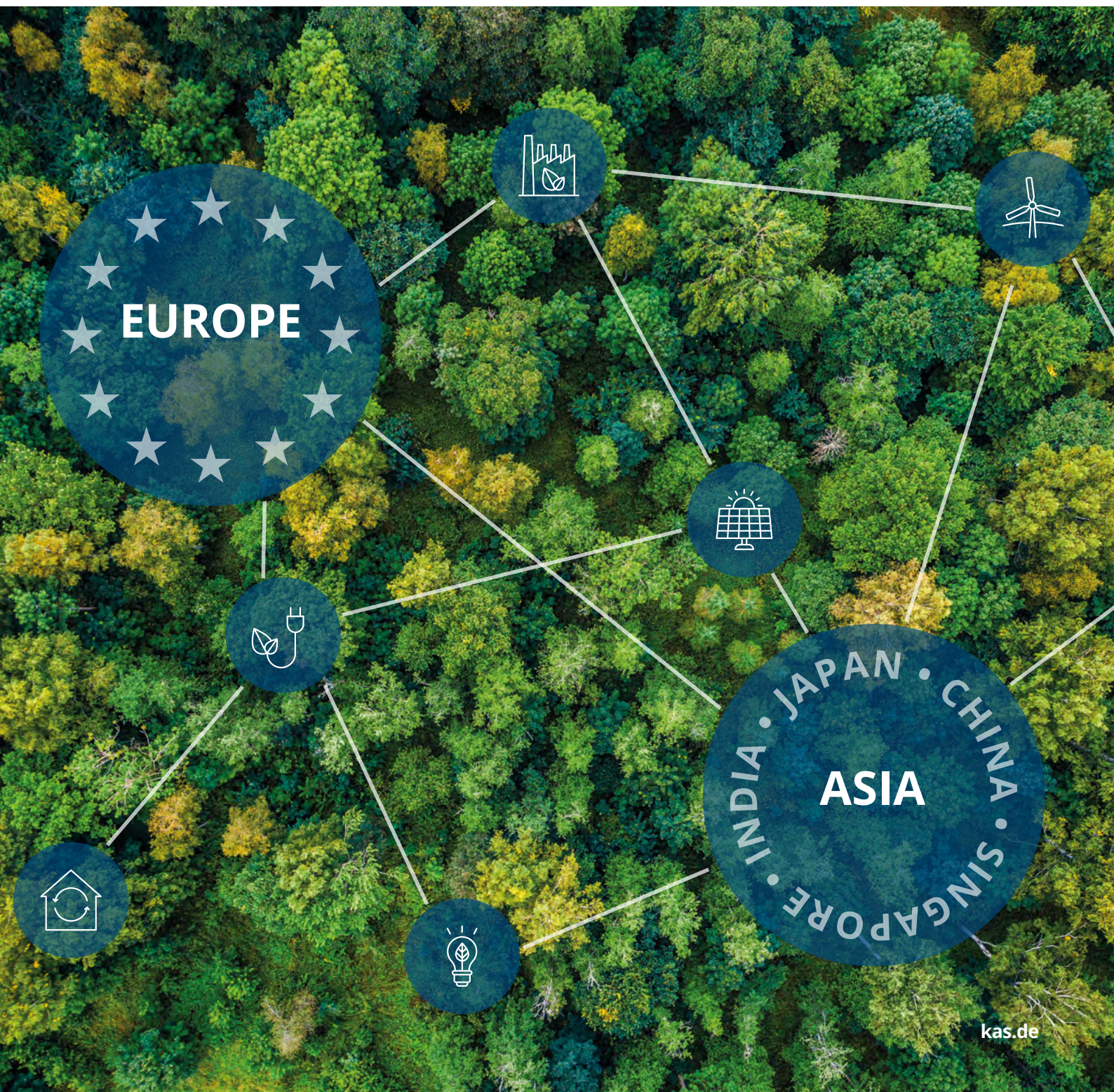


# The European Green Deal – Perspectives for the EU-Asia Relationship

Sonia Chikh M'hamed







# **The European Green Deal – Perspectives for the EU-Asia Relationship**

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Die EU ist traditionell ein Vorreiter bei der Festlegung ehrgeiziger Ziele und der Förderung der globalen Zusammenarbeit in der Umweltpolitik, um die nachhaltige Entwicklung in Europa und auf globaler Ebene zu begünstigen. Die Ankündigung der EU-Kommissionspräsidentin Ursula von der Leyen im Dezember 2019, einen europäischen Green Deal zu starten, wurde als ein starkes Statement wahrgenommen, das ganz im Einklang mit dem Engagement der EU für die Klimaagenda steht. Der Green Deal wird auch mit seinem übergeordneten Ziel der Erreichung der Klimaneutralität bis 2050 als ein wichtiger Beitrag zur „großen Transformation“ hin zu nachhaltigeren und inklusiveren Wirtschaftsmodellen gesehen.

Während sich das Programm auf interne Regelungen und wirtschaftliche Anreize für die EU-Mitgliedstaaten konzentriert, bleiben seine Auswirkungen auf die Außenbeziehungen noch zu analysieren. Wenn dieses Programm erfolgreich ist, wird es nicht nur die Rolle der Europäischen Union als normative Kraft bei der Gestaltung multilateraler Rahmenwerke unterstützen und stärken, um die Ziele des Pariser Klimaschutzabkommens und anderer globaler Vereinbarungen zur nachhaltigen Entwicklung zu erreichen. Es wird auch die globale Position der EU als Weltmarktführerin in der Kreislaufwirtschaft und bei grünen technologischen Innovationen stärken. Obwohl die EU nach wie vor der größte Binnenmarkt ist, kann das ehrgeizige Ziel des Europäischen Green Deals nur erreicht werden, wenn die Austauschmuster mit anderen großen Volkswirtschaften neu definiert werden.

Da die Volkswirtschaften der Region Asien und Pazifik weiterhin zu den dynamischsten gehören werden und derzeit ihre eigenen großen Veränderungen durchlaufen, wurden sie als Bezugspunkte gewählt. Darüber hinaus haben mehrere Länder in der Region (zum Beispiel China, Japan, Südkorea, Singapur) ihre Ziele der Kohlenstoffneutralität bekannt gegeben und ihre Strategien für eine grüne Transformation dargelegt (zum Beispiel Singapur Green Plan 2030).

Die Studie zielt darauf ab, die Nachhaltigkeitsansätze und -initiativen in der asiatisch-pazifischen Region, die Wahrnehmung des EU Green Deal und die potenziellen Bereiche für eine Zusammenarbeit mit der EU zu untersuchen. Zu diesem Zweck konzentriert sich die Studie auf länderübergreifende Fallstudien. Es wurden vier Länder ausgewählt – China, Indien, Japan und Singapur. Diese befinden sich in unterschiedlichen Stadien des grünen Übergangsprozesses und repräsentieren mehr als 50 Prozent der Bevölkerung und der Fläche und sind in vielerlei Hinsicht führend beim Wirtschaftswachstum der Region.

Das Verständnis von Nachhaltigkeit im asiatisch-pazifischen Raum erweist sich als Schlüssel zur Verfolgung der Ziele dieser Studie. Viele Jahre lang stand für die asiatischen Volkswirtschaften das Wirtschaftswachstum im Vordergrund. Daher ist der Diskurs über Nachhaltigkeit in Asien eher neu und bleibt recht vielfältig. Er hat erst in den letzten Jahren an Schwung gewonnen und begonnen, Einfluss auf die Politik der Regierungen zu nehmen und einen internationalen Dialog anzustoßen.

Die Studie gibt Einblicke, wie diese Länder den EU Green Deal wahrnehmen und versucht, Kooperationsfelder zwischen diesen Ländern und der gesamten Region im Rahmen des EU Green Deals aufzuzeigen. Dabei werden Empfehlungen zu Triebkräften und Grenzen in der Umsetzung des EU Green Deal entwickelt wie auch zur Fähigkeit der EU, ihre Position als weltweit führender Akteur der grünen Transformation zu behaupten.

