



Funding the Future: How EU Budget (MFF) Can Accelerate Green & Digital Trade Competitiveness

May 2025



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

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 **104 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/>

Web page: www.digitaltrade4.eu

EU Transparency Register: 355266197389-94

Contact person: Riho Vedler

Email: riho.vedler@ramena.ee



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)**¹ and the **EU's Global Gateway** initiative in Central Asia. It focuses on four interlinked pillars:

1. **International cooperation** (DEPA, UNCITRAL MLETR, WTO e-commerce)
2. **Legislative adaptation** (MLETR, eIDAS 2.0, eFTI, PSR/PSD3, MiCA, CSRD, FiDA)
3. **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*):

EU-Central Asia Global Gateway

Digital Product Passport Policy

DEPA Protocols

UNCITRAL MLETR

EU eFTI Regulation

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.

¹ 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*², 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

² European Commission. Joint White Paper for European Defence Readiness 2030 (March 2025) https://defence-industry-space.ec.europa.eu/document/download/30b50d2c-49aa-4250-9ca6-27a0347cf009_en?filename=White%20Paper.pdf

Agreement (DTA)³, 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:

- 1.** **Strategic Alignment with EU Digital Strategy.** The EU's **International Digital Partnerships**⁴ 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**.
- 2.** **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.
- 3.** **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).
- 4.** **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.

³ European Commission. Council moves one step closer to concluding the Digital Trade Agreement with Singapore

<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>

⁴ European Commission. Digital Partnerships

<https://digital-strategy.ec.europa.eu/en/policies/partnerships>

5. **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)**⁵ 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**.

⁵ 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)**⁶ and **WTO e-commerce**⁷ 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.

⁶ UNCITRAL. Model Law on Electronic Transferable Records

https://uncitral.un.org/en/texts/e-commerce/modellaw/electronic_transferable_records

⁷ WTO. Agreement on Electronic Commerce

https://www.wto.org/english/tratop_e/ecom_e/information_on_agreement_ecom.pdf

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 medium-sized 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.

