

WEBINAR SERIES:

EU Green Deal Policies and their  
Relevance in Asia-Pacific

# The European Green Deal (EGD)

Knowledge Brief

switchasia



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## Context

The **EU SWITCH-Asia Policy Support Component** and the **European Environment Bureau** held a **webinar** on the 14th of November 2024 about “The Green Deal in 2024: Taking stock and Perspectives from Asia”. It is part of a **series of webinars**, which seeks to explore the implications of EU policies related to Sustainable Consumption and Production for its partner countries, particularly in the Asia-Pacific region. It aims to understand the goals of these policies, their relevance in specific contexts, and their implications for stakeholders in the Asia-Pacific, particularly concerning legislation that has emerged from EU policies. This Knowledge Brief aims to capture the ideas shared during the webinar but is not a comprehensive analysis of the policy. The webinar focused on clarity and diversity of views, rather than comprehensiveness.

## Key Messages

With the **European Green Deal (EGD)** the European Union introduced its roadmap to achieve **decarbonisation, zero pollution, nature protection** as well as **efficient use of resources**. It is a policy framework with numerous pieces of legislation, strategies and funding instruments with the aim to transform Europe’s economy and society, placing sustainability at the heart of EU policies, and aligning all sectors with the objective to reach climate neutrality by 2050.

The introduction of the EGD was stimulated by several factors. These include the EU’s **international commitments**, first and foremost under the **Paris Agreement**, that needed to be turned into actual legislation. Moreover, the European Commission understands decarbonisation and green innovation as a **driver for economic development**. Shortly after being designated as the European Commission President, Ursula von der Leyen said in her Political Guidelines that *“becoming the world’s first climate neutral continent is the greatest challenge and opportunity of our times. It involves taking decisive actions now.”*

Another important factor was the **strong demand of more stringent climate action** as expressed by the Fridays for Future movement and Global Climate Strike with mass mobilisation ahead of the 2019 European Elections and widespread **public support for stronger environmental protection**. After the outbreak of the Covid-19 pandemic in 2020 as well as following Russia’s invasion of Ukraine in 2022, both resulting in economic challenges and supply chain disruptions, the European Commission decided to stay on track with the EGD, arguing that the sustainability transition will also **increase the EU’s and its economy’s resilience to external shocks**.