Die Ergebnisse tragen dazu bei, den Dialog zwischen der EU und der asiatisch-pazifischen Region über die Strategien für einen Übergang zur Erreichung der Ziele auf dem Weg zur Klimaneutralität für die nächsten drei Jahrzehnte zu verbessern. Die Welle des „grünen“ Wandels (in der EU und im asiatisch-pazifischen Raum) sollte in einem breiteren Kontext verstanden werden, der auch die Veränderungen

in der Politik und die voneinander abhängigen Auswirkungen im geopolitischen Umfeld beinhaltet. Die Ergebnisse unserer Studie zeigen, dass unter Politikerinnen und Politikern sowie Expertinnen und Experten im asiatisch-pazifischen Raum ein wachsender Konsens darüber besteht, dass die EU eine große Chance hat, ihre globale Position und ihre Führungsrolle bei der Gestaltung multilateraler Rahmenbedingungen zu stärken, um die im Pariser Klimaschutzabkommen und anderen globalen Vereinbarungen zur Nachhaltigkeit festgelegten Ziele zu erreichen. Expertinnen und Experten aus den vier untersuchten Ländern und den EU-Institutionen sind sich einig, dass die EU ihren Dialog mit dem asiatisch-pazifischen Raum verstärken und (wieder) Vertrauen aufbauen sollte, um die langfristige Partnerschaft mit den asiatischen Verbündeten zu stärken und diese Ziele zu erreichen.

Die Welt ist mit einer Vielzahl von Krisen konfrontiert: die politischen und wirtschaftlichen Auswirkungen der russischen Aggression in der Ukraine folgen auf eine der schlimmsten Rezessionen der jüngeren Vergangenheit, die durch die COVID-19-Pandemie ausgelöst wurde. Derweil bleiben die globalen Klimaprobleme eine enorme Herausforderung.<sup>1</sup> Diese Krisen werden zweifelsohne langfristige Folgen nicht nur für die Wirtschaft, sondern auch für die Umwelt, die Gesundheit und die Gesellschaft haben. Die Konsequenzen des russischen Angriffskrieges auf die Ukraine und die von der EU verhängten Wirtschaftssanktionen haben einerseits die Energieabhängigkeit Europas von Russland gezeigt. Sie haben aber auch die sicherheitsrelevante Dimension des Green Deal deutlich gemacht, die oft übersehen wird.

Die EU-Strategie für einen nachhaltigen Aufschwung mit einer beispiellosen Mittelausstattung in Höhe von 672,5 Milliarden Euro (EG 2021) zielt darauf ab, die wirtschaftlichen und sozialen Auswirkungen der COVID-19-Pandemie abzumildern und die europäischen Volkswirtschaften und Gesellschaften nachhaltiger und widerstandsfähiger zu machen und sie besser auf die Herausforderungen und Chancen des grünen und digitalen Wandels vorzubereiten.

In der asiatisch-pazifischen Region haben die Länder umfangreiche Maßnahmen zur Eindämmung der COVID-19-Pandemie ergriffen und gleichzeitig versucht, die wirtschaftlichen Kosten zu begrenzen.<sup>2</sup> Die Erholungsstrategien in der Region sind von Land zu Land unterschiedlich und hängen von verschiedenen Aspekten ab, zum Beispiel den Infektionsraten (und -wellen), der Wirksamkeit der Eindämmungsmaßnahmen und den politischen Reaktionen. Die Länder der Region beginnen sich zu erholen, allerdings in unterschiedlichem Tempo.

Während China noch immer keine Anzeichen für eine Aufweichung seiner drastischen Null-COVID-Strategie erkennen lässt, die mit steigenden wirtschaftlichen Kosten einhergeht, hat Indien fast alle Beschränkungen aufgehoben, um weitere störende Auswirkungen auf die Wirtschaft zu minimieren. Japan und Singapur haben ihre allgemeinen Beschränkungen weitgehend aufgehoben und versuchen, die Infektionsraten durch hohe Impfraten und weitere gezielte Kontroll- und Beschränkungsmaßnahmen einzudämmen.

Der Green Deal der EU integriert viele bereits bestehende politische Initiativen wie das Emissionshandelssystem (ETS) und die auf der COP 21 im Jahr 2015 gemachten Zusagen. Er strafft Konzepte und Finanzierung entlang eines klaren Transformationspfads. Dies wird für die Konjunkturpolitik nach COVID-19 von großer Bedeutung sein. Nicht zuletzt werden Standards und Normen zu einem wichtigen Instrument in der internationalen Politik. Beide Regionen sollten sich bemühen, diese Regeln gemeinsam zu entwickeln, um gleiche Wettbewerbsbedingungen zu schaffen und einen „grünen“ Protektionismus zu vermeiden.

1 WHO-Manifest für eine gesunde Erholung von COVID-19. In: Relief.web. <https://reliefweb.int/report/world/who-manifesto-healthy-recovery-covid-19>. 2020 (zuletzt abgerufen: 24.10.2022).

2 IMF 2020. Asien und Pazifikraum: Navigating the Pandemic: A Multi-speed Recovery in Asia. In: Imf.org. <https://www.imf.org/en/Publications/REO/APAC/Issues/2020/10/21/regional-economic-outlook-apd> (zuletzt abgerufen: 24.10.2022).

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# Foreword

The European Green Deal marks a milestone on the European Union's path to attainment of the Paris climate change and sustainability goals. The overarching goal of making Europe the first climate-neutral continent by 2050 is extremely ambitious. It amounts to nothing less than the creation of a viable and internationally competitive economy that is also sustainable. To this end, the EU needs partners in all parts of the globe. As the world's largest and most dynamic growth region, the Asia-Pacific region is pivotal in efforts to accelerate the shift towards resource-efficient and environmentally friendly economic and growth models.

In order to make cooperation with countries in this region useful for both sides, however, we in Europe first need to ask ourselves how the European vision of a sustainable economy is perceived on the Asian continent. We also have to take note of the fact that Asian nations have their own notions about how this change trajectory should look in their societies. Their own conception of the "green" transition and sustainable development plays just as important a role as the prevailing underlying conditions and current development challenges facing the different countries of the region.

For Europe, this means that there cannot be a "one-size-fits-all" approach to cooperation. This also becomes abundantly evident looking at the countries that have been selected for more detailed analysis in this study. Japan, China, India, and Singapore map the unique political, economic, and cultural-social diversity characterising the Asian continent along with the different strategies for shaping change. Only if Europe takes this diversity into account in its concepts and offers of cooperation will the ambitious European Green Deal also stimulate and encourage a deeper interest in cooperation in and from Asia.

This study explores the current situation, underlying conditions and developments in these four Asian countries. In the process, it makes a contribution to a better understanding of the conceptual foundations and the political consequences of the European Green Deal adopted in 2019 with a view to the European Union's relations with the rest of the world, especially in the Asia-Pacific region. The conclusions reveal a variety of fields for cooperation. However, the analysis also (unfortunately) indicates that sustainability policy is closely intertwined with geopolitical conflicts and (in part) fundamentally different political concepts and values – which is most clearly visible with the example of the People's Republic of China, but not only there. This underscores how important it is for the EU to have a synopsis of different policy fields.

The results of the study are based on an intensive exchange with experts from the fields of policy-making, science, business, and civil society in the region as well as handpicked experts from Europe. In country-specific workshops and interviews, it was possible to generate valuable insight into country-specific ideas of sustainability and the draft policies derived from them. This produces a differentiated picture of parameters and processes for sustainable development. On this basis, cornerstones and recommendations for EU cooperation within the framework of the European Green Deal are then elaborated.

The Konrad-Adenauer-Stiftung's country and regional programmes in the Asia-Pacific region as well as their partner organisations and experts have made a key contribution to the success of this project. Their valuable inputs indicate how important the Foundation's broad, high-quality network is for work on the ground, but also in Germany and Europe.



With its 21 country offices and seven regional programmes, the Konrad-Adenauer-Stiftung is building bridges between Asia-Pacific and Europe – value-based and with a focus on security, democracy, and innovation. In its efforts, the Konrad-Adenauer-Stiftung dovetails and fosters the political dialogue between Asia-Pacific and Europe.

At Konrad-Adenauer-Stiftung head office in Berlin, the Agenda 2030 Department in the Division for Analysis and Consulting is dedicated to various aspects of sustainable development worldwide and, based on this perspective, helped to conceive the project and provided its support in the development of the study.

We would like to express our sincere thanks to the author of this study, Dr Sonia Chikh M'hamed, Associate Professor of Strategy and International Management at ESSCA School of Management, Angers campus in France, for her efforts, commitment, and much-appreciated collaboration.

**Berlin and Brussels, November 2022**

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# Executive summary

The EU has traditionally been a pioneer when it comes to setting ambitious targets and promoting global cooperation on environmental and climate policies to foster sustainable development within Europe and at a global level. The announcement by European Commission President Ursula von der Leyen of the European Green Deal in December 2019 has been perceived as a strong statement very much in line with the EU's commitment to the climate agenda. With its greater aim of contributing to achieving climate neutrality of the EU by 2050, the EU Green Deal is also seen as a major contribution to the “great transformation” to more sustainable and inclusive economic models.

