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The European Union Green Deal and Global Trade: A Constructivist Perspective on Sustainability Norms

Research Article

The European Union Green Deal and Global Trade: A Constructivist Perspective on Sustainability Norms

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Abstract

The European Union's Green Deal (EGD) represents a comprehensive policy initiative targeting climate neutrality by 2050, and its influence is already permeating global trade dynamics. This research examines the EGD as a paradigm-shifting, sustainability-driven policy and explores its ramifications on international trade structures through a constructivist perspective. Two primary research questions guide the analysis: First, how could the EGD influence the global sustainability norms? Second, how do global trade actors respond to the sustainability norms of EGD? To address these questions, the authors use a diverse methodology, combining qualitative analysis, and extensive literature review. The research focus on particular events to mechanisms such as carbon tariffs, the promotion of sustainable trade practices, and the broader set of principles underpinning the EGD. It analyzes the ways in which these elements are either contested or adopted by actors within the global trading system. The findings indicate that, while the EGD poses significant challenges for the European Union, it simultaneously opens pathways for the diffusion of sustainability norms. Increasingly, global trade actors are engaging in processes of socialization, whether to align with or counter the EU's vision for sustainable trade. In conclusion, this research contributes to the academic discourse on trade and sustainability by providing a constructivist interpretation of how sustainability norms are disseminated and transformed within the international trade system.

Keywords: Constructivism; EU Green Deal; Global Trade; Sustainability Norm Diffusion

Introduction

It has become crucial for the world actors to revisit their economic and environmental plans as there is a pressing need that is to focus on sustainable growth. Among multiple complex concerns to be addressed, one of the most important is the European Union Green deal (EGD) which is a policy framework EU intends to use in order to attain climate neutrality by the year 2050. This strategy focuses on dealing with climate change on one hand while on the other, it is based on the promotion of green technologies, fostering biodiversity, and the establishment of a sustainable circular economy. Moreover, voluntary environmental standards, like those

described elsewhere, could help in reaching development of SDGs with base of society focused cyclic economy and emissions reductions, these standards are not a cure for bettering the conditions of primary producers (Alvarado, 2024). Using a constructivist understanding, one is able to weave complex international politics surrounding any topic study and the inclusion of climate goals representation and enactment in one of the complicated agenda (sustainable development goals) aiding in globalization in such a way that the introduce conditions for collaboration. This perspective enriched the understanding of the Green Deal which is not purely European action but rather serves as an example of achieving global trade with better ecological approaches.

The European Green Deal is defined as a comprehensive and demanding blueprint with the aim of making Europe climate neutral by the year 2050. This is not a mere policy with only a few ideas, but a fully-fledged strategy that brings to the fore the most pressing issues of climate change, environmental damage, and economic growth in the long term. As an actual implementation under this vision, the EU intends on bringing down emissions of greenhouse gases and also establishing a green and circular economy which focuses on fostering innovation, job opportunities and inclusivity (Březina, 2023). The European Green Deal is futuristic as it combines economic, social and environmental dimensions, ensuring that the goal of sustainability is manifested in every domain and everyone in the society. This mentality is conducive to fully integrated and multi-faceted sustainability that seeks to position the EU as a champion in the battle against climate change.

Forming the crux of the EGD is the undertaking to achieve a 'sufficient economically acceptable reduction in Green House Gas (GHG) emission, setting the 1990 level gases at 55% by 2030 (Nagaj, 2024). This ambitious revision of the target exerts pressure for an integration of energy efficiency, a higher share of renewable energy sources (RES) in the energy mix and other sustainable development measures in all spheres of the economy (Mihaela Simionescu, 2020). Changing from using fossil fuels to using renewable forms of energy is an important step toward decreasing climate change effects and achieving energy independence and security within the European Union.

Global trade is growing in its complexity as it interacts with sustainability which implies that one needs to re-think how to combine economic activities with environmental goals. The European Union Green Deal is an example of such a transformation in which it seeks to integrate trade with climate objectives. The EU promotes trade but there are limits and even setbacks that apparently have to do with political considerations, indicating that caution is desirable since greater trade can lead to higher emission of gasses (Possenti, 2019). Not only internal EU markets, but the ability of states to produce goods and services internationally while responding to the dynamics of economic development in a global economy, depends on this caution (Geeraerts, 2019). In the midst of declining markets would targeting environmentally friendly policies be a win-win policy for the EU? the answer is yes. these values would help the union take the lead as the strongest advocate for environmentally friendly practices in global trading. Therefore sustainability in trade is not only ethical obligation, it is important for economic viability in the future.

