Strengthening EU Leadership in Green-Digital 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 **107 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

DigitalTrade4.EU welcomes the European Commission's **proactive stance** in advancing the **dual green and digital transitions** within global trade. Recent developments, particularly the **EU-Singapore Digital Trade Agreement (DTA)** and the **UNECE Recommendation No. 49 ("Transparency at Scale")**[1], underscore the EU's commitment to shaping a **seamlessly interconnected, sustainable, and rules-based global trade system**.

Our consortium is **fully aligned** with the EU Competitiveness Compass. We believe that **intensified international coordination**, deeper **digital trade partnerships (especially in Asia through DEPA**[2]**)**, and championing **global interoperability of laws and standards (MLETR, eIDAS 2.0)** are crucial next steps to consolidate the EU's leadership.

This feedback provides strategic recommendations and outlines how the upcoming **Multiannual Financial Framework (MFF)** can be leveraged to accelerate the EU's green and digital trade competitiveness.

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[1] 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
[2] Digital Economy Partnership Agreement (DEPA)
https://www.mti.gov.sg/Trade/Digital-Economy-Agreements/The-Digital-Economy-Partnership-Agreement

Introduction

Global trade is undergoing a **profound transformation**, driven by **climate imperatives, digitalisation, and shifting alliances**. The EU has emerged as a **leader in shaping open, sustainable, and secure trade** through initiatives like DigitalTrade4.EU, the Digital Economy Partnership Agreement (DEPA), and the Global Gateway.

The recently adopted **EU-Singapore DTA**[3] is a landmark achievement, designed to provide **greater clarity and legal certainty** for online transactions, remove **unjustified barriers to digital trade**, and promote **secure cross-border data flows**. This agreement exemplifies the EU's commitment to exporting its **rule-based approach and human-centric technology vision** beyond its borders.

Concurrently, the EU is integrating environmental goals, with tools like **Digital Product Passports (DPPs)**[4] and **carbon accounting** now embedded in trade policy, further reinforced by **UNECE Recommendation No. 49**, which provides a global protocol for sharing supply-chain environmental, social, and governance (ESG) data.

*Note: In this document, the terms **Small and Medium-sized Enterprises (SMEs)** and **Micro, Small and Medium-sized Enterprises (MSMEs)** are used interchangeably and carry the same meaning and weight. This clarification is important because different sources and contexts may refer to these groups using either acronym, but both encompass the full range of smaller business categories critical for economic development.*

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[3] European Commission. EU and Singapore sign landmark digital trade agreement (May 2025)
https://ec.europa.eu/commission/presscorner/detail/en/ip_25_1152
[4] European Union. EU's Digital Product Passport: Advancing transparency and sustainability (September 2024)
https://data.europa.eu/en/news-events/news/eus-digital-product-passport-advancing-transparency-and-sustainability

Expectations from the Commission's Side:
The Objectives

Based on the EU's strategic documents, particularly the **Strategy for making the Single Market simple, seamless and strong (COM(2025) 500 final)[5]** and the **COMMISSION DELEGATED REGULATION (EU) .../... amending Delegated Regulation (EU) 2021/1698[6]**, DigitalTrade4.EU identifies the following key objectives from the Commission's perspective:

- **Simplification and Removal of Barriers**: The Commission aims for a **simple, fair, and seamless Single Market** by reducing unnecessary burdens and tackling the "Terrible Ten" barriers. This includes simplifying **overly complex EU rules**, addressing **fragmented national rules** on packaging, labelling, and waste, and modernizing **outdated harmonised product rules**. The focus is on moving from a **document-based to a data-based Single Market**.

- **Effective Digitalisation**: The Commission stresses the need for **Member States and the EU to work in sync** through digital tools to boost joint administration and speed up business. This involves implementing digital identity frameworks (EU Digital Identity Wallets, European Business Wallet), rolling out the **Digital Product Passport (DPP)** as a main tool for product information, and digitalising procedures for business setup and operations.

- **Enhancing Competitiveness and Resilience**: The Single Market is a **powerful catalyst for growth, prosperity, and solidarity**. The objective is to use its full potential to **increase productivity**, support the **clean transition**, and secure **strategic sovereignty and security**. This also involves protecting EU businesses from **unfair trade practices** and ensuring a high level of **consumer protection**.