Whilst focusing on internal rules and arrangements along with economic incentives for the EU Member States, its impact on relations with the rest of the world is still to be analysed. If this programme succeeds, it will not only support and strengthen the role of the European Union as a normative power contributing to the shaping of multilateral frameworks in order to achieve the goals laid down in the Paris Climate Agreement and other global agreements on sustainable development. It will also reinforce the EU's global position as a world leader in the circular economy and green technological innovation. Despite the EU still being the largest single market, the ambitious goal of the European Green Deal can only be achieved by redefining patterns of economic exchange with other major economies.

As the national economies of the Asia and Pacific region will continue to be among the most dynamic in the world and are currently undergoing their own major transformations, these have been selected to serve as points of reference. Furthermore, several countries in the region (i.e., China, Japan, South Korea, Singapore) have announced carbon neutrality targets and outlined their green transformation strategies (i.e., Singapore Green Plan 2030).

The study explores sustainability approaches and initiatives in the Asia-Pacific region, perception of the EU Green Deal, and potential areas for cooperation with the EU. It is to this end that the study features multi-country case studies, with four countries having been chosen – China, India, Japan, and Singapore. These countries are at different stages of the green transition process and represent more than 50 per cent of the region's population, geographic area, and are the leading economies in the region in terms of growth and many other aspects.

The notion of sustainability in the Asia-Pacific region emerges as a key factor in pursuing the objectives of this study. For many years, economic growth has been the main priority for the Asian economies. The discourse surrounding sustainability in Asia is hence rather new and is characterised by wide-ranging and diverse currents. It has only gained momentum in recent years and is beginning to shape government policies, with these countries now starting to get involved in the international dialogue.

The study provides insight into how these countries perceive the EU Green Deal and seeks to map fields of cooperation between these countries and the entire region within the framework of the EU Green Deal. At the same time, it elaborates recommendations on how to drive forces while discussing constraints on implementation of the EU Green Deal and the ability of the EU to sustain its position as a global leader in the green transformation.

The results produced by the study are intended to contribute to enhancing and improving the dialogue between the EU and the Asia-Pacific region on green transition strategies to achieve targets over the next three decades. Clearly, the wave of the green transformations (in the EU and the Asia-Pacific) need to be understood in a broader context encompassing the transformation in the policymaking environment and the interactive impact of these transformation processes in the geopolitical environment. Our study shows that there is a growing consensus among policymakers and experts in Asia-Pacific that the EU has a huge

opportunity to strengthen its global position and role as a leader in shaping multilateral frameworks in the effort to attain the targets laid down in the Paris Climate Agreement (COP 21) and other global agreements on sustainability. Experts from the four countries studied and EU institutions agree that the EU should strengthen its dialogue with the Asia-Pacific region in order to (re-)build trust and confidence, with the ultimate aim being to strengthen long-term partnerships with Asian allies to achieve these goals.

While the world is facing multiple crises, including the political and economic effects of the Russian aggression in Ukraine, following one of the worst recessions in the recent past, triggered by the COVID-19 pandemic, global climate issues remain extremely challenging.<sup>1</sup> Unquestionably, these crises will have a long-lasting impact, not only on the economy, but on the environment, health, and societies as well. Russia's invasion of Ukraine and the economic sanctions imposed on Russia by the EU have on the one hand brought home Europe's energy dependence on Russia. But it has also clearly highlighted the security-related dimension of the Green Deal, which is often overlooked.

The EU's sustainable recovery strategy, which is being funded with unprecedented financial resources amounting to 672.5 billion Euro (EC 2021), seeks to mitigate the economic and social impact of COVID-19 while making European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions.

In the Asia-Pacific region, countries have instituted far-reaching measures to contain the COVID-19 pandemic while attempting to curb its economic costs.<sup>2</sup> Recovery strategies in the region vary by country and depend on a host of factors such as infection rates (and waves), the effectiveness of containment measures, and policy responses. National economies in the region are starting to recover, but at different speeds.

While China still shows no signs of softening its drastic zero-COVID strategy, which comes along with increasing economic costs, India has lifted almost every restriction to minimise further disruptive impacts on the economy. Japan and Singapore have largely released their overall restrictions and aim at curbing infection rates with high vaccination rates and further efforts of targeted control and restriction measures.

The EU Green Deal subsumes a number of already-existing policy initiatives, such as the Emissions Trade System ETS and pledges made to COP 21 in 2015. It streamlines concepts and funding along a clear transformation path. And this has become particularly salient in recovery policies instituted since the COVID-19 onslaught. Not least standards and norms are becoming an important instrument in international politics. Both regions should seek to co-develop these rules to create a level playing field and to avoid "green" protectionism.

1 WHO Manifesto for a healthy recovery from COVID-19. In: Relief.web. <https://reliefweb.int/report/world/who-manifesto-healthy-recovery-covid-19>. 2020 (last checked: 24.10.2022).

2 IMF 2020. Asia and Pacific Region: Navigating the Pandemic: A Multi-speed Recovery in Asia. In: Imf.org. <https://www.imf.org/en/Publications/REO/APAC/Issues/2020/10/21/regional-economic-outlook-apd> (last checked: 24.10.2022).

# I. Introduction

## **I.1 Purpose of the study**

The study aims at developing policy recommendations for German and European decision-makers in politics and business. It will very much draw upon experience already gained by companies embedded in global trade relations and global value chains.

Against this background, multi-country case studies are to be conducted in Japan, China, India, and Singapore to analyse perceptions there of the EU Green Deal, their approaches, and regulatory frameworks relating to sustainability and areas of cooperation with the EU.

### **The guiding questions were as follows:**

- How is the European Green New Deal shaping the EU's geopolitical and geoeconomic position, in particular vis-à-vis a more "self-assertive" China and an increasingly nationalist and protectionist United States of America?
- How can the quest for sustainability be transformed into a driver of innovation in both the political and business spheres, and how can a substantive dialogue between both "worlds" be established?
- To what extent should we expect changes in global value chains to contribute to a more sustainable and inclusive development?
- What is the understanding of sustainable development in Asia and what lessons can be learnt from other developing and developed countries, in particular from Asia?
- Is the current framework of bi- and multilateral trade agreements, etc., well designed to achieve the goals of the Green Deal?

- How can the global economy be kick-started in the wake of the COVID-19 crisis without neglecting sustainability? What could new narratives and approaches look like?

Reflecting the existing policy frameworks and policies implemented in the region, the study will focus on a more traditional and narrow understanding of the green transformation when it comes to the analysis of national policymaking. Reducing environmental impact and limiting the (creation of) greenhouse gas emissions are at the heart of green transformation strategies for most Asian countries. Addressing other more comprehensive development challenges as specified in the Sustainable Development Goals (SDG) concept would have required a “screening” of the myriads of different national policy fields. That would have gone above and beyond the scope of this study.

The national transformation concepts that are analysed are in principle open to a more comprehensive approach as laid down in the SDGs. But none of the policy frameworks in Asia under discussion have so far achieved a level of conceptual integration comparable to that of the European Commission, which has stated that “the Sustainable Development Goals (SDGs) are an intrinsic part of the President’s political guidelines and lie at the heart of policymaking on internal and external actions across all sectors”. This limitation as well as conceptual differences have to be taken into account in Europe’s search for joint fields of cooperation.

## **I.2 Methodology**

To this end, four webinars relating to the four countries analysed were devised, based on the green transition strategy proclaimed by each country. Two main objectives were set for each country case: “Green transformation in (country): achievements and challenges” and “Partners in transformation: potential for EU-(country) relations in the context of the EU Green Deal”. We invited experts from political institutions, industry, NGOs, media, and academia in respective countries and from EU institutions to take part. For each webinar, the main speakers submitted a one-page statement on the topic. Average participation in each webinar hovered at around 30 participants, with all of them being experts in the field that was the subject of the study.

In addition, 11 in-depth expert interviews were conducted between January and June 2021. Interviewees were selected from political institutions, industry, academia, NGOs, and the media. The interviews were conducted by means of internet calls and lasted on average approximately 60 minutes. All the respondents have more than ten years’ experience in the Asia-Pacific region and some of them have considerable knowledge relating to the EU (i.e., through research projects, professional experience, etc.).

While interviewees from China, India, and Singapore were from various fields (i.e., political institutions, industry, NGOs, media, and academia), in the case of Japan, the experts’ perspectives mainly reflect personal experience in the fields of academia and business. The government perspective was only obtained through written statements provided by government representative during the webinar dedicated to Japan’s case study and notes from other related events.

The interviews were semi-structured, allowing respondents to speak freely about different aspects of the topic while contributing their expertise in the field. An interview guide was prepared and includes themes such as understanding of sustainability/sustainable development/SDGs in the country, perception of the EU Green Deal, potential areas of cooperation within the EU Green Deal, and prospects for effective cooperation within the EU Green Deal.