<https://www.economie.gouv.fr/files/files/2023/rapporttrade-EN.pdf>

Regulatory & Standards Framework

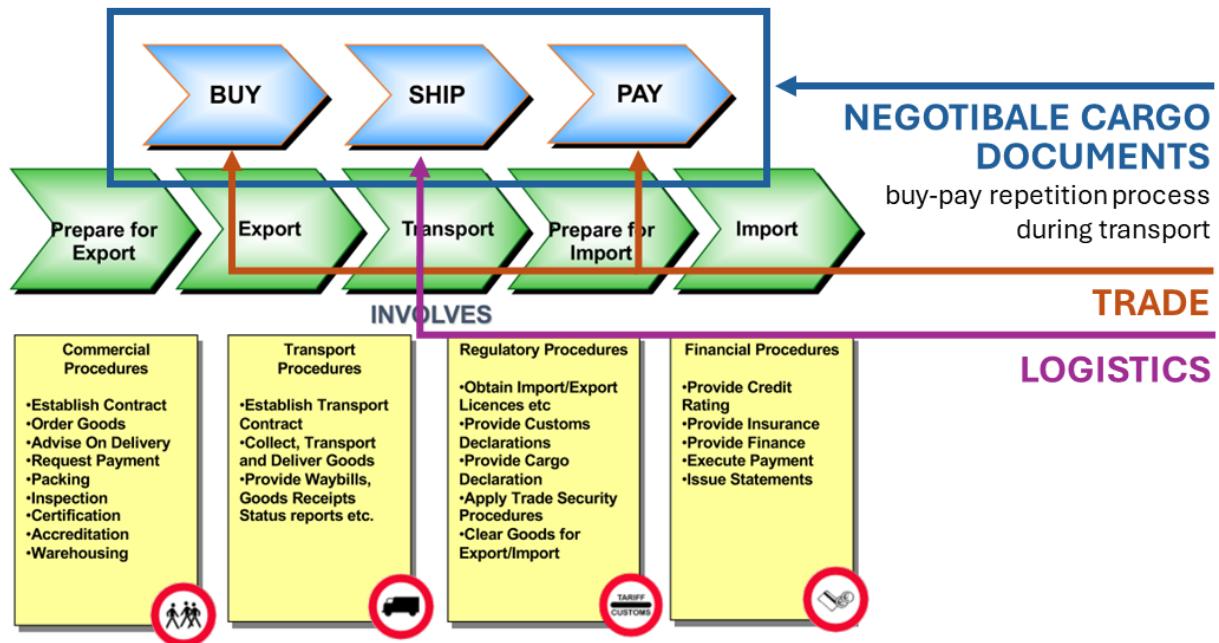


Figure 1. Source: UNECE. The UN/CEFACT Buy-Ship-Pay Supply Chain Model offers an effective framework for analysing the relationships between trade, logistics, and key financial documents — including bills of lading, promissory notes, and bills of exchange.

Interoperable Digital Trade Documents

Global Agreement Alignment

- Alignment between EU laws and global agreements (e.g., eFTI \leftrightarrow MLETR \leftrightarrow 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.

Trade finance as a tool for decarbonisation

- Create a future where the trade digitalization and **Environmental, Social, and Economic (ESE)** integration are seamlessly aligned.
- Set up the tools to achieve environmental objectives in a way that **supports the business environ** rather than being a barrier.

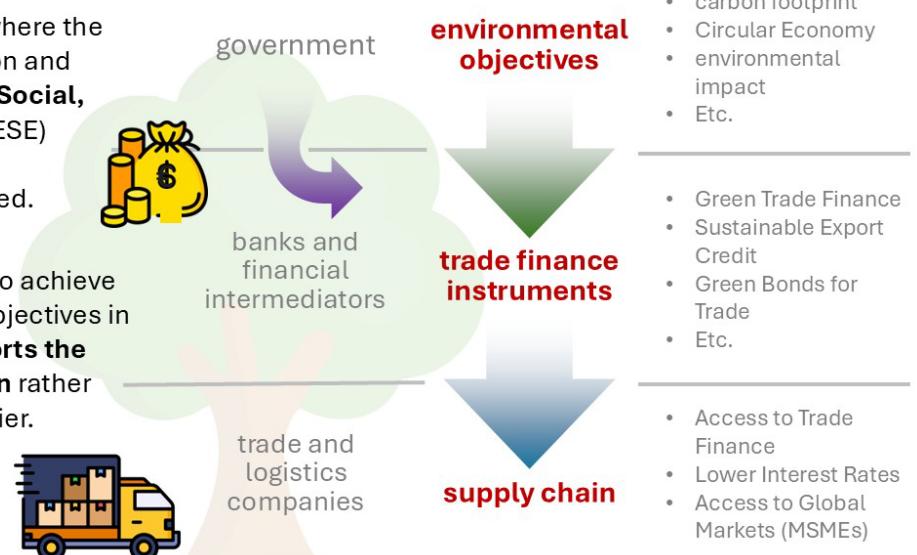


Figure 2. Source: Riho Vedler, DigitalTrade4.EU. Icons by Flaticon

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
 - Implement FiDA to enable green loans 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, 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.