- **Strengthening Enforcement and Ownership**: The Commission emphasizes the need for **effective, proactive, and fast enforcement** of Single Market rules, with a **shared**

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[5] European Commission, Internal Market, Industry, Entrepreneurship and SMEs. The Single Market: our European home market in an uncertain world (May 2025) https://single-market-economy.ec.europa.eu/publications/single-market-our-european-home-market-uncertain-world_en

[6] https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14595-High-risk-organic-and-in-conversion-products-import-checks-amendment-_en

responsibility between the Commission and Member States. This includes preventing new barriers and strengthening national compliance capacities.

- **Addressing High-Risk Products and Non-Compliance**: Specifically, in the context of food and organic products (Food.pdf), the Commission aims to establish a list of **high-risk third countries and high-risk products** based on both **established and suspected major, critical, or repetitive non-compliances** affecting the integrity of organic or in-conversion products or their production. This ensures the safety and integrity of products entering the EU.

Approach and Recommendations

DigitalTrade4.EU's approach is to **bridge international trade norms and technological tools** to create a **digital-first, low-sustainability logistics, and easily financeable ecosystem**. Our recommendations are structured around the pillars of international cooperation, legislative adaptation, and practical implementation, aligning with the Commission's objectives.

1. Digital Trade Diplomacy and Connectivity

- **Deepen Digital Trade Partnerships in Asia:** Leverage the **EU-Singapore DTA as a model** and extend Digital Economy Partnership Agreement (DEPA)-based agreements to other key partners like **Japan, South Korea, and Vietnam**. The EU-Singapore DTA serves as a model because it includes binding **provisions on cross-border data flows**, prohibition of data localization requirements, and mutual recognition of digital identities—all critical for reducing trade frictions. Extending this model ensures consistency in EU trade diplomacy. This will establish **high-trust corridors** and solidify EU standards on **cross-border data flows, e-identification, and cybersecurity**. The agreement should **cement Singapore's role as a digital bridge** and signal that EU standards are the template for future FTAs.

- **Champion Global Interoperability of Laws and Standards:** Prioritize aligning EU trade policies with global digital standards, adopting frameworks like **UNCITRAL Model Law on Electronic Transferable Records (MLETR)[7]** and **eIDAS 2.0[8]**. MLETR establishes a legal framework for the enforceability of electronic transferable records (e.g., bills of lading, promissory notes) across jurisdictions, while eIDAS 2.0 extends the EU's digital identity infrastructure to enable secure cross-border recognition of digital credentials for businesses and individuals. Adopting these frameworks ensures seamless digital transactions and reduces compliance costs for SMEs.

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[7] UNCITRAL. Model Law on Electronic Transferable Records
https://uncitral.un.org/en/texts/ecommerce/modellaw/electronic_transferable_records
[8] European Commission. Discover eIDAS
https://digital-strategy.ec.europa.eu/en/policies/discover-eidas

This will promote legal certainty for businesses, cross-border data flows, and digital identities. Our analysis of MLETR emphasizes its importance in enhancing legal certainty, interoperability, consumer protection, and support for SMEs.

- **Strategic Alignment with DEPA**: Utilize DEPA as a **flexible, plurilateral platform** for deeper EU-Asia digital cooperation, promoting common standards for data governance, AI, and digital trade facilitation. This approach also aligns with the EU's commitment to a **human-centric and ethical approach to AI**.

2. Digital Sustainability and Supply-Chain Traceability

- **Implement Digital Product Passports (DPPs) Widely**: Accelerate the adoption and technical rollout of DPPs as the **main tool for disclosing and sharing product information** across new and revised product legislation. This will ensure **traceable, sustainable supply chains** aligned with the **EU Green Deal** and **UNECE Recommendation 49**. DPPs are digital twins of physical products that embed verifiable data on materials, origin, carbon footprint, and compliance with sustainability standards. By mandating DPPs, the EU ensures traceability across supply chains, enabling consumers and regulators to verify claims about a product's environmental impact.