The results reflect the various perspectives that emerged from the debates in the webinar series with experts from the countries analysed and EU institutions as well as from the in-depth expert interviews.



### I.3 The rationale underlying the EU Green Deal (EGD)

Since the Kyoto Protocol, a series of global climate change initiatives have evolved and led to different internal and external policies with a common target of limiting global warming and reducing greenhouse gas (GHG) emissions. The EU has traditionally been a leader in climate and environmental policies within Europe and at a global level. In December 2019, the President of the European Commission, Ursula von der Leyen, characterised the European Green Deal as “Europe’s hallmark”<sup>1</sup>. With at least one trillion Euro of investments,<sup>2</sup> it is one of the most ambitious projects the EU has initiated to date, aiming at no less than “Europe becoming the world’s first climate-neutral continent by 2050”<sup>3</sup>.

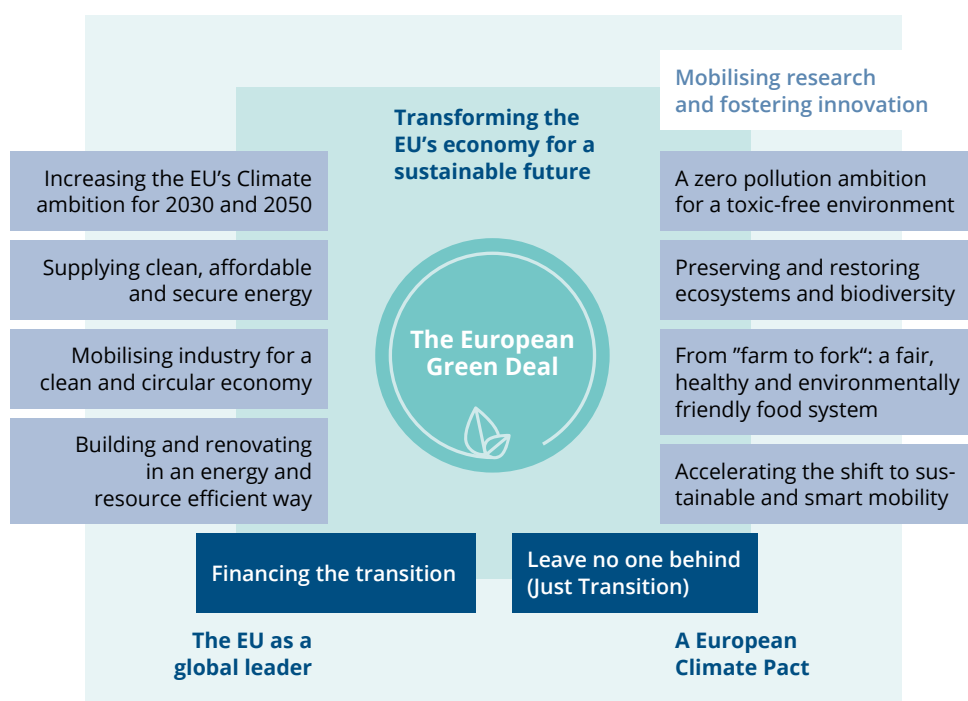
The Green Deal proposal underscores the EU’s commitment to the climate agenda and sustainable development. With a strong focus on climate change, in September 2020 the Commission raised the climate target to 55 per cent by 2030 (instead of 40 per cent) compared to 1990 levels while stressing the need for a mix of policy instruments and a mixed scenario across economic sectors to achieve this ambitious goal.

Hence, the Climate Law proposal<sup>4</sup> by the Commission is intended to put the 2050 climate-neutrality target into law. It provides a roadmap including measures and a system to monitor progress towards achievement of the EU’s 2050 target. Obviously, implementation of this crucial transition strategy constitutes a pivotal moment alongside the ongoing impact of the COVID-19 pandemic. All policy frameworks and sectors are (and will continue to be) impacted in different ways.

Hence, the EU Green Deal provides a holistic and systematic approach encompassing interrelated and complex frameworks and encouraging various stakeholders and institutions to work together in order to elaborate the new EU green growth strategy. It is also seen as an “umbrella” concept seeking to enhance consistency and compliance within existing EU policy elements, including the EU’s external policies.

Hitherto, the overall objectives of the EU Green Deal have been laid down with a strong emphasis on sustainability, biodiversity, and carbon-neutrality across all sectors and policy areas. The objectives encompass: increasing the EU’s climate ambition for 2030 and 2050; supplying clean, affordable and secure energy; mobilising industry for a clean and circular economy; building and renovating in an energy- and resource-efficient way; accelerating the shift to sustainable and smart mobility; from “farm to fork”: designing a fair, healthy, and environmentally friendly food system; preserving and restoring ecosystems and biodiversity; and a zero-pollution ambition for a toxic-free environment (figure 1).

**The European Green Deal framework (fig. 1)**



Source: COM (2019) 640 final from 11 December 2019, p. 3. Adapted by Konrad-Adenauer-Stiftung e. V.

The EU Green Deal programme can also be seen as a major contribution to the “great transformation”, i.e., towards more sustainable and inclusive economic models, which will require unprecedented involvement of non-state actors as well.

Given the economic and demographic ascendance of Asia-Pacific, the use of renewable energy technologies, the creation of international partnerships and the introduction of smart regulations to level the playing field for sustainable investments on a European and global scale will be indispensable to making the new narratives more convincing.

Current economic setbacks in this region and worldwide due to the COVID-19 pandemic have exposed certain weaknesses in global value chains. Thus, to restart the global engine of economic development after the crisis, a coherent strategy including sustainability will be needed in order to create more resilience against future shocks to societies and economies. Today more than at any other moment in history, the need to take concrete actions to combat climate change and implement a well-designed green recovery plan has emerged as an urgent priority. Furthermore, concerns triggered by the war in Ukraine, with energy security leading the list, are more and more moving to the fore in the EU and at the Member States’ level.

The fragile post-COVID-19 situation has been impacted by the war in Ukraine and the “visible” impact of climate change (i.e., forest fires and devastating floods), accompanied by an urgent need for concrete action (i.e., Germany and France have elevated energy security to a national priority) in order to cope with the demand for energy in the short and medium terms). In the long term, however, green recovery measures should not be scaled back because of the urgent need to address climate and environmental change. Measures, rather, need to be taken to enhance societies’ and economies’ resilience against future shocks.

### **I.3.1 An overview of EU relations with Asia-Pacific**

For most of its history, EU relations with Asia can best be described as foreign economic policy. This is not only the result of the limited constitutional competences of the EU when it comes to defining external relations and acting as a (global) actor on its own. It also reflects a specific self-image of the Union as a rule-based, normative power, relying more on diplomacy, while developing and nurturing cultural cooperation.<sup>5</sup> This self-restricting position has massively been put to the test in recent years. Seismic geostrategic shifts, to a good part emanating from the Asia-Pacific region, have forced the EU to undergo a major review of its strategic objectives and instruments. But constraints on the EU (and its Member States) in its efforts to craft a more comprehensive, coordinated, and assertive foreign policy remain difficult to overcome – not least a deeply rooted reluctance among voters.

In relation to Asia – as a whole, to subregions (i.e., Central Asia<sup>6</sup>) or to countries (in particular to PR China<sup>7</sup>) – specific white papers have been issued in recent years by the EU. The most comprehensive ones have included EU Connectivity “Connecting Europe & Asia: The EU Strategy”<sup>8</sup>; and most recently and in line with major European partner countries, such as France, Germany and the Netherlands,<sup>9</sup> the Conclusion of the Europe Council on the “EU strategy for cooperation with the Indo-Pacific”<sup>10</sup>.

Europe acknowledges its changing role and responsibility in a changing world order and views itself to be a major “shaping” power (*Gestaltungsmacht*). While still heavily engaged in its neighbourhood, from the Baltic countries to the Mediterranean Sea and North Africa, the Indo-Pacific region has in the meantime been widely acknowledged as a key strategic area. For the foreseeable future, the EU will definitely not be able and willing to carry out any sort of “pivot to Asia”<sup>11</sup> like the US. But there are wide-ranging, fundamental interests that make it imperative for Europe to step up its engagement in the region

- With the rise of China and its global ambitions, a new type of “systemic rivalry” has emerged on the international stage, which is first and foremost being “played out” in the Indo-Pacific region, but more and more in Europe, too. This rivalry goes beyond traditional great-power competition and is being contested in a variety of fields and at multiple levels, all of which revolve around the question of which system is better suited to manage the “great transition”.
- Looking beyond China, other players in the Indo-Pacific region are actively redefining their regional and global roles as well. Democratic countries such as Japan, South Korea, Australia, and India can be placed in this group; but also autocratic regimes like Vietnam or Singapore. The latter as well are clearly in favour of a rule-based international order and willing to contribute to the strengthening of this model.
- Policy fields are becoming more and more intertwined. Non-traditional security threads caused, i.e., by climate change, are blurring traditional borders, creating a need for new policy instruments. The EU has reacted to this by fashioning new instruments in its foreign relations, i.e., the Neighbourhood, Development and International Cooperation Instrument (NDICI) – “Global Europe” for the next MFF period (2021–2027)<sup>12</sup>.