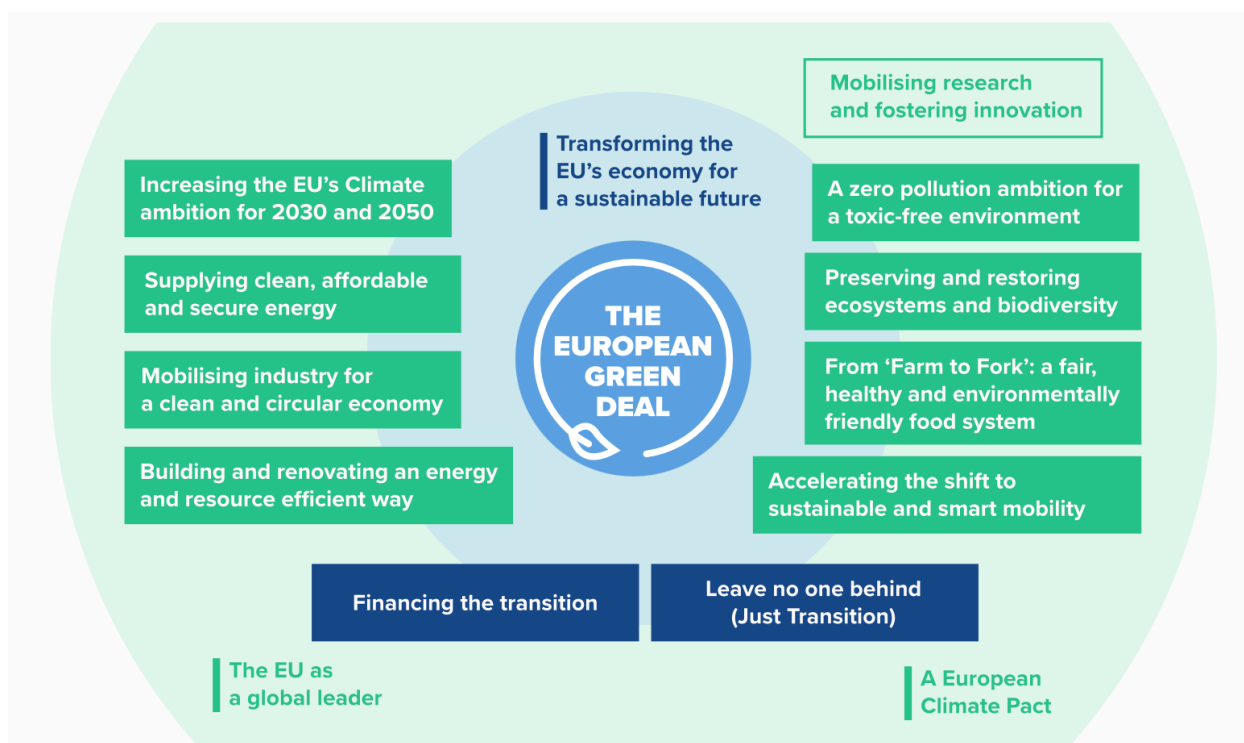
The European Green Deal has since led to a wide range of new legislation, including the **Fit-For-55 package** designed to deliver on the 2030 target of reducing emissions by 55% (compared to 1990 levels). Several elements of the EGD are expected to have a direct or indirect impact on industry sectors outside the EU, including in the Asia-Pacific, where new rules and standards have been introduced for products and services sold on the EU market.

## Introduction

The EU SWITCH-Asia Policy Support Component and the European Environment Bureau, held the webinar *The **Green Deal in 2024: Taking stock and Perspectives from Asia*** to introduce the European Green Deal, its structure, key legislative developments from 2019 to 2024 and the new political environment for its further rollout following the 2024 European Elections. During the webinar, several leading experts convened to exchange about the impacts of the European Green Deal for EU importers and Asia-Pacific exporters.

## The European Green Deal Communication

On 11 December 2019, in its Communication on the European Green Deal, the European Commission proposed the structure and main elements of the EGD, its policy framework to transform Europe's economy and society, placing sustainability at the heart of EU policies, and aligning all sectors with the climate neutrality goal.



As mentioned by Patrizia Heidegger, Deputy Secretary General of the European Environmental Bureau in her overview, the **EGD comprises eight policy areas** covering the climate neutrality goal for 2050, clean energy, circular economy, resource and energy efficient construction, a toxic-free environment, nature protection and restoration, a sustainable food system and sustainable mobility. Underpinning the eight different policy areas are **mechanisms to finance the transition as well as to ensure a Just Transition**, and specific support is given to **mobilise research and to foster innovation**. In each area, European policymakers have introduced new legislation or revised existing rules and presented new strategies to achieve the declared targets and objectives.

The Knowledge Brief outlines some of them, focusing on European Green Deal policies that are likely to impact stakeholders in the Asia-Pacific region.

## Climate and Energy

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The **European Climate Law (2021)** established the goal of climate neutrality by 2050 as legally binding and set an intermediate target of reducing net greenhouse gas emissions by at least 55% by 2030 (compared to 1990). The **Fit for 55 Package (2021)** is a comprehensive legislative package to bring EU laws in line with the 2030 climate target of a 55% reduction including. This includes the **Revision of the EU Emissions Trading System (ETS)** to cover more sectors, including shipping, and introduced a separate ETS for buildings and road transport. To create a level playing field, the **Carbon Border Adjustment Mechanism (CBAM)** introduces a carbon border tax on imported goods in carbon-intensive sectors. This mechanism is meant to make imports from non-EU countries subject to carbon costs under the ETS and will be directly applicable to producers in the Asia-Pacific.