Constructivism, as a theoretical lens, showing on how the EU advances sustainability norms through the European Green Deal. This approach highlights the significance of socially constructed ideas, beliefs, and shared understandings in shaping international relations (Wendt, 1992). Viewed through this framework, the EGD represents a deliberate attempt by the EU to reframe the discourse around sustainable and inclusive development, placing environmental standards at the forefront of its trade policies and external engagements.

Applying a constructivist lens to the sustainability norms and principles confirms that such rules cannot be treated purely as legal systems, but rather as realities constructed through commonplace understandings and dialogues, such as the European Union Green Deal where environmental sustainability and nondiscriminatory trade adjustments informed by the duty of care to the environment coexist. The nature of the interactions among the different types of players – governments, businesses and the general population – generates possibilities for change of the sustainability norm. This special issue, as outlined in the context of

transnational governance, attempts to trigger a discussion on the European Union trade policy from multiple perspectives (Kerremans, 2009). Also, the role of lawyers in this process is succinctly illustrated – they are able to contribute to the shaping of the discourse on human rights in business, thus affecting the perceptions and manifestations of such sustainability norms (Hall, 2016).

Literature Review

This study aims to answer two key questions regarding the scope and potential of the European Union Green Deal (EGD) in shaping global sustainability norms, as well as how these norms are integrated, opposed, or supported by global trade actors. The hypothesis proposed is that the EGD policy can serve as a global norm adopted by different countries in the context of international trade. It is hoped that the EGD as a global norm can make a real contribution to overcoming increasingly urgent climate change.

The European Grean Deal has been an interesting research focus, but the majority of such studies tend to discuss more about the ambition and purpose of the EU issuing the policy, how the prospects and influence of the EGD in EU trade policy with partner countries, and the emergence of a shift in the EU's discourse in understanding and formulating global trade policies based on the environment and sustainability. In the findings of this first group, the authors saw that both studies belonged to (Dupré, 2020; Paleari, 2022) analyze how the EGD emerged to address today's climate challenges and improve previous environmental policies that were considered to be failures. (Dupré, 2020) stated that the EGD emerged in response to the European Union's failure to consider the environmental and humanitarian challenges resulting from increasingly complex global value chains. So far, the EU's trade deals with partner countries such as Vietnam, Mexico, China, the US, Australia, New Zealand, and the UK have only focused on expanding investment without paying attention to the environmental and human safety components as key indicators. Previous commitments to climate change were limited to the signing of the Paris Agreement in 2015 in general, which has not had a significant impact on the transformation of global trade policy. The EU still does not set goals that set clear goals in the trade sector, such as curbing import emissions and impacts on biodiversity but tends to emphasize trade volumes or GDP more. If this Green Policy is successful, Dupre emphasized that the EU needs to impose restrictions on fossil fuel imports and be actively involved in negotiating global agreements on international platforms such as the United Nations and the WTO. If (Dupré, 2020) seeing the reason why this Green Deal was born seen from the EU's failure to understand the environmental and humanitarian impacts on global trade cooperation, then (Paleari, 2022) complements the previous argument that the EGD is not a new policy framework but rather the third strategy of the European Union after the failure of the Lisbon Strategy 2000 and the EU Strategy 2020. The EGD has ambitious targets including climate neutrality, clean energy, sustainable mobility, circular economy, toxin-free environment, nature conservation, and sustainable food systems. However, the implementation of the policy has significant challenges due to differences in interests and commitments between member countries. For example, some countries have a high commitment to pollution control but low in terms of biodiversity conservation. This gap is reflected in the allocation of Resilience and Recovery Facility (RRF) funds, which indicates an imbalance that could threaten the achievement of the overall EGD objectives. The two studies share a common focus on the adoption and impact of the EGD on the environmental policies of member states, with an emphasis on how differences of interest will affect policy implementation. However, the two have not explored in depth how the EGD can transform into a global norm and the challenges that may arise from within and outside the EU.

The European Green Deal has become an important area of research, with a growing body of literature focusing on its implications for EU trade policy and the environmental sustainability discourse. The second group of studies examines how the EGD has shaped the EU's approach to global trade and its interaction with partner countries. These studies underscore a marked transition in EU trade policy: the prioritization of environmental objectives alongside, and sometimes above, traditional economic considerations (Oberthür &

von Homeyer, 2023). Scholars such as Schunz (2022) and Nagaj (2024) contend that the EGD signals a paradigmatic shift—environmental goals are no longer secondary but have assumed a central role in policy design. This is particularly evident in the EU's latest trade agreements, where there is heightened emphasis on climate action, biodiversity, and public safety, moving beyond the historical focus on investment expansion (Paleari, 2022).