### **I.3.2 Transformation politics in Asia-Pacific**

Since the end of the Second World War and decolonisation, Asian nations have been characterised by a complex history encompassing multiple transformations. Leaving aside the case of Japan, an early forerunner in modernisation, most of the success stories have seen impressive steps to escape poverty-ridden, agricultural societies prevailing as recently as in the 1950s – in particular the famous “little tigers” (Hong Kong, Taiwan, Singapore, South Korea). Others were only able to get on the bandwagon in the 1980s, largely those nations which had suffered from ideologically-driven communist “transformations” and civil wars (China, Vietnam, Cambodia). And a third group of countries have lost their advantageous position (the Philippines, Myanmar) or have never been able to realise their potential (Indonesia, India). In sum, we can indeed speak of a multitude of transformations in Asia-Pacific, largely influenced by political systems and their ideological foundations, but also characterised by path dependences.

The transformation process that this study is addressing is to some extent different from previous ones, however. Climate change policies, in particular in the run-up to COP 21 2015, have accelerated discussions about new and sustainable development trajectories in most of the Asian countries – they are entering into a new era of “modernisation” regardless of the fact that most of them so far have not reached the status of at least upper-middle income countries (figure 2).

This means that transformation politics have to be understood not only in terms of a “green” transformation, but in and against the background of a broader context of already existing modernisation challenges.

The latter can be categorised along at least three dimensions: a) industrialisation and digitalisation, b) urbanisation, and c) globalisation.

## Key features of the countries selected in the study: China, India, Japan, and Singapore (fig. 2)

Country 2019/2020*	Area (km <sup>2</sup> )	Population	GDP	FDI net inflows (% of GDP)
China	9,600,000	1,400,050,000	6.1	1.1
India	3,287,263	1,373,055,000*	5	1.8
Japan	377,930	126,010,000*	0.7	0.7
Singapore	710	5,703,600	0.7	28.3

Source: Elaborated by the author, data from <https://www.worldbank.org/> (last checked: 24.10.2022).  
Adapted by Konrad-Adenauer-Stiftung e. V.

### Industrialisation and digitalisation

With a view to the successful examples of the US, Europe, and Japan, modernisation is commonly understood in Asia to mean industrialisation. Leveraging cheap labour, abundant natural resources, low environmental standards, and protectionist policies, China is the best, but by far not the only, example of this development model, which is to a large extent modelled on experience in the North Atlantic region in the 19<sup>th</sup> century.

To date, no significant leap-frogging effects through digitalisation, leading to a reshuffling of economic and political power structures in the region, can be discerned.

### Urbanisation

Since 1950 the global share of the world's population living in cities has grown from roughly 30 to 54 (2015) per cent (urbanisation rate). Asia has been the biggest contributor to this increase, with around 50 per cent, making it in terms of urbanisation now second to only Western Europe and the US. This has also led to a massive imbalance between urban and rural areas, accounting for one of the largest development problems in Asia. Whatever (policy) dimension is under consideration: urban areas can be seen as a "laboratory", which makes urban areas key in any successful transformation policy.

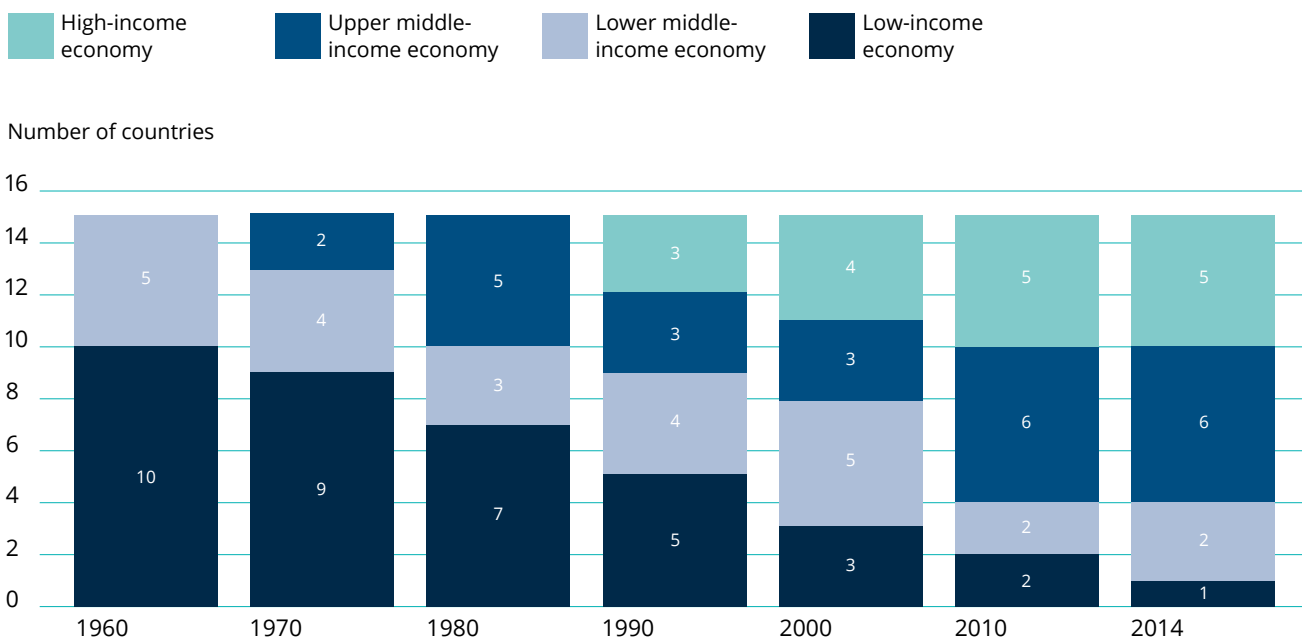
### Globalisation and regionalisation

Successful (economic) development in Asia-Pacific can be largely explained by continuous and deepening integration steps toward globalisation – starting in the 1960s with the fields of heavy (machinery) and textile industries, and moving on to highly sophisticated electronic goods and services in the 1990s. Tripolarity between Asia, Europe, and the US still serve as the bedrock in this strategy and continue to shape globalisation, with remarkable shifts in economic (and political) weight taking place between those three regions.

Moreover: Globalisation has led to even deeper integration within the region (figure 3). This has mainly been driven by economic actors because – in contrast to the European Union – there has never been any substantial and successful efforts on the part of the policymaking sphere to more closely coordinate these transformation challenges facing different nations. Transformation policies – to the extent that these exist as objective-driven and comprehensive policy actions in the first place – remain very much nation-centred. Integrative effects of transnational projects such as the Chinese-driven Belt and Road Initiative (BRI), the ASEAN Economic Community (AEC), or free-trade agreements such as the Regional Comprehensive Economic Partnership (RCEP) remain fledgelings at present.

Global climate change policies, in particular in the run-up to COP 21, have helped fuel discussions about new development trajectories in most of the Asian countries. Yet, transformation politics have to be understood not only in terms of a “green” transformation, but in a broader context of huge economies and social changes. Due to a lack of intraregional coordination, transformation policies remain very much nation-centred.

### Income class distribution in developing Asia (fig. 3)



Source: Asian Development Bank: <https://data.adb.org/dataset/income-class-distribution-developing-asia> (last checked: 24.10.2022). Adapted by Konrad-Adenauer-Stiftung e. V.