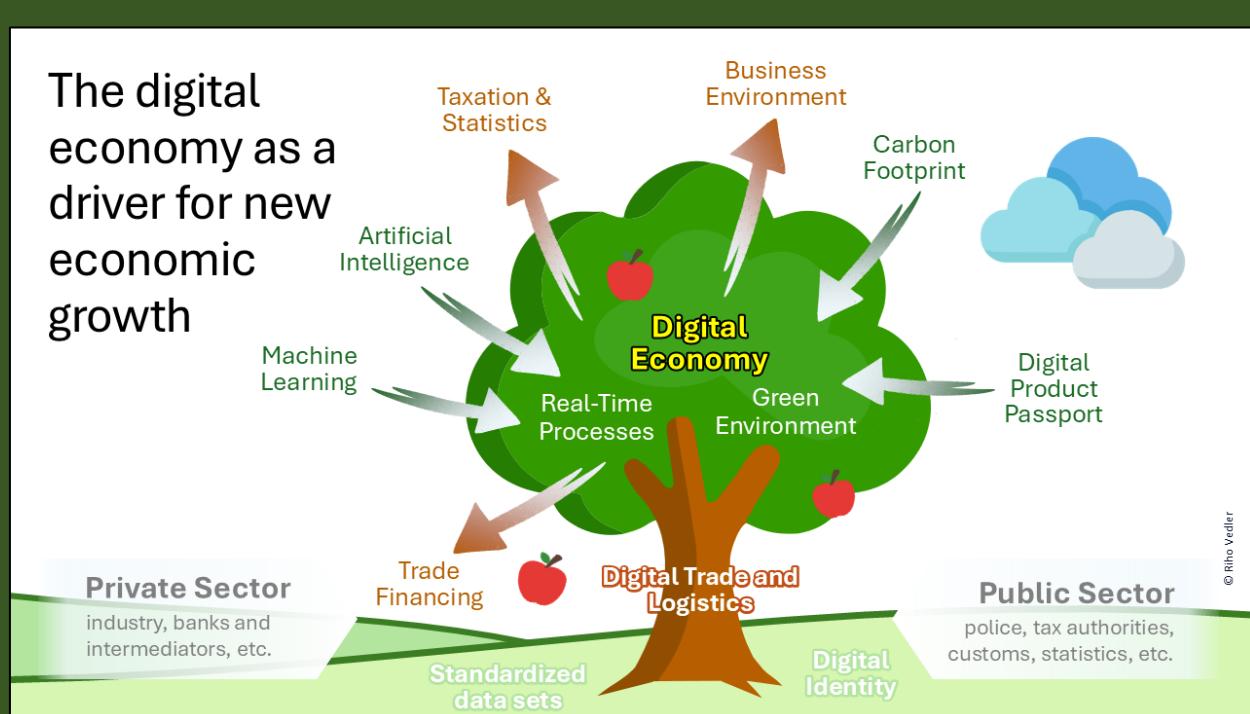


Figure 3. Source: Riho Vedler, DigitalTrade4.EU. Digital trade and logistics are the trunk of the tree, and will provide the foundation and power for the green area. This is where the digital economy, with its green environment and real-time processes, will develop and grow. Through ESE integration, 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)**⁸ 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, 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.
- **Sustainability Adoption.** Increase DPP usage.
- **Cost Efficiency.** Cut compliance costs via automated FIDA/DPP reporting.

⁸ 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)