Schunz (2022) further notes that the EGD was essentially a response to the EU's earlier shortcomings in addressing environmental and social challenges embedded within global value chains. Past trade agreements with countries such as Vietnam, China, and the United States predominantly emphasized investment growth, often neglecting environmental and humanitarian considerations. With the advent of the EGD, the EU is now foregrounding environmental criteria in its trade engagements, focusing on emission reductions and biodiversity protection, thereby reframing the discourse around sustainable and inclusive development. Nonetheless, the ultimate effectiveness of this "Green Policy" depends on the EU's capacity to enforce restrictions on environmentally detrimental imports and to assert its agenda through global institutions such as the United Nations and the World Trade Organization (WTO) (Nagaj, 2024).

The third group of studies further investigates the potential for the EGD to serve as a model for global sustainability norms, analyzing the broader implications of its implementation. Scholars like Fahey (2022) and Dumas & Anderson (2014) have explored the idea that the EGD could evolve into a normative framework, encouraging countries and international organizations outside the EU to align with similar sustainability objectives. The EU's growing role as a "normative power" is especially evident through its approaches to carbon pricing, border adjustment measures, and regulations designed to incentivize sustainable trade practices (Fahey, 2022).

The EGD's potential to reshape global trade norms is not without challenges. As Dumas & Anderson (2014) point out, lower-income nations or those reliant on carbon-heavy industries often resist the EU's promotion of sustainability norms. Integrating social, technological, and environmental priorities into trade policy is essential, but this integration demands a careful balancing act between economic interests and environmental imperatives. The studies in this group stress that while the EGD offers a comprehensive framework for climate action and sustainability, its broader success will hinge on the EU's ability to navigate international political and economic complexities, ultimately determining whether its policies can find traction on the global stage (Rangelov, 2023).

The European Green Deal stands as a deliberate and strategic response to the challenges of climate change and the urgent need for a sustainable economic transition. As Schunz (2022) observes, the EGD marks a fundamental shift in EU policy, targeting the decarbonization of the European economy by 2050 and addressing a deepening environmental crisis. Yet, significant barriers persist in its implementation, particularly due to the EU's continued dependence on carbon-intensive sectors such as the automotive industry which will require considerable restructuring (Nagaj, 2024). The coordination of this transition is crucial, involving various levels of governance drom regional to national and in the level of EU making it a complex process of policy integration (Oberthür & von Homeyer, 2023). The framework for EU green industrial policy is multidimensional, encompassing competition, trade, the single market, energy, and climate policy. Dumas & Anderson (2014) emphasize the added complexity from integrating research and innovation policies, macroeconomic considerations, and regional development strategies into a coherent approach. The EGD's implementation notably departs from a neutral stance; it involves active, ex-ante choices regarding which clean technologies and projects warrant support. As Van der Sluis (2023) notes, this necessitates collaboration across public, private, and community sectors, moving beyond traditional top-down methods that risk privileging select interests.

The COVID-19 pandemic has introduced additional complications, yet it has also presented a unique opportunity with the Recovery and Resilience Facility (RRF). Rather than derailing the green transition, the

pandemic has positioned the green agenda as integral to the EU's economic recovery. Veugelers et al. (2024) highlight the requirement for member states to allocate 37% of their recovery funds to green initiatives as evidence of the EU's robust commitment. Nevertheless, socio-political challenges remain formidable. The transformation demanded by the EGD will inevitably produce both beneficiaries and those disadvantaged, spanning individuals to entire national economies. The Just Transition Mechanism, intended to address these disparities, has faced criticism regarding the adequacy of its financial resources to offset the negative impacts of the green transition (Veugelers et al., 2024). Ultimately, the active involvement of a wide array of stakeholders which including considerations of social justice and will be indispensable for the EGD's successful realization.

The literature that discussing the European Green Deal, global trade, and sustainability is both extensive and diverse. Scholars have repeatedly emphasized the EGD's potential to reshape global trade, particularly through decarbonization, green innovation, and the circular economy. The EU is actively embedding environmental objectives into its trade policy, pushing for a broader alignment with sustainability goals. But, it's clear there's no real consensus on how these sustainability norms were actually being integrated into global trade structures, or how countries outside the EU are responding to this push. Much of the existing research focuses on the EU's overarching strategies, often at the expense of examining the socio-political dynamics within individual member states or in third-party countries, where implementation can be far more complex. This research aims to address that gap by closely examining how the EGD interacts with global trade systems, looking specifically at the varied responses other resistance or compliance from international trade actors. By utilizing a constructivist framework, the study seeks to offer a more nuanced understanding of how sustainability norms are negotiated, diffused, and even contested within the international trading system.