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- 2 For further details about the European Green Deal Investment Plan, see: [https://ec.europa.eu/commission/presscorner/detail/en/fs\\_20\\_48](https://ec.europa.eu/commission/presscorner/detail/en/fs_20_48) (last checked: 24.10.2022).
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- 5 Whitman, Richard G. (2011). Norms, Power and Europe: A New Agenda for Study of the EU and International Relations. In: Normative Power Europe: Empirical and Theoretical Perspectives, Palgrave Studies in European Union Politics. Palgrave Macmillan, London.
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- 7 See the continuously updated China strategies 2016/2019/2021.
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- 9 Indo-Pacific Guidelines 2019.
- 10 European Council (2021). In: Data.consilium.europa.eu. <https://data.consilium.europa.eu/doc/document/ST-7914-2021-INIT/en/pdf> (last checked: 24.10.2022).
- 11 Saha, P. (2020). From 'Pivot to Asia' to Trumps ARIA: What Drives the US' Current Asia Policy? In: Observer Research Foundation. <https://www.orfonline.org/research/from-pivot-to-asia-to-trumps-aria-what-drives-the-us-current-asia-policy-61556/?amp> (last checked: 24.10.2022).
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## II. Country studies

### India

#### II.1 India

##### II.1.1 India's national policies on sustainable transformation and its understanding of sustainability

###### II.1.1.1 EU-India relationship

Since the Cooperation Agreement was signed in 1994 by India and the EU, EU-Indian relations have evolved beyond trade and economic cooperation into a Strategic Partnership<sup>1</sup>. A Joint Action Plan was agreed upon in 2005 (updated in 2008) aiming at an enhanced dialogue as well as consultation mechanisms in various spheres. This was followed by a Joint Statement<sup>2</sup> published in 2009 in which both sides acknowledged common values such as democracy, rule of law, civil liberties and respect for human rights, and discussed bilateral, regional and global issues of common interest and concern. Subsequent India-EU summits have underscored the evolution of this highly valuable partnership since then.

In 2020, the 15<sup>th</sup> India-EU Summit gave new momentum to the bilateral relationship. The two sides have adopted the *EU-India Strategic Partnership: A Roadmap to 2025*<sup>3</sup> to foster effective multilateralism and a rule-based multilateral order with the United Nations (UN) and the World Trade Organisation (WTO) as major pillars. India and the EU have also affirmed their determination to jointly pursue a strengthening of international security, greater preparedness and an enhanced response to global health emergencies, reinforcement of global economic stability and inclusive growth, implementation of the Sustainable Development Goals and protection of the climate and the environment. India's G20 Presidency in 2023 and its membership in the UN Security Council in 2021 to 2022 is another milestone in this long-term strategic partnership.

## II.1.1.2 India's national policies on sustainable transformation

Over the course of the past two decades, India has emerged as the fastest-growing economy in the world. Before the COVID-19 pandemic, India had registered an average annual GDP growth rate of 7.4 per cent between 2014 and 2018<sup>4</sup>. This high level of economic growth has been driven by various reforms<sup>5</sup> that India has been undertaking since the 1980s alongside strong external partnerships and robust democratic institutions.<sup>6</sup> Accounting for roughly 17.7 per cent of the total world population (1.37 billion in 2019) with a median age of 29 in 2020, India succeeded in lifting over 270 million people out of poverty between 2006 and 2016<sup>7</sup> while steadily expanding the size of the middle class, a key driver behind economic and social growth.

However, this strong economic performance has shifted India from a low emitter of greenhouse gases (GHGs) to the world's third largest emitter after China and the US.<sup>8</sup> India is also vulnerable to climate change and environmental degradation – despite its constitution enshrining environmental protection and improvement, including safeguarding of forests and wildlife as key elements.<sup>9</sup>

The Indian government has launched and revised a number of plans and policies towards a sustainable and inclusive transition. In 2006, the National Environment Policy<sup>10</sup> made a clear statement about the integration of sustainable development and environmental protection in economic and social development processes. The NEP has also served as a framework to develop the National Biodiversity Action Plan (NBAP) and other related initiatives and missions.<sup>11</sup>

Moreover, the first National Action Plan on Climate Change (NAPCC) from 2008 clearly outlined eight national missions and five initiatives to address climate-change issues. One of the main national missions of the NAPCC relates to clean and renewable energy driven by solar power along with fossil-based energy options. Recently, India achieved a global ranking of fifth in terms of solar power deployment with 42.8 gigawatt, surpassing Italy, and was third in terms of annually installed capacity, just after the US.<sup>12</sup> India aims to install 100 gigawatt of grid-connected solar power plants by the year 2022,<sup>13</sup> and is leading the way at the international level in the International Solar Alliance (ISA). Despite those encouraging steps in the development of renewable energy, India's fossil fuels (coal, oil, and gas) still make up 74 per cent of the national energy mix (which remains lower than the G20 average).<sup>14</sup>

Another milestone in these national reforms towards a green transition is India's Intended Nationally Determined Contributions (INDCs) target, initially identified in the 2008 NPACC and quantified in 2015 (before COP 21) setting out three main goals: reducing greenhouse gas emission intensity by 33 to 35 per cent from 2005 levels by 2030,<sup>15</sup> achieving 40 per cent cumulative installed electrical power capacity from non-fossil, fuel-based energy resources by 2030;<sup>16</sup> and creating an additional cumulative carbon reduction to a tune of 2.5 to 3 billion tonnes of CO<sub>2</sub>-equivalent from additional forest and tree cover by 2030. India's long-term re-forestation policies (33 per cent of geographical area currently under forest cover) and initiatives (i.e., Green India Mission) are expected to enhance carbon sequestration by about 100 million tonnes of CO<sub>2</sub> equivalent annually.<sup>17</sup> In line with these long-term targets, the central government has launched the National Clean Air Programme (NCAP) to tackle air pollution at the national level, aiming at 20 to 30 per cent reductions in PM10 and PM2.5 concentrations by 2024 (compared to 2017).<sup>18</sup>

Furthermore, India's private sector has voluntarily undertaken various actions and initiatives to support the sustainable transformation strategy, such as: participation in voluntary carbon-disclosure programmes, investments in corporate social responsibility, and cluster programmes for energy efficiency for SMEs.

### **II.1.1.3 Understanding of sustainability in India**

Most experts acknowledge that India's approach to sustainability is based on a holistic approach towards its 2030 Sustainable Development Goals (SDGs), although in the view of some experts a re-prioritisation of SDGs appears inevitable.

“Sustainability is determined by public policy (...). The UN–SDGs offer an excellent framework for planning and implementation of an outcome-oriented sustainability framework. However, the severe disruptions caused globally by the COVID–19 pandemic require a revisit to the SDGs and their targets.”

**Director**

One frequently cited example in connection with the development of a sustainability approach in India is the Sustainable Development Framework (SDF) (2018–2022).<sup>19</sup> This outlines the development cooperation strategy adopted by the Government of India and the United Nations Country Team in India to support of the achievement of India's key national development priorities and the Sustainable Development Goals.

“Earlier, sustainability has more or less focused on climate change and environmental issues. Still, the new sustainability paradigm includes all efforts towards an inclusive, sustainable and resilient future for people, profit, and the planet. This consists of a ‘harmonizing’ of three elements: economic growth, social inclusion, and environmental protection.”

**Director, NGO & UNDP India**

“Sustainability should be understood as a holistic approach that integrates economic, social, and environmental goals. India has very consistent policies fully aligned with the SDGs.”

**Director, NGO & UNDP India**

“Need to acknowledge the high population density, aspirations of the middle class, and the imperative to create jobs and employment, as well as the public health impact of the polluted environment that disproportionately affects the poor.”

**Professor**

In contrast to East Asian nations, India's cultural and religious beliefs could offer fertile ground for ideas relating to sustainable development. During the independence movement, there was a lively discussion about whether the country should opt for its own path of development. Whilst there is no simply going back to this, with several attempts already having failed, the question remains unsolved, in particular, if we posit a broader understanding of sustainability that includes social aspects. India has a strong legacy of cohesion and engagement at the local community level, which is considered a major factor that needs to be leveraged regardless of which transformation policy is adopted. India's development policy is at a critical crossroad, where it should not simply reproduce existing development models, whether they be of Western or Chinese design. “Made in India 2025” should be revised and “enriched” with new solutions for sustainable value-creation. However, as is the case in many Asian countries, the pressing need for quick economic recovery following multiple waves of the COVID-19 pandemic threatens coherent and persistent policy actions in line with the pledges made at COP 21.

## **II.1.2 India's perception of the EU Green Deal: Experts' perspective**

There is a shared perception among experts and policymakers that the EU Green Deal growth strategy – as a holistic and comprehensive approach that includes various sectors and levels – will strengthen EU-Indian relations and provide new opportunities for partnerships with the EU. Most of the experts interviewed emphasised their positive and optimistic view of the EU Green Deal as offering a framework that can provide broader and more comprehensive prospects for the green transformation designed by the EU.

Yet, some experts noted that the EU Green Deal strategy seems to be designed mainly to achieve EU's objectives and does not take into account the needs of developing economies. For example, the carbon dioxide border tax (CBAM) – still a source of controversy even within the EU, will, if not well-crafted, in the end have an economic impact of a massively protectionist nature, which would also incidentally constitute a violation of WTO rules. Giving the strategic partnership between the EU and India, the EU Green Deal is well advised to seek to strengthen effective multilateral cooperation between trading partners among developed and developing economies.