- **Integrate Environmental Goals into Trade Agreements**: Promote digital traceability tools like DPPs and carbon-accounting mechanisms within trade agreements. 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 (CBAM)** and circular economy objectives. The UNECE Recommendation 49 provides a global blueprint that reinforces EU goals, embedding DPPs and carbon metrics into cross-border trade flows.

- **Circular Economy Integration**: Embed circular economy principles into digital trade governance, leveraging digital solutions for **traceability systems and resource efficiency platforms**. This will ensure compliance with regulations like the **Ecodesign for Sustainable Products Regulation (ESPR)** and enable businesses to **unlock green finance** by linking circularity metrics to environmental, social, and economic (ESE)-aligned incentives.

3. Funding and Implementation for Future Competitiveness

- **Prioritize Investments in Digital Infrastructure in Asia**: Allocate significant funding under NDICI-Global Europe to finance **secure digital corridors and interoperable DPP platforms** with Asian partners. Co-finance ASEAN-wide digital customs systems and blockchain-based traceability tools.

- **Support SME Capacity Building**: Dedicate substantial resources to **upskill Asian and EU SMEs** on DPP compliance, carbon accounting, and e-signature adoption via programs like COSME and the proposed Green-Digital Trade Academy under Erasmus+. This directly addresses the "More focus: on small and medium-sized enterprises (SMEs)" objective from the Commission.

- **Fund Interoperability and Standards Harmonization Pilot Projects**: Invest in initiatives to align Asian digital trade rules with MLETR and eIDAS 2.0, focusing on **mutual recognition of e-documents and digital identities**. Establish an EU-Asia Digital Standards Taskforce to streamline certification processes for sustainability data.

- **Leverage Trade Finance for ESG Transformation**: Emphasize the role of **trade finance digitalisation** in supporting the EU's efforts in ESG, CSRD, and CS3D. Simplify reporting obligations under CSRD to reduce administrative burden on companies and facilitate access to green finance. Ensure that the EU's push for a sustainable and circular economy is supported by trade finance digitalization, which plays a crucial role in directing capital towards sustainable investments. This will ensure that ESG transformation boosts profitability and competitiveness, rather than creating additional burdens.

- **Enforce Platform Interoperability and Digital Sovereignty**: Ensure that dominant online platforms allow **interoperability with third-party applications** to avoid vendor lock-in, empowering SMEs and strengthening the EU's digital sovereignty.

To ensure **broad buy-in**, **DigitalTrade4.EU** recommends establishing a **multi-stakeholder taskforce** comprising **EU institutions**, **ASEAN regulators**, **industry associations**, and **civil society organizations**. This taskforce would **coordinate pilot projects**, **resolve interoperability disputes**, and **monitor SME adoption rates**. For example, **Japan's experience** with **blockchain-based DPP pilots** could inform **EU-ASEAN collaborations**.

4. Changes to delegated regulation on base suggestions

In light of the EU's commitment to effective digitalisation and transparency, DigitalTrade4.EU recommends the following direct amendments to Delegated Regulation (EU) 2021/1698, specifically concerning Article 8, building upon the existing proposal to include "suspicion" as a basis for identifying high-risk products. These changes aim to leverage digital tools for more proactive and data-driven risk assessment:

- **Amendment to Article 8, Paragraph 1 (Criteria for Selection):**

  o **Propose adding**: *"... or the **absence, incompleteness, or inconsistency of mandatory Digital Product Passport (DPP) data as defined under Regulation (EU) 2024/1110 (ESPR)**, verifiable digital traceability records, or evidence of compliance with organic production standards for organic or in-conversion products.*"

  o **Rationale**: This integrates the **Digital Product Passport** as a direct criterion for assessing risk. A lack of transparent, verifiable digital information should automatically elevate suspicion, allowing for a proactive approach to potential non-compliances before they become "established."

- **Amendment to Article 8, Paragraph 1 (Factors for Consideration):**

  o **Propose adding**: " *When assessing suspicion, control authorities and control bodies shall also consider patterns identified through **automated analysis of digital trade data**, including, but not limited to, anomalies in declared sustainability metrics (e.g., carbon intensity data), deviations from ESPR-mandated DPP standards (Regulation (EU) 2024/1110), or inconsistencies in digital traceability records for organic or in-conversion products*."

  o **Rationale**: This introduces the concept of **data-driven risk assessment**, moving beyond traditional inspection-based methods to leverage the power of digital platforms and real-time data for early detection of potential issues. It aligns with the EU's broader "data-based Single Market" vision.