Methods

In environmental politics and international economics these days, there is captured a need to assess the consequences of the European Union Green Deal on trade in not only pragmatic but also socially oriented practices, which is the core focus of the constructivist approach of norms of sustainability. The research problem revolves around the question of what behavioral change of their trade relations and policy adjustments of global partners, advocacy of the EU in favor of such emerging sustainability norms induces them in the context of varying levels of consent and resistance to such norms (Stockmann, 2024).

Wendt argue that anarchy is the lack of a central authority in the international system, doesn't automatically force states into self-help or aggressive power politics. Instead, these behaviors are products of social interactions among states. How states define their interests, understand security, and perceive one another is shaped through ongoing engagement and the norms that develop from it. When these norms become established, they often spread from one state to others through their interactions, a process known as norm diffusion (Wendt, 1992). The main purpose of this section is to define the qualitative methods that will be used to analyze how the Green Deal and the international trade systems interact, among others, by document analysis, case studies, and queries to experts. Such an approach is intended to show that there is a constructivist theory of sustainability in relation to international trade that can be useful in enhancing the understanding of qualitative dimensions of the bounded social relations of trade (Fithriana, 2023).

The European Union's Carbon Border Adjustment Mechanism operates as a significant tool in the global diffusion of sustainability norms, directly linking carbon emissions to cross-border trade. In practice, this forces non-EU countries to reevaluate and often adjust their environmental policies if they wish to maintain access to the European market. As these states engage with the EU and adapt their trade frameworks to mirror EGD principles, they begin to internalize these sustainability standards, resulting in a broader propagation of such norms beyond Europe's borders. This isn't merely a matter of economic compliance, but

it's subtly reshaped national identities, prompting a shift in priorities from unchecked economic growth toward a more sustainability-driven approach. Over time, the pressure exerted by instruments like CBAM encourages states to see climate responsibility as central to their self-definition, not just an external obligation. This process resonates with Wendt's constructivist perspective, which posits that norms which including those tied to sustainability and climate action is emerge from interactions and shared understandings among states. Through ongoing engagement and negotiation, the EU's environmental standards increasingly shape both global trade policy and sustainable practice, illustrating how socially constructed norms can spread across the international system.

Result and Analysis

The European Union Green Deal has an impact on global trade which means that there is a need to understand how sustainability standards are developed and spread across the international framework. The outcomes of this research reveal that the Green Deal is both a driver of the increasing of the sustainability norms and also as a model of expected behavior of international partners. Research suggests that the Green Deal has caused some countries outside the EU to reconsider their trade policies and so implement green and sustainable practices close to the EU standards (Stockmann, 2024). Moreover, industry, agricultural stakeholders, and civil societies also reported on the increased awareness and discussion of sustainability issues which shows the EU as a normative power (Cucić, 2024) .The degree of compliance was very heterogeneous across the regions, while in some countries there was a willingness to adopt EU sustainability standards into policies in other countries there was a blockage by economic or capacity limitations (Fithriana, 2023).

EU Green Deal's Impact on Global Trade

The European Green Deal has the ambition to make the EU economy sustainable and become climate neutral by 2050. This agreement is considered to change the economic structure of the EU's internal market and reshape the trade behavior of partner countries because it is necessary to adjust requirements related to sustainability and the environment in accordance with the agreement. In addition to partner countries, the green deal also affects the EU's relations with institutions, international organizations, and multinational corporations (L. Szabó, 2022). Those who do not meet the requirements will not be allowed to sell their goods to the markets of EU countries. Therefore, the green deal will encourage many changes in market patterns, production methods, and consumer preferences. The green deal also encourages the implementation of a circular economy model rather than a 'Buy-Build-Use-Throw'. The circular economy prioritizes reuse, recycling mechanisms, and seeks to minimize the amounts of resources used in activities such as production and consumption.

Trade relations between the European Union and partner countries are one of the largest in the world. This is evidenced by almost all import and export activities carried out in the world related to EU countries with a presentation of 16% (M. Kayakuş, 2023). In addition, the EU also has trading partner relationships with 80 countries. This will be a challenge for the EU because partner countries need to carefully and accurately crack the green deal memorandum. One of the completely changed trade policies is the carbon border bonding mechanism which refers to the price or tax of carbon on carbon exported to the EU to reduce greenhouse gas emissions. By adopting these rules, government agencies, private companies are required to change the way businesses and consumers behave. Private companies operating in the EU are required to offer sustainable products if they want to continue operating in the EU market (Tradeimex, 2024).