Although the perception of the EU Green Deal is predominantly positive, a deeper understanding of its mechanisms and commitments toward external partners is still lacking among India experts, who expressed their concerns regarding the EU Green Deal and the role of the EU as a leader in global climate and environmental actions:

“The EU Green Deal therefore rightly seeks partners to work with in this endeavour by forming green alliances and using financial tools for the success of these alliances.”

**Government**

“Intent and objectives of the deal are good, but somehow it seems to be focussed more on the environmental part and less on social justice and equity issues, which are very important from a developing country perspective.”

**Professor**

“The EU Green Deal is more than essential to tackle climate challenge, the EU has set the goal of achieving climate-neutrality by 2050, but details about its implementation are still nebulous. The EU should include external partners and integrate multilateral dialogues into this transition.”

**Economist**

## **II.1.3 Fields of cooperation, examples and lessons learnt for the EU**

EU-India relations (see section above) have positively evolved in the direction of a strong strategic partnership as laid down in *EU-India Strategic Partnership: A Roadmap to 2025*. Under the EU Green Deal framework and Indian green strategy, several fields of cooperation between India and the EU warrant consideration.

“The Joint Action Plan (JAP) has provided an agreed measure of progress, a mechanism for coordination, and a spur to stronger cooperation. As the world recovers from the impact of the COVID-19 pandemic, economic and supply-chain restructuring, resilience, and diversification are clear priorities. Underlying this is the imperative of green growth.”

**Former Secretary, Government**



## **Experts have emphasised several areas of cooperation within the EU Green Deal:**

### **Biodiversity**

Biodiversity is a national priority in India. Most of the experts emphasised the importance of biodiversity and ecosystem conservation in India's national policies and identified opportunities for cooperation within the EU's biodiversity strategy. Open data and shared knowledge on biodiversity using innovative technology and financing mechanisms are assigned high priority.

“Wide ranging EU-India collaboration including mobilising resources through innovative financing mechanisms, sharing of experiences on cost-effective coastal-protection measures such as hybrid solutions involving man-made structures and restoration of degraded coastal ecosystems such as mangroves and salt marshes could be considered.”

**Former Secretary, Government**

“India has, as part of the EU-supported Biodiversity Finance Initiative (BIOFIN), prepared a Biodiversity Finance Plan to implement the National Biodiversity Action Plan. While recognising that public finance is and will continue to be the mainstay of biodiversity financing, the plan has, after accounting for available public finance, estimated the annual shortfall in resources at about six to seven billion US dollar. It has stressed the need to mobilise other financing sources, including private sector finance as well as external sources, both bilateral and multilateral.”

**Former Secretary, Government**

### **Energy transition and transport**

There is a wide consensus that India's knowledge and expertise in the field of energy transition provide a wide scope for effective cooperation with the EU. For example, India is leading in solar power plants (ranking fifth globally in terms of solar power deployment). Yet, the use of innovative technology is still insufficient if the devised plan is to be implemented more effectively. Given the spatial distribution of India's population, small-scale solutions and distributed (semi-)independent systems will have to constitute a significant part of any future energy system. This requires new business models addressing the funding of investment, payment systems, and management responsibilities.

“Knowledge-exchange, especially in the renewable energy field (solar and wind technology from Germany and other EU countries) would be useful.”

**Professor**

“Our country has also undertaken the world's most ambitious programme of switching to energy-saving LED bulbs. Through a mix of direct interventions and subsidies, the Government has replaced close to 370 million conventional bulbs with LED bulbs. This has reduced carbon dioxide emissions by 39 million tonnes a year.”

**Director, NGO & UNDP India**

“Strengthen collaboration to promote secure, affordable, and sustainable supplies of energy as shared priorities. Reduce the cost of development and deployment of clean energy projects through technology innovation, market-building, knowledge-sharing, capacity-building, trade, investment, and project establishment, for example in the areas of energy efficiency, smart grids, AI, and digitalisation, efficient electricity distribution of solar, offshore wind, sustainable cooling, industrial decarbonisation, carbon-capture, usage and storage (CCUS), and energy-storage sectors, and green hydrogen.”

**Director, NGO & UNDP India**

#### **Circular economy**

Despite impressive strides having been made in India in the circular economy in various sectors, there is a huge opportunity for India to collaborate with the EU in this field.

“In India, with the help of regulatory support followed by requisite infrastructure-creation, progress has been made in recycling waste plastics, fly ash, used lead acid batteries, and proper disposal of bio-medical and industrial hazardous waste. While serving in Government, I was closely involved with many of these initiatives. However, progress in other major sectors such as construction and demolition waste as well as waste electrical and electronic equipment is not satisfactory, despite regulations being in place.

Both these sectors involve a high proportion of extracted materials, are intensive in terms of GHGs emissions and are expected to grow rapidly in India. India-EU collaboration in these sectors deserves consideration given the implications for sustainable development, global warming, and biodiversity.”

**Former Secretary, Government**

“I see a big, huge opportunity for cooperation in controlling pollution and clean cities, villages and streets, building systems and protocols to control pollution.”

**Journalist**

#### **Sustainable food system (“farm to fork strategy”)**

One of the main challenges in India is how to meet the overarching imperative of food security without compromising “agrobiodiversity”. India’s National Action Plan on Climate Change has clearly spelled out the role to be played by agrobiodiversity in its sustainable agriculture strategy. The experts underscored the importance of engaging with the EU in this area.

“(…) In addition to damage caused by invasive alien species, severe erosion of agrobiodiversity is also attributable to collateral damage caused by efforts to maximise production of food crops, etc., to achieve food security with the help of high-yielding varieties and the heavy dependence of agriculture on inputs of chemical fertilisers and pesticides. Agrobiodiversity conservation offers a scope for a broad-based cooperation between the EU and India under the EU Green Deal (…)”

“India believes in the 4Cs continuum of conservation, cultivation, consumption and commerce to enable agrobiodiversity conservation by making cultivation of traditional crop varieties a financially viable proposition. The strategy should strive to achieve such financial viability, ideally without support in the form of subsidies and, in any case, not exceeding the level of government support for mainstream agriculture.”

Former Secretary, Government

“The EU has an ambitious target to shift 25 per cent of total farmland to organic agriculture by 2030. In India, despite government support over the years, uptake of organic farming remains low due to a variety of issues including availability of inputs, inadequate market demand, certification-related issues, and, more importantly, comparative financial viability vis-à-vis subsidised mainstream agriculture. A similar farming system called Zero Budget Natural Farming based on locally available inputs has taken roots in some states in India. However, there is still a long way to go in order to establish organic farming as a financially viable proposition to rural farming communities.”

Ibid.

## **II.1.4 Geopolitical/geoeconomic consequences**

Despite a huge and unexploited potential of cooperation and recent progress, EU-India relations will remain fragile, mainly due to domestic developments in India.<sup>20</sup> Protectionist forces remain influential; the “Made in India” policy clearly aims at substituting imported goods and increase high-value manufacturing. At the same time, the country faces mounting competition from China, which will also be seeking to tap into these sectors, not least through its Belt and Road Initiative.

The massive impact of the COVID-19 pandemic in India has weakened the Indian economy and role in the region, in particular vis-à-vis China. India can only avoid a significant and lengthy setback to its economic development by means of an open discussion of current flaws and weaknesses and by improving its governance. Fundamental metrics in society and the economy (a young population, rising education levels, and a growing middle class) offer a basis for sustained growth in the long term. Much will also depend on India’s willingness to depart from its traditional policy of non-alignment and engage in regional and global cooperation. It is in this context regrettable that we will not see in the near future any comprehensive EU-India free trade agreement, which could strengthen EU-India relations and contribute to new forms of exchange in line with EU Green Deal objectives. If India remains outside the Regional Comprehensive Economic Partnership (RCEP),<sup>21</sup> it will make economic integration into larger Asian trade networks more difficult. Integration in the South Asian region as an alternative will continue to be hampered by political conflicts, in particular with Pakistan. India will therefore not be able to serve as the engine of integration in its own region in a manner that for example the European Union has been able to do internally and in its relations with its periphery. This opens up major opportunities for Germany and Europe in the larger South Asian region, which continues to lag far below its potential, especially when it comes to support for sustainable transformation.

In the framework of the new European Indo-Pacific strategies, India is considered to be a cornerstone in any rule-based order. The EU is well aware that the magnitude of its influence in this region depends to a large extent on a common understanding and joint actions with partners which share the same values. Next to immediate security threats, preserving common global goods is the most important level of cooperation.