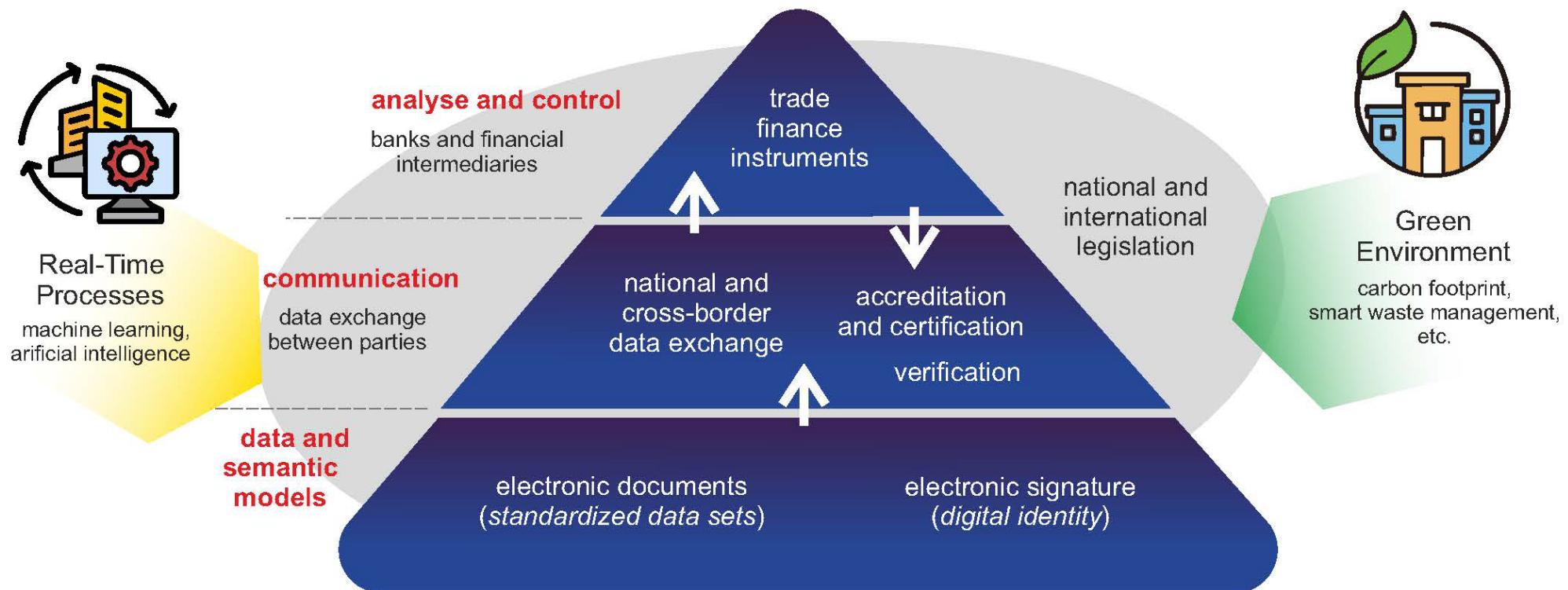


Figure 6. Source: Riho Vedler, DigitalTrade4.EU. Icons by Flaticon.

Four Success Conditions for Digitalisation

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 e-commerce 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