The EGD agreement is mainly aimed at regulating carbon trading through the Border Carbon Adjustment (BCA) mechanism which is applied specifically to imports as the main instrument to support the competitiveness of emission-intensive and trade-open industries (EITE) in the EU market. BCA serves as an

additional carbon fee imposed on imported products from countries with lower carbon standards, thus helping to balance competition in the domestic market. In its implementation, the world is seen as divided into two main regions: the European Union (EU) and the Rest of the World (ROW). Evans et al mention that EU implements a higher carbon price than the ROW as part of its climate commitments. This price difference creates competitive challenges for EU producers, especially in EITE sectors. The current EU emissions trading system (EU ETS) provides free emission allocations to sectors at risk of carbon leakage. However, this approach has been criticized for weakening carbon price signals and going against the principle of "polluters pay". Free allocations associated with production levels such as Output-Based Allocation (OBA) and hybrid allocations affect the effective carbon price that producers face. This system creates an 'effective' carbon price that is lower than the actual market price. The price dilution parameter determines how much of an impact it has - from no dilution (value 0) to full dilution (value 1). The EU's current policy uses a hybrid approach that combines elements from different systems. The comparison between the free allocation and the BCA for imports shows an important trade-off in terms of competitiveness support. BCA helps balance competition in the EU domestic market, but does not affect the competitiveness of EU exports in the global market. This creates an asymmetry where EU producers still face higher carbon costs when exporting. This condition has the potential to affect long-term investment decisions and the structural competitiveness of EU industries (Evans et al., 2021).

In addition to carbon trading, EGD also has a significant impact on the agriculture and forestry sectors between the European Union and cooperation partner countries. The impact of the European Green Deal (EGD) on the agriculture and forestry sectors shows significant variation in different regions of the world, mainly due to the disproportionate structure of commodity imports from the European Union. Agricultural land expansion is projected to be greater in regions with higher yields under rainfed conditions, such as across Europe, Russia, and Canada. Specifically, according to Zhong et al, the European region is projected to expand agricultural land through the conversion of grasslands to agricultural land by 10.36 Mha, which is 43.4% of the total projected agricultural land expansion outside the European Union. The EU's deforestation-free meat and feed import policies provide the greatest benefits to the African region, with potential forest land savings of 31.7 Kha and 31.8 Kha respectively. Meanwhile, EGD's soybean import policy will save 32.3 Kha of forest land in Brazil and 9.8 Kha in the United States, which are the world's two largest soybean exporters. Restrictions on the import of wood products from deforestation areas will have a significant impact, especially in South Africa with a saving of 458.8 hectares of forest land. In Indonesia, a reduction in demand for palm oil due to bioenergy policies will result in forest land savings of 572.9 Kha (Zhong et al., 2024).

The implementation of EGD is projected to trigger the release of approximately 758.9 MtCO2-equivalent of greenhouse gases and biodiversity loss of 3.86 million on average species abundance loss outside the European Union. Although the EGD has policies to protect ecosystems and forests, the potential benefits of reducing carbon emissions and conserving biodiversity will be overshadowed by greater ecosystem losses due to the outsourcing of agricultural land. The expansion of bioenergy crops in the European Union will be the largest contributor to the increase in GHG emissions, reaching 647.8 MtCO2e and biodiversity loss of 2.91 million MSA-loss outside the EU. To address these negative impacts, several mitigation options have been proposed, with dietary changes being the most effective solution. A shift towards reducing the consumption of animal products could fully reduce the effects of EGD spillover on farmland outside the EU, including GHG emissions and biodiversity degradation. However, the implementation of dietary changes faces challenges such as entrenched food production practices, existing trade agreements, and resistance to policies such as the 'meat tax' (Zhong et al., 2024)

In addition to the impact on the agriculture and forestry sectors, EGD's policies also have an influence on the cooperative relationship between the European Union and other trade partners, such as ASEAN. The implementation of this policy has significant implications, especially through the introduction of the Carbon Border Adjustment Mechanism (CBAM) which regulates the adjustment of the price of imported goods based

on carbon emissions. As one of ASEAN's key trading partners and a significant source of foreign direct investment, the EU has elevated the relationship to the level of a "strategic partnership" by pledging €10 billion in funding through the Global Gateway programme to support sustainability and connectivity initiatives in the ASEAN region (European External Action Service, 2022). Despite the opportunities, the implementation of the EGD raises various challenges and concerns among ASEAN countries. Some countries view this policy as a form of "regulatory imperialism" or "climate colonialism" that has the potential to limit their economic progress. This is especially evident in the implementation of regulations such as CBAM, the EU Regulation on Deforestation-Free Products (EUDR), and various sustainability-related directives that make export standards to Europe stricter. Indonesia and Malaysia, for example, have come together to seek concessions on the EUDR that they consider discriminatory, especially related to the trade in palm oil and rubber, which are their main export commodities (ASEAN Institue, 2024). .