The **Renewable Energy Directive (RED III)** raised the EU's renewable energy target to 42.5% by 2030. **REPowerEU (2022)** was the EU's emergency response to the energy crisis triggered by Russia's invasion of Ukraine, aiming to reduce the EU's dependence on Russian fossil fuels and it increased the **target for renewable energy use** in the EU to 45% by 2030. The **EU Solar Rooftop Initiative** requires the installation of solar panels on new commercial, public, and residential buildings. All these policies are likely to stimulate the trade in technology linked to renewable energy between Europe and Asia-Pacific.

## Circular Economy

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The **Circular Economy Action Plan (CEAP) (2020)** introduced targets for high-impact sectors – many of which are important for EU-Asia trade relations – including electronics, batteries, packaging, plastics, textiles and construction. Key goals of the Action Plan include reducing waste, increasing product lifespan, promoting reusability and recyclability and minimising the environmental impact of products throughout their life cycles. Linked is the **Sustainable Products Initiative (SPI)** which included expanding the **Ecodesign Directive** to cover more products and set requirements for durability, reparability, and recyclability, again including for products that are important for EU-Asia trade such as textiles. It also introduced a **Digital Product Passport** to improve transparency and traceability of products, making it easier for consumers and businesses to understand products' environmental impacts, as well as measures to address greenwashing and strengthen consumer rights by mandating clearer information on product sustainability. The **Right to Repair Legislation** established requirements to make products easier to repair and reduce planned obsolescence, especially for electronics and household appliances, and to ensure that consumers can access repair information, spare parts and services, prolonging product life and reducing waste.

The **Packaging and Packaging Waste Directive (PPWD) Revision** sets new targets for reducing packaging waste and promoting reusable and recyclable packaging. By 2030, all packaging on the EU market should be reusable or recyclable in an economically viable way, with specific targets for varied materials (such as plastics and paper).

The **Battery Regulation (2023)** introduces new sustainability standards for batteries, covering their entire life cycle, from production to disposal. It sets requirements for sourcing, labelling, recycling and reuse of batteries, especially those used in electric vehicles and portable electronics.

The **Textiles Strategy** addresses the environmental and social impacts of the textile industry, promoting sustainable design and consumption of textiles with the aim to make textiles more durable, repairable, and recyclable, with a focus on reducing microplastic pollution and chemical use. It encourages a shift towards a circular model in the textile sector, with targets to reduce textile waste and boost recycling efforts.

The revision of the **Waste Shipment Regulation (WSR)** includes new rules for waste shipments from the EU to other countries, including to Asia-Pacific. It affects, amongst others, the shipment of plastic waste and recyclable plastic, as well as the shipment of Waste Electronic and Electric Equipment (WEEE).

## Buildings and Renovation

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The **Circular Economy Action Plan** under the Green Deal aims to make construction and demolition more sustainable, promoting the use of recyclable and sustainable building materials. The **Energy Performance of Buildings Directive (EPBD) Revision** is meant to improve energy efficiency and decarbonise the building sector. New provisions aim to achieve **Zero Emission Buildings (ZEBs)** by 2030 for new buildings and by 2050 for all buildings. This includes the requirement that by 2028, all new public buildings must be zero-emission. The **Renovation Wave Initiative**, launched in 2020, aims to **double the renovation rate** of buildings in the EU by 2030 to reduce emissions, enhance energy efficiency and improve the resilience of buildings. This includes support for energy-efficient heating systems, insulation upgrades, and the use of renewable energy sources.

The construction and renovation sector in Europe **imports both high-volume materials and components as well as technological components** needed for sustainable buildings from Asia, and **exports high-end technology and specialised services**. Therefore, also these parts of the EGD are likely to directly impact trade between the two regions.