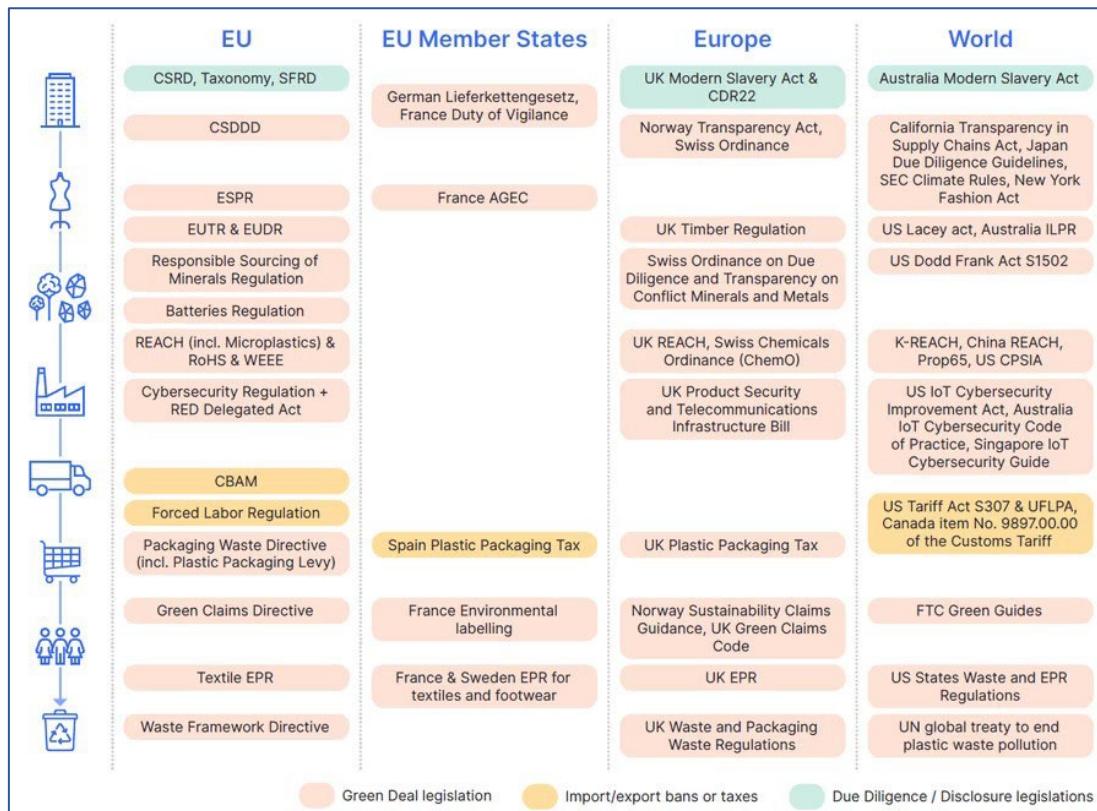


Figure 5. Understanding The EU Green Deal: A Comprehensive Guide for Businesses. Qima 2023

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 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.

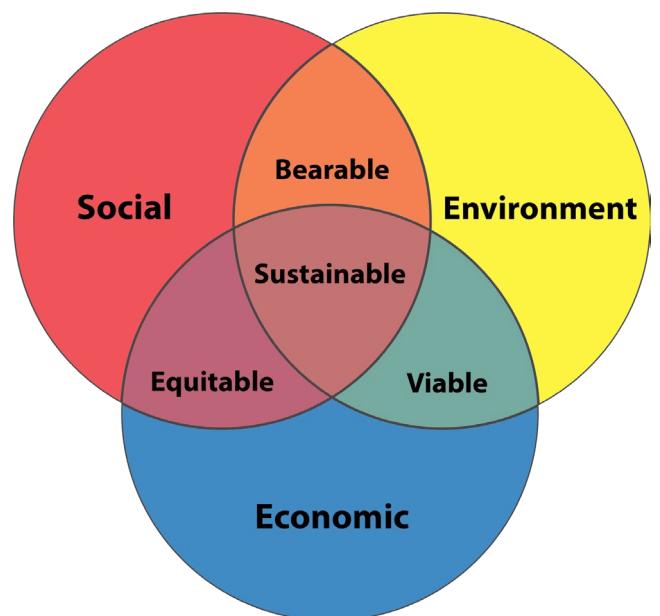


Figure 6. This [Venn diagram](#) demonstrate how ESE principles connect. The overlaps highlight win-win solutions—like green jobs and circular supply chains—where environmental, social and economic benefits work together.

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 **eco-design, 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, AI 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 e-commerce

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 \geq £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

- European Commission. Joint Declaration following the First European Union-Central Asia Summit (April 2025)
https://ec.europa.eu/commission/presscorner/detail/en/statement_25_980
- Summary by DigitalTrade4.EU with recommendations. Less is More: Proposals to Simplify and Improve European Rule-Making in the Financial Services Sector (March 2025)
<https://www.digitaltrade4.eu/streamlining-eu-financial-regulations-in-the-digital-economy-insights-from-the-less-is-more-report/>
- DigitalTrade4.EU. Advancing Green Economy and Digital Trade Frameworks (March 2025)
<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)
<https://www.ema.gov.sg/content/dam/corporate/resources/industry-reports/playbook-on-scope-2-emissions-reduction-for-sg-businesses/EMA-Resources-Industry-Report-Playbook-on-Scope-2-Emissions-Reduction-for-SG-Businesses.pdf>
- South Asia Center of Pacific Excellence. Digital Horizons: Unlocking New Zealand's Digital Trade Potential with Southeast Asia (2024)
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- ADB Institute. MSME Access to Digital Finance Study In Selected EMDE Countries In Asia (January 2025)
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- ACITI. Achieving Australia's Digital Economy Strategy for Trade by 2030 (November 2024)
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- New Zealand International Business Forum. Ratification of New Zealand-UAE Comprehensive Economic Partnership Agreement (CEPA) (February 2025)
<https://www.tradeworks.org.nz/submission-to-the-foreign-affairs-defence-and-trade-select-committee/>
- 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)
<https://www.eria.org/uploads/Enhancing-E-authentication-and-E-signature-across-ASEAN.pdf>
- 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)
[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-\(mletr\)](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))
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