The challenges of EGD implementation also include significant technical and financial aspects. The private sector faces difficulties in meeting environmental data reporting requirements, limited data access, and high costs to track and verify product sustainability along the supply chain. The transition to a green economy requires significant investment in infrastructure and human resource development, potentially exacerbating the gap between developing and developed countries in the ASEAN region. Although the EU provides a range of assistance programmes, there are still concerns about the lack of specific spending plans to help external partners adapt to the new standard. On the other hand, the EGD also opens up significant opportunities for ASEAN to transition to a more sustainable economic model. By aligning domestic policies with EU environmental standards, ASEAN countries can attract foreign investment and gain preferential access to European markets. The increasing demand for green products and services in the EU can encourage the development of environmentally friendly industries such as renewable energy, sustainable agriculture, and green finance. The EU-ASEAN Comprehensive Air Transport Agreement (CAT) is a concrete example of a cooperative approach in the exchange of knowledge and technology to improve environmental performance. To maximize the benefits of EGD, increased dialogue and closer cooperation between the two parties are needed. The EU needs to improve communication and share more comprehensive information on the requirements of implementing this policy, while ASEAN can take a proactive role by developing unified reporting standards that support compliance with the EGD (Humphrey, 2023).

In addition to ASEAN, the EGD policy also affects trade cooperation between the EU and Japan. One of them is to form the Green Alliance, a strategic partnership that aims to accelerate the transition of both economies to climate neutrality. The agreement was signed at the EU-Japan summit, where the two sides committed to strengthening cooperation in environmental protection, biodiversity conservation, and combating climate change. The Green Alliance is the first for the EU and is an important milestone in efforts to create a global coalition to achieve net zero by the middle of this century. In its implementation, the EU-Japan Green Alliance focuses on five main priority areas. First, it seeks a cost-effective, safe and sustainable energy transition through the adoption of low-carbon technologies, including renewable energy, renewable hydrogen, energy storage, and carbon capture and utilization. Second, strengthen environmental protection by promoting more sustainable production and consumption practices and contributing to the global goal of protecting at least 30% of land and oceans in order to conserve biodiversity. Third, increase regulatory cooperation and business exchanges to encourage the use of low-carbon technologies globally. The fourth priority area is to consolidate existing collaborations in research and development in the areas of decarbonization, renewable energy, and bioeconomy projects. Fifth, maintain bilateral leadership in international sustainable finance to help converge the definition of sustainable investment and ensure consistency and transparency related to sustainability disclosure. The two sides also agreed to work closely on the international stage to promote climate action in developing countries (European Commission, 2021; Tanabe, 2021).

The Green Deal of the EU can be classified as a game-changer when it comes to trade as the stated goal is to become climate neutral by 2050, And this has far reached consequences in terms of global trade. This will

fundamentally alter the internal market economic structure of the EU and reshape the conduct of trade with the rest of the world in relation to sustainability and environmental requirements. The relevance of Green Deal to international trade can be analyzed in terms of its bearing on commercial treaties, on the carbon border tax, on the development of low-carbon supply chains.

One of the major areas of focus outlined for the EU Green Deal is the introduction of the Carbon Border Adjustment Mechanism. This mechanism targets imposing tariffs on imports from countries, which are not in line with the EU's environmental concerns, thus allowing fair competition for the EU's exporters, who are bound by cap-and-trade laws. The authors underscore that the EU has brought a paradigm shift in its policies to the effect that it has started to take actions and impose sanctions to its trade partners on the basis of their carbon emissions, this can have profound impact on trade and relations with non-member states (M. Terzioğlu, 2023).The idea is to stop carbon leakage which could happen where firms would want to shift the location of production to countries with less stringent environmental laws which beats the purpose of EU climate goals.

Challenges and Opportunities

The Green Deal from the European Union seeks to standardize trade practices across the globe while simultaneously encouraging all nations to uphold environmental sustainability. To achieve the objective of eliminating carbon by 2050, the deal will require all EU sectors, namely, agriculture, energy, and manufacturing to undergo an overhaul. It is not an easy task, as geopolitical interests also come into play together with economic expansion and factors of ecological development which all coexist together.

A controversial move in the EU's Green Deal is the Carbon Border Adjustment Mechanism (CBAM), which aims to impose tariffs on imports from countries that do not comply with EU environmental standards. This may even make life easier for European industries which have to comply with higher carbon reduction requirements. However, it creates problems in international trade relations. Countries that fail to meet the standards may in some instances strike back and that can be geopolitically dangerous (M. Leonard, 2021). Such situations present a difficult balance for the EU because it must guarantee that emission reduction targets do not overly disrupt trade relations and alter the well-being of the economy all over the world.

