade documents for regulatory compliance, customs clearance, and other international trade processes.

# ETS Phase IV (EU Emissions Trading System, 2021–2030)

The fourth phase of the European Union's **cap-and-trade carbon market**, designed to support the EU's **climate neutrality goals** by 2050. Phase IV introduces a more ambitious trajectory by **tightening the overall emissions cap**, **reducing free allowances**, and **expanding the system's scope** to include additional sectors and gases. It also strengthens market stability mechanisms and incentivizes innovation through dedicated funding instruments such as the **Innovation Fund** and **Modernisation Fund**.

## **EU Forced Labor Regulation**

A **2024 ban** on all products made with **forced labor** from entering the **EU market**. Authorities will conduct **customs checks** and **investigations**, focusing on high-risk sectors like **textiles**, **solar panels**, **and mining**. Unlike the **U.S. UFLPA**, it does not yet have a **presumptive ban list**.

## **FiDA (Financial Data Access)**

A proposed regulatory initiative under the EU Financial Data Access Regulation (expected adoption: 2024–2025), aimed at enabling secure and standardized access to financial data across the EU. It seeks to empower consumers and businesses—particularly stakeholders in international trade—by allowing them to share their financial data with authorized third-party providers (e.g., fintechs, banks, or financial advisors) in a controlled and transparent manner. The initiative is designed to foster innovation, enhance competition, and promote consumer- and business-centric financial services that support cross-border transactions and global trade operations.

# France's AGEC Law

A **2020 anti-waste law** that bans **single-use plastics**, introduces **repairability scoring** for electronics, and cracks down on **greenwashing**. Companies must use **Triman labeling** and disclose **recycled content percentages** in products.

#### **FTC Green Guides**

**U.S. Federal Trade Commission guidelines** (last updated in **2012**) to prevent **misleading environmental claims** (e.g., "recyclable," "biodegradable"). While not legally binding, they are used by **regulators** and **courts** to penalize **false advertising**. Critics argue they need **stricter updates** to match modern sustainability standards.

#### **G7 (Group of Seven)**

An intergovernmental forum of advanced economies (Canada, France, Germany, Italy, Japan, UK, US, and the EU) coordinating policy on trade, security, and technology. Critical for shaping digital governance standards and green supply chain initiatives.

#### **GDPR (General Data Protection Regulation)**

The EU's **binding data privacy and security law**, enacted in 2018. It regulates the processing of personal data within the EU and imposes strict requirements on cross-border data transfers, influencing global digital trade frameworks.

# **IoT (Internet of Things)**

A network of physical devices—such as sensors, appliances, and machines—connected to the internet, enabling them to collect, exchange, and act on data without human

intervention. In the supply chain, using IoT data is crucial not only for improving efficiency and visibility, but also for identifying the original data creator—whether an individual or a company—ensuring traceability, accountability, and data ownership.

# MiCA (Markets in Crypto-Assets Regulation)

The EU's first comprehensive crypto-asset framework (effective 2024), regulating issuers, exchanges, and stablecoins to ensure market integrity and investor protection.

# **MLETR (Model Law on Electronic Transferable Records)**

A legal framework developed by the United Nations Commission on International Trade Law (UNCITRAL) to facilitate the use of **electronic transferable records** that are functionally equivalent to traditional paper-based documents, such as bills of lading, promissory notes, and warehouse receipts. MLETR ensures that such digital documents maintain **legal validity, uniqueness, and control**, enabling the secure and efficient digitization of trade documents.

MLETR enhances **legal interoperability** across jurisdictions by offering a harmonized framework for the recognition and cross-border transfer of electronic records, thereby reducing legal uncertainty and supporting seamless digital transactions.

#### **Key Features:**

- Recognized by **DEPA** as foundational to digital trade frameworks
- Adopted by jurisdictions such as the United Kingdom (ETDA) and Singapore
- Enables paperless trade across common law legal systems
- Serves as a critical legal instrument for **DEPA implementation** in cross-border ecommerce

# **MSME (Micro, Small, and Medium Enterprises)**

Businesses with fewer than 250 employees and limited revenue, as defined by EU. They are a key focus of EU trade policy, supported through:

- **Digital empowerment** (DEPA's SME provisions)
- **Green transition support** (funding, skills programs)
- Supply chain integration (eFTI simplification)

# **Negotiable Cargo Documents**

A proposed legal instrument aimed at establishing a new category of **documents of title**—referred to as *negotiable cargo documents*—that function similarly to **maritime bills of lading**, but are applicable across **all modes of transport**, whether **multimodal** or **unimodal**. These documents are intended to facilitate the transfer of ownership and control of goods during transit.

The instrument also provides a legal framework for the **recognition and use of electronic negotiable cargo records**, enabling their use in **digital and paperless trade environments**, in alignment with principles from **MLETR** and digital trade initiatives such as **DEPA**.