- **Amendment to Article 8 (New Paragraph - Digital Reporting Obligation):**

  o **Propose adding**: "*Third countries and operators shall ensure the **timely and accurate provision of digital product information**, including Digital Product*

Passports as mandated under Regulation (EU) 2024/1110 (ESPR) and comprehensive digital traceability records, for all organic and in-conversion products destined for import into the Union. Failure to comply with these digital reporting obligations may result in enhanced identity and physical checks and sampling, or inclusion in the list of high-risk products."

- o **Rationale**: This establishes a **clear digital reporting obligation**, reinforcing the importance of transparency and accountability through digital means. It provides a mechanism for enforcement when digital data is lacking or inadequate.

These amendments aim to provide **more robust, proactive, and digitally-enabled mechanisms** for identifying high-risk products, thereby enhancing the integrity of organic and in-conversion products within the EU market.

Conclusion and Next Steps

DigitalTrade4.EU believes that the EU is at a pivotal moment to solidify its global leadership in green-digital trade. The Commission's vision for a simpler, seamless, and stronger Single Market, coupled with its commitment to digitalisation and sustainability, provides a robust foundation.

The **EU-Singapore Digital Trade Agreement (DTA)** is a clear demonstration of the EU's leadership in linking trade with green and digital agendas, setting global standards for digital trade and cross-border data flows. The **Digital Product Passports (DPPs)** are crucial for fostering a circular economy, reducing environmental impacts, and driving demand for sustainable goods and services.

Immediate next steps for the Commission should include:

1. **Intensifying international coordination** through forums like the G7, G20, and WTO to shape global digital and green trade standards.

2. **Deepening digital trade partnerships,** especially in Asia through DEPA, and extending agreements to key partners like Japan, South Korea, and Vietnam.

3. **Championing global interoperability of laws and standards,** particularly MLETR and eIDAS 2.0, to ensure seamless cross-border transactions and recognition of digital credentials.

4. **Prioritizing investments** from the Multiannual Financial Framework (MFF) into digital infrastructure, SME support, and standards harmonization projects.

5. **Accelerating the implementation of DPPs** and integrating them with carbon accounting mechanisms to embed green standards across supply chains.

These steps directly align with the DigitalTrade4.EU 2025 Roadmap (Table 1), particularly Activities 1 (EU-Singapore DTA & Expand DEPA Partnerships), 2 (Implement DPPs), and 4 (Harmonize Digital Standards). For instance, accelerating DPPs supports Activity 2's goal of a 20% reduction in supply-chain carbon intensity by 2030.

By executing these recommendations, the EU can ensure that its digital and green agendas not only foster internal competitiveness and resilience but also serve as a blueprint for a **trusted, transparent, and interoperable global trade system**.

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.	- 5+ new digital trade agreements with key Asian partners (e.g., Japan, India, ASEAN) by 2030 - 15% increase in EU-Asia digital services trade by 2028	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.	- ~€2B allocated via NDICI-Global Europe - 10+ blockchain-based traceability pilots by 2027	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.	- 90% mutual recognition of e-signatures by 2028 - 70% SME adoption of eIDAS wallets	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.	- 40% increase in SME participation by 2027 - 60% cost savings for SMEs	Erasmus+ grants, COSME programme, tiered compliance thresholds
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.	- 100% compliance with CJEU rulings by 2026 - 50% reduction in platform dominance	Court of Justice of the European Union (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.	- 100% alignment with UNECE Rec. 49 by 2028 - 30% reduction in greenwashing claims	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

Table 1. The roadmap above, DigitalTrade4.EU's input to the European Commission's "International Digital Strategy" operationalises the recommendations outlined in this document. For instance, Activity 1 (EU-Singapore DTA & Expand DEPA Partnerships) directly supports the harmonisation of international digital standards, while Activity 8 (Global Digitalisation Projects with EU Standards) aligns with efforts to promote dual-use infrastructure globally. These activities collectively reinforce the EU's ability to leverage digital trade diplomacy as a tool for both economic growth and strategic security.