## Zero Pollution

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The **Zero Pollution Action Plan (2021)** includes ambitious 2030 targets to reduce by 55% the health impacts of air pollution, to cut plastic litter at sea by 50%, and to reduce nutrient losses and chemical pesticide use by 50% and stresses the zero-pollution ambition 2050.

Several pieces of updated legislation are affecting industries within in the EU. While not directly impacting industries outside the EU, stricter regulation is likely to drive industrial innovations across sectors in the EU, which may have global impacts. Such new standards include, the updated **Ambient Air Quality Directives** tightening limits on pollutants, aiming to bring air quality standards closer to the latest World Health Organization (WHO) guidelines, and the revision of the **Industrial Emissions Directive (IED)** to cover additional sectors and stricter emission limit values, requiring industries to adopt the latest pollution-control technologies.

An area which may have a more direct impact on producers outside the EU is the **Chemicals Strategy for Sustainability (CSS)**, adopted in 2020 and designed to ensure toxic-free environments and reduction of harmful chemicals. This strategy called for the **REACH regulation** to be revised, introducing stricter rules for hazardous chemicals, particularly those with endocrine-disrupting and persistent effects. The REACH revision is expected in 2025/2026. Given that REACH applies to all chemical substances, mixtures and articles placed on the EU market—regardless of where they are manufactured – stricter regulation will directly affect products manufactured in Asia for export to the EU.

Under the Strategy, the EC also promised **legislative action to ban exports of pesticides banned for use within the EU**. While the legislative proposal has been delayed, this would prevent EU-based manufacturers from exporting hazardous chemicals, including pesticides, that cannot be legally used in the EU due to safety concerns, to Asia.

## Deforestation and Agriculture

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Of a direct interest to stakeholders in Asia is the **EU Deforestation Regulation (EUDR)**, adopted in May 2023, bans the import and sale of specific products in the EU if they are linked to deforestation or forest degradation. This requirement includes both **legal and illegal deforestation** in the country of origin. The EUDR covers high-risk commodities that are major drivers of deforestation including **cattle, cocoa, coffee, palm oil, rubber, soy, and wood** and products derived from them, such as leather, chocolate, and furniture. The regulation might expand to cover other commodities over time.

Companies importing these products into the EU must conduct **due diligence** to ensure they are not linked to recent deforestation. This involves gathering data on the supply chain, mapping production sites using **geolocation coordinates**, and ensuring traceability to the point of origins. Importers must verify compliance by assessing whether the goods comply with relevant local laws in the producing country and whether they were produced without deforestation post-2020. The regulation prescribes **penalties**.

The EUDR was received critically by some stakeholders outside the EU, for instance, due to the concern that it may place a heavy burden on some producers or may even exclude them from the market. The EU offers **capacity-building and collaboration** on sustainable practices, with the intention not to hinder trade but to ensure products from consumption in the EU do not drive deforestation.

The **implementation has been delayed**, with the enforcement timeline pushed back by a year. The EUDR will be enforceable for large and medium-sized companies starting **December 30, 2025**, and for small and micro businesses on **June 30, 2026**. This extension aims to give affected businesses and countries more time to adapt.

To make food systems more sustainable, the **Farm to Fork Strategy (F2F)** aims at increasing organic farming, reducing pesticide use and nutrient losses and tackling food waste. The EC is working on a **Sustainable Food Systems framework** to integrate sustainability criteria into food production, processing, and consumption across the EU. The **EU's Sustainability Labelling** initiative aims to standardise food labelling across the EU, enabling consumers to make informed choices about the sustainability of the food they buy. For now, an **EU Sustainable Food Systems Law** has been delayed, and environmental criteria under the **Common Agricultural Policy (CAP)** have been rolled back earlier in 2024; a future Sustainable Food Systems Law and CAP reform may affect producers and exporters seeking to sell agricultural products to the EU market.