A significant problem regarding the Green Deal is the possible inequality it can create among countries, particularly developing countries. The tough requirements posed by the EU on Environment may appear to some as a means to compel poorer countries to embrace green technologies that incur additional expenditure with no assistance provided These countries may face disadvantages in trade and economic pressure as they may lack the resources to satisfy the requirements set by the EU. The Green Deal requirements may be viewed by many developing countries as a manifestation of environmental neo colonialism, where the EU eco-standards lay more restrictions instead of supporting fair maters globally (M. Follador, 2021). The question then becomes, is it even possible that the EU will be able to ensure fair global implementation of these standards?

Taking into consideration the community's efforts towards ensuring self-sufficiency, EU farmers and their agricultural practices are faced with an extensive challenge. Effective farming ensures consumer needs are met, but if we were to sidetrack environmental conservation, the quantity supplied versus the quantity demanded equation could prove to be unbalanced. The establishment of robust ecological policies such as the lowering of pesticide usage, bio-diversity safeguarding and centering on sustainable farming, would prove to be better discerning practices. (L. Szabó, 2022) mentioned how there exists a concern among many EU farmers regarding profitability, and how profitability lowers significantly due to these aforementioned practices. In a short span, the farming practices that are more durable can prove to cost significantly higher. In essence, the agricultural space is tackling two broad questions at once- how to be more economically practical alongside ensuring that self-sufficiency is reached while keeping sustainability intact.

It cannot be neglected that achieving the Green Deal becomes formidable due to the intricate political and economic issues. Reaching the carbon goal of 2050 is a global objective but the countries cannot all be expected to make sacrifices so as to achieve such goals. Certain regions may place more emphasis on economic growth than environmental safety such as industrial nations with high energy demands mainly driven by fossil fuel. Such differences in objectives would make the negotiations difficult as it appears to be the case with the EU's attempts to change global trade. The geopolitical factors already outlined including the balance of power internationally will be of utmost significance in the context of the success of the Green Deal (M. Kayakuş, 2023).

A move to a carbon-neutral economy will in its entirety be costly across the board, and the energy, industry and transport sectors will be mostly hit. This cost will for the most part be felt more in certain sectors, especially where the potential to adopt green technologies or change production methods is limited. Truth be told there are substantial economic gains expected from adopting a greener approach in the long run, but as at now the short-term impact on businesses, SMEs in particular will be great. This may impede the rate the transition has to occur at, for example, in businesses where a green investment in technology or the infrastructure was initially expensive to get into. Additionally, the risk of losing jobs in more established sectors such as coal mining or oil refining presents an adverse social impact and those industries being replaced by the EU will need to invest in upskilling programs and social measures to support the displaced workers in the transition to a green economy (Lumempouw, 2024)

In the face of these challenges, the Green Deal is still seen to have considerable potential, particularly in the field of green innovation. There is a demand for clean energy, green manufacturing, and carbon capture technologies as a dire need for sustainable solutions for energy, agriculture, and transportation sectors arises. If a business is able to make the most of these innovations, it will be able to operate in a rapidly developing market with significant returns. Also, the EU strategy on sustainability can lead to growth in R&D investments which can result in the EU becoming green technology oriented (M. Kayakuş, 2023). Both startups and mature firms stand to benefit from this growing market which contributes to economic development while solving environmental problems.

With the Green Deal, the EU now has the opportunity to overhaul the global supply chain to ensure more emphasis on sustainability. As there is an increase in the desire for countries and companies to be cloud-friendly, supply chains will evolve into ones that are more effective, open, and natural. This can result in the growth of sustainable services and products' budding markets which will be posed to enhance corporate and ecological interests (Lumempouw, 2024). Furthermore, the EU's vision for sustainability goals of this nature reflects EU's readiness for more global cooperation. Changing international trade objectives to reflect climate actions will allow the EU to set up a framework for international cooperation that will facilitate action towards a sustainable world. The extent of the success of these efforts will be a product of efforts by the policy makers, private sector, and the civil society in embedding sustainability into the global trade architecture for a more just and green economy.

Norm Diffusion and Contestation

The European Union has emerged as a pivotal player in international environmental governance because of its ability to influence and shape norms; a great example of this is the European Green Deal which has set a good precedence for EU's position as a normative power. There are various channels involved through which the process of norm diffusion occurs; these include market forces, trade regimes, and institutional structures (Siddi, 2021). These different factors together show how the EU uses its economic potential to advocate for environmental protections outside its territory.

Political Europe uses the Carbon Border Adjustment Mechanism or CBAM as a primary tool, which has both a normative function and an economic one, in encouraging the spread of values. "By adopting CBAM, the EU directly incentivizes its external trading partners to adopt and comply with European standards for the environment" (M. Terzioğlu, 2023). This mechanism fits within a broader context of norm diffusion, by leveraging trade regimes as a channel for promoting sustainability. In adopting the CBAM, the EU is not merely regulating its internal market; it is also deliberately influencing global trade practices, aiming to drive other countries toward internalizing similar sustainability norms. This marks a shift from the traditional, solely economic use of trade policy, integrating environmental considerations directly into the structure of global commerce (M. Terzioğlu, 2023).