#### NIS2 Directive (Directive (EU) 2022/2555)

NIS2 is the EU's revised directive on cybersecurity, replacing the original NIS Directive (2016). It sets minimum cybersecurity standards for critical and essential entities across sectors like energy, transport, health, and digital infrastructure. NIS2 strengthens incident reporting obligations, supply chain risk management, and introduces stricter

**supervisory measures** to ensure a **harmonized and resilient cybersecurity framework** across the EU.

# PSD3 (Payment Services Directive 3) / PSR (Payment Services Regulation)

Upcoming EU legislation to modernize **digital payment systems**, enhancing security, open banking, and fintech innovation while ensuring consumer protection and interoperability. These reforms will harmonize payment rules across the EU, reduce fraud risks, and strengthen oversight of emerging payment services and technologies.

# **Singapore's Green Claims Guidelines**

**2023** regulations by the Competition and Consumer Commission of Singapore (CCCS) requiring environmental claims to be specific, evidence-based, and scientifically verified. Prohibits vague terms like "eco-friendly" without lifecycle assessment proof.

# **Sustainability**

In supply chain management, sustainability refers to the integration of environmental stewardship, social responsibility, and economic viability across end-to-end operations—from raw material sourcing to production, logistics, and end-of-life product management. A sustainable supply chain actively measures and manages impacts such as carbon footprint, water usage, energy consumption, and waste generation to ensure transparency and accountability. It ensures that business growth aligns with planetary boundaries, ethical labor practices, and long-term resilience.

#### **UK Modern Slavery Act**

A 2015 law requiring large businesses (with annual turnover ≥ £36 million) to publish annual transparency statements on efforts to eliminate modern slavery in their operations and supply chains. While compliance is mandatory, there are no financial penalties for non-compliance. Companies must conduct risk assessments, provide staff training, and perform supplier audits to meet reporting requirements.

# **UN/CEFACT (United Nations Centre for Trade Facilitation and Electronic Business)**

A subsidiary body of the United Nations Economic Commission for Europe (UNECE), **UN/CEFACT** is dedicated to improving the ability of business, trade, and administrative organizations to exchange products and services effectively and efficiently. It develops global standards, recommendations, and technical specifications to support **trade facilitation** and the **digitalisation of cross-border trade processes**.

#### **US Dodd-Frank Act**

A 2010 financial reform law that includes Section 1502, requiring companies to disclose whether their products contain conflict minerals (tin, tungsten, tantalum, or gold) sourced from high-risk areas like the Democratic Republic of Congo (DRC). The goal is to disrupt funding for armed groups, but enforcement weakened after the SEC scaled back requirements in 2017.

#### **US Lacey Act**

A 1900 conservation law (amended in 2008) that bans trade in illegally sourced plants and wildlife, including timber and paper products. Importers must submit declarations detailing species, origin, and legality. Violations can lead to product seizures, fines, or criminal charges for deliberate offenses.

# **Related links**

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https://www.digitaltrade4.eu/wp-content/uploads/2025/03/NZ-Green-Economy-and-Digital-Trade-2025-03.pdf

 DigitalTrade4.EU. EU-Singapore Digital Trade Agreement Embraces MLETR for Digital Trade Efficiency (February 2025)

https://www.digitaltrade4.eu/eu-singapore-digital-trade-agreement-embraces-mletr-for-digital-trade-efficiency/

 Scientific Reports. Impact of the digital trade on lowering carbon emissions in 46 countries (October 2024)

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• EMA. A Playbook on Scope 2 Emissions Reduction for Singapore Businesses (2024)

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- New Zealand International Business Forum. Ratification of New Zealand-UAE Comprehensive Economic Partnership Agreement (CEPA) (February 2025)
   <a href="https://www.tradeworks.org.nz/submission-to-the-foreign-affairs-defence-and-trade-select-committee/">https://www.tradeworks.org.nz/submission-to-the-foreign-affairs-defence-and-trade-select-committee/</a>
- Economic Research Institute for ASEAN and East Asia. Enhancing E-authentication and
  E-signature across ASEAN: Building Interoperable Frameworks for Seamless Digital
  Transactions (January 2025)
  <a href="https://www.eria.org/uploads/Enhancing-E-authentication-and-E-signature-across-ASEAN.pdf">https://www.eria.org/uploads/Enhancing-E-authentication-and-E-signature-across-ASEAN.pdf</a>
- APEC. A Path to Paperless Trade: Analysing the Legal Gaps and Economic Benefit of Adopting or Maintaining a Legal Framework that Takes into Account the UNCITRAL Model Law on Electronic Transferable Records (MLETR) (February 2025)

  <a href="https://www.apec.org/publications/2025/02/a-path-to-paperless-trade--analysing-the-legal-gaps-and-economic-benefit-of-adopting-or-maintaining-a-legal-framework-that-takes-into-account-the-uncitral-model-law-on-electronic-transferable-records-(mletr)</a>
- DigitalTrade4.EU. UNCITRAL's Framework for Negotiable Cargo Documents: Modernizing International Trade (October 2024)
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