## Mobility

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The **Sustainable Mobility Strategy** aims to transform Europe's transport sector to meet the target of reducing emissions from transport by 90%. The EU plans to significantly boost the number of zero-emission cars, trucks and buses. High-speed rail is a key focus, with plans to double traffic by 2030 and triple it by 2050. The EU aims to develop zero-emission vessels and aircraft, with large aircraft expected to be market-ready by 2035. Combined with the **phase out of the sale of combustion engine cars**, these policies are likely to stimulate trade in electric vehicles and electric mobility solutions globally, including between Asia and the EU.

## Sustainable Finance

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The **Sustainable Finance Taxonomy (2020)** created a classification system to identify environmentally sustainable economic activities, guiding public and private investments towards green projects, and it provided criteria for activities that support climate change mitigation, adaptation, and environmental sustainability, promoting transparency in green finance. For investors and companies outside the EU, the Taxonomy provides clear criteria for identifying sustainable activities. This is particularly relevant for **global companies looking to align with EU sustainability standards or for foreign financial institutions looking to attract capital in the EU**. Companies that want to access EU capital markets or attract EU-based investors may need to report on their activities' alignment with the Taxonomy, making it easier for investors to identify sustainable opportunities.

## How can new policies impact stakeholders in Asia?

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**Michael Bucki** from the EU Delegation to Thailand stressed that the roll out of the European Green Deal in the last five years has been truly transformative and can be considered a whole of government approach of the European Commission and the EU member states. Diving into some elements of the EGD which may be of great interest to the Asia Pacific Region – ranging from Deforestation Law to Waste Shipment Regulation – he stressed that the EGD aims at a constructive and mutually beneficial partnership between the EU and its partners.

**Amit Chatterjee**, ASQ Fellow at IITD, investigated the impacts on Asia Pacific businesses such the Carbon Border Adjustment Mechanism (CBAM), stressing that its implementation will also require support given that 40% of India's exports stem from the small and medium-sized companies. He also stressed the importance of cooperation between, for instance, the EU and India, to be preferred over unilateral setting of rules.

**Tanzir Chowdhury**, Principal Economist with Eunomia Research & Consulting, highlighted that there may be significant cost implications for production following changes through EU regulation. He also stressed the need to invest in research and development to ensure the implementation of all measures. He also argued that the EGD may trigger innovations and changes to product design in countries that seek to export to the EU.

**Gert van der Bijl, Senior Policy Advisor with Solidaridad**, also stressed that dialogue and cooperation are key. It is important that EU policymakers listen and fully understand the impact of new regulation on producers in third countries, in particular small producers.

**Patrizia Heidegger**, Deputy Secretary General of the European Environmental Bureau, argued that taxes levied by the EU, e.g. through the Carbon Border Adjustment Mechanism, should also be reinvested into supporting decarbonisation in fragile emerging markets.

## Conclusion

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The European Green Deal is the most ambitious policy framework globally to decarbonise an entire region, achieve zero pollution, protect and restore nature and to use resources efficiently. Europe has pledged, and put it into its legal framework, to become a climate neutral continent by 2050. The EGD comes with a wide range of new and revised legislation including the phase out of certain carbon-intensive practices and the electrification of sectors, stricter emission reduction targets, market-based mechanisms such as a strengthened Emission Trading System (ETS) and the Carbon Border Adjustment Mechanism (CBAM), as well as funding instruments such as the Climate Social Fund. Given the close trade links between the EU and the Asia-Pacific Region, many of these new policies have direct and indirect impacts on different sectors and stakeholders also in Asia. On the one hand, producers and exporters in the Asia-Pacific region will have to comply with European standards to access the EU's market, on the other hand, the acceleration of decarbonisation, detoxification and circular economy creates new opportunities for businesses and industries across the two interconnected regions.

## References

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"The European Green Deal" (summary on the [European Commission's website](#))

Watch the recording [here](#).