The spread of sustainability standards in the context of Green Deal is characterized by different levels of readiness and defiance depending on the region social and political landscape. Research indicates three primary responses from international partners: full adoption, selective adaptation, and active resistance (Stockmann, 2024). Countries that have fully adopted these principles change their environmental policies by incorporating EU standards, and this is done voluntarily because they see such trade with the EU as beneficial in the long run economically and environmentally. In other occasions selective adaptation can be applied whereby countries will uphold the EU principles but change them slightly so that it fits their environmental policies. Countries within developing regions sometimes resort to active resistance where certain policies are seen as trade barriers or economically the country is unable to comply with certain policies.

From the constructivist lens, the EU's normative power differs from the routine enforcement of external regulation as it instills a notion of sustainable trade practices among stakeholders of society. This change in the trade norms is an example of how the European Union is trying to alter the existing structure of environmental governance in the world and how soft and hard power works together (Cucić, 2024). There is also a sense that norm diffusion was largely successful in those sectors which are covered by the CBAM because the industries and stakeholders involved in those sectors have started to look into the amount of carbon dioxide emitted into the atmosphere and also reviews their production methods, hence business models and eco-consciousness has shifted.

The heterogenous response to the environmental standards required by the EU characterizes the intricate relationship between the environmental goals and the economic abilities of the EU's trading partners (Fithriana, 2023). Countries which are economically backward, tendencies in policy customization responding to these criteria are most often unique. It raises a number of issues with regard to the transition being just and whether well-defined responsibilities and support mechanisms need to be addressed in order to facilitate these reforms.

Civil society organizations and industrial actors have a significant role during the process of norm diffusion. Their concern over and approach to persistent sustainability issues increases the acceptability of the EU agenda of environmental education beyond the formal government channels (Cucić, 2024). The combined efforts of these multiple groups of stakeholders have led to the setting up of transnational networks for faster and more effective sharing of information and best practices to strengthen the diffusion of sustainability norms.

Norm diffusion tends to be effective in a specific geographic region within a broad economic sector. Some, such as the industry affected by CBAM, tend to adapt quickly to the new environmental regulations set forth, while others are a little slower to act. Being industry-centric, this shedding of light on sectoral variation serves a purpose in estimation of challenges and opportunities in relation to international environmental norms. The geography of norm adoption also speaks to the economic growth of a county, its investment atmosphere, the environmental regulations that have been put into place, and the country's political climate and willingness to accept outdated sustainability standards.

The EU, through the Green Deal, has evolved from the traditional systems of staring standardization in a single country and then diffusing it around the world to a more favorable business environment where once policymakers are in normal shape talks affording other countries investment opportunities. They are now combining economic incentives with regulations and diplomatic pressure on international agreements Bryan Hughes III, Curtis Okubo and Kai Kapic highlighted in their article whilst outlining an advocacy for environmental standard operating procedures, even though this process does considerably raise issues about global injustices.

Conclusion

The Green deal initiated by the European Union can be defined as an attempt to change the normative practices of global trade relations while simultaneously reaching a consensus on sustainability ideals. It is important to emphasize that the Green Deal is not merely an economic or a bureaucratic reconfiguration of sorts but, an intent on the part of the EU to define itself as a climate leader. It is founded on the claim that norms regarding the custodianship of the environment should be designed and propagated outside the confines of a nation's borders. The challenges it faces like the backlash on the Carbon Border Adjustment Mechanism, and the unevenness perceived in the environmental agreements, illustrates rather neatly the conflict between the green goals of the EU and the interests of other nations. For constructivism, the examples supplied above in regard to the EU's sustainability institution, point to the fact that no such consensus on the values that the EU prescribes exists among other global actors, especially those that have economic or geopolitical motives that contradict the ideals.

Simultaneously, the Green Deal opens up an avenue for realignment of the global supply chains by the EU, and incentivization of innovation towards green technologies, and also aid in the transition towards global norms which support sustainability. As a result of the fostering of international cooperation and agreeing to common sustainability objectives, the EU can be part of the building of new global environmental norms. As a result of normative power, the EU has ability to push other countries to pursue sustainability and development of green economy technologies. Therefore, the EU apprehends that the success of the implementation of the Green Deal will be determined not only by the ability of its inhabitants to tackle internal and external issues, but also by the capacity of the EU to partake in global discourses on sustainability and transform these discourses into actions for climate change.

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