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# II. Country studies

## China

### II.2 China

#### II.2.1 China's national policies on sustainable transformation and its understanding of sustainability

##### II.2.1.1 EU-China relationship

Over the last ten years EU-China relations have steadily evolved from a trade-based relationship – which has resulted in China becoming the EU's largest trading partner and vice versa – into a relationship marked by competition and systemic rivalry<sup>1</sup> in an increasingly complex geopolitical environment.<sup>2</sup>

Since the first EU-China Summit in 1998, the EU and China have both staked out their ambition of developing economic cooperation and promoting the discussion of bilateral, regional, and global issues. In 2001, China became a member of the World Trade Organization (WTO), a milestone in EU-China economic relations. In the same year, the fourth EU-China Summit also marked the beginning of a deeper political dialogue aiming at enhancing bilateral relations between the EU and China with a wider focus which is to include not only the economic dimension, but also international and regional security issues of mutual concern, including non-proliferation, arms control, and disarmament.<sup>3</sup>

The result of these strong commitments by both sides evolved into a Strategic Partnership in 2003,<sup>4</sup> within the context of which the EU began to recognise China as a key player at the international scene with which the EU should “share responsibilities in promoting global governance”.<sup>5</sup>



The Commission acknowledges with regard to sustainable development that “the EU and China have an ever-greater interest in working together as strategic partners to safeguard and promote sustainable development, peace and stability”.<sup>6</sup> China remains an important partner for the EU on climate and environmental issues, not least since China signed and ratified the 2015 Paris Agreement on climate change, a strong commitment which was discussed during the 2018 EU-China Summit and reaffirmed in 2019.

Apart from trade, investment, and climate, the EU is looking for a comprehensive approach in its bilateral relations with China, comprising other fields such as, i.e., nuclear non-proliferation or stability in Afghanistan, the ambiguous role of China in the context of the war in Ukraine, and China’s position in the Western Balkans in general.<sup>7</sup> In the area of peace and security, fundamental ideological and geopolitical differences between the EU and China remain or have even been exacerbated, i.e., due to China’s backing of Russia’s war against Ukraine and interference in the Western Balkans.

In the last few years, EU-China relations have gradually undergone a transformation, which the COVID-19 pandemic has accelerated. Initial efforts<sup>8</sup> by both sides in 2016 to upgrade their relations into a partnership of “reciprocal benefit” based on “a positive agenda of partnership coupled with the constructive management of differences”<sup>9</sup> failed. By 2019, China had become “a strategic competitor for the EU still not granting reciprocal market access and a level playing field”<sup>7</sup>.

Trade tariffs and technological competition have overshadowed China’s foreign relations and in particular with the US under the Trump presidency. EU-China relations have become more complex and ambiguous. The EU has attempted to adjust its strategy on China, as stated in the 2018 EU-China Summit joint statement, which affirmed that both sides were

“(…) strongly committed to fostering an open world economy, improving trade and investment liberalisation and facilitation, resisting protectionism and unilateralism, and making globalisation more open, balanced, inclusive, and beneficial to all”<sup>10</sup>.

However, the 2019 National Defence White Paper (NDWP), which depicted China’s vision and strategic goals based on the principle of Community with Common Destiny (CCD), also reflects a more assertive China, underlining its own version and vision of global governance. Consequently, the EU-China strategic outlook of 2019 sees China for the first time as

“(…) simultaneously a cooperation partner with whom the EU has closely aligned objectives, a negotiating partner with whom the EU needs to find a balance of interests, an economic competitor in pursuit of technological leadership, and a systemic rival promoting alternative models of governance”<sup>11</sup>.

The report also called upon its Member States to act in “full unity” with regards to China and set out ten concrete actions to rebalance EU relations with China.

From a Chinese perspective, the 14th Five-Year Plan (2021–2025) is based on the concept of “dual circulation”, which assigns a high priority to foster robust domestic growth. Domestic consumption is to play a key role in balancing international trade and investment and domestic growth and capacity. This sets out a new path in China’s development strategy for the next five years – a development trajectory which has faced setbacks due to the impact of COVID-19. The EU’s green recovery strategy provides a roadmap in the move from fragility to a new vitality, as the EC President puts it,<sup>12</sup> and to reinforce cohesion among the Member States.

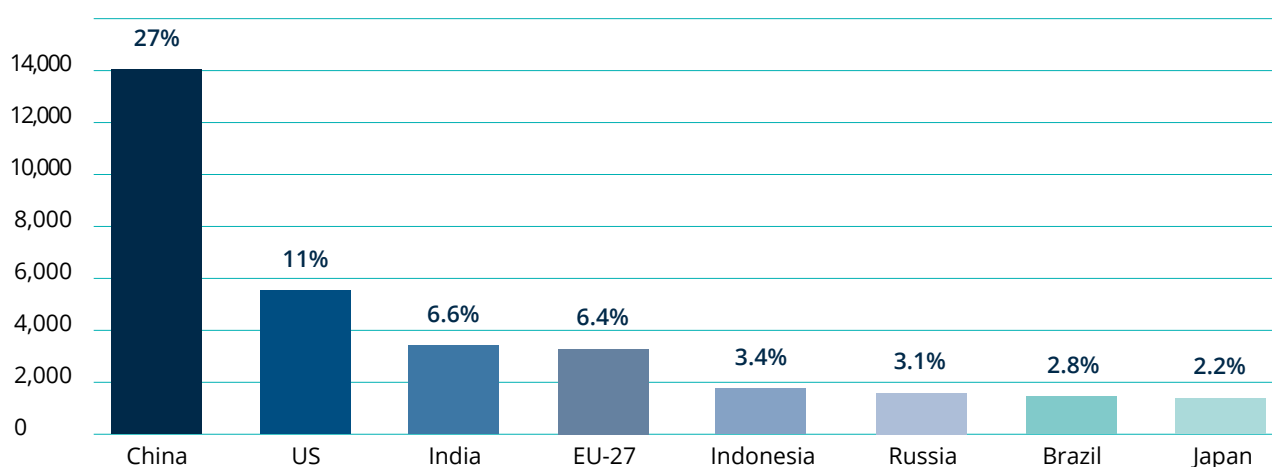
The COVID-19 global pandemic has clearly exacerbated this ambiguous and complex situation, in which the EU and China are resolutely striving to find a common ground. The crisis has also provided an opportunity to identify fields of common interest and structural differences vis-à-vis China.<sup>13</sup> This became quite apparent when the 2020 EU-China Summit closed without any joint assessment or any agreement on the future EU-China agenda for cooperation. Despite the EU's efforts to re-calibrate EU-China relations into a more balanced and reciprocal relationship, there is "growing scepticism about the future trajectory of the relationship, which provides an opportunity for a more robust and coherent EU policy on China"<sup>14</sup>.

## II.2.1.2 China's national policies on sustainable transformation

China's policies on sustainable transformation can only be understood through an analysis of (the sequence of) various economic and social reforms over the past four decades. Environmental policies and reforms have been formulated as a response to severe deterioration of the environment, overexploitation of natural resources, intensive industrialisation, and urbanisation over the last four decades. China has successfully lifted hundreds of millions of people out of poverty and risen from a developing economy to become the world's largest economy. But this has come at a massive price. In 2019, China alone accounted for over 27 per cent of total global GHG emissions (figure 4) and is ranked third among countries with the most natural disasters worldwide.<sup>15</sup>

### 2019 net GHG emissions from the world's largest emitters (fig. 4)

Million metric tons of CO<sub>2</sub>e, including emissions and removals from land-use and forests and share of global total



Source: Rhodium Group. Adapted by Konrad-Adenauer-Stiftung e. V.

China's economic reforms and opening to the international economy commenced with the decisions rendered by the third plenary meeting of the eleventh Central Committee of the Communist Party of China (CPC) in 1978. A number of special economic zones (SEZs) in Shenzhen, Zhuhai, and Shantou in Guangdong province and Xiamen in Fujian province were created soon afterwards. Guided by Deng Xiaoping's vision, the central government initiated a clear transformation strategy to open the country to international trade and investment while upgrading the importance of the domestic market. The economic model adopted clearly prioritised economic growth, with minor ranging all the way to no consideration at all of sustainable development and environmental challenges.<sup>16</sup>

Economic development and industrial restructuring have also led to mounting environmental problems. This led to the first official environmental policy, referred to as the Environmental Protection Law (Trial), in 1979, establishing the environmental legal system in China.<sup>17</sup> Following this, a series of policies and measures<sup>18</sup> were elaborated by the Standing Committee of the National People's Congress between 1982 and 1987. While efforts made during the 1990s to control pollution through several policies (e.g. "33211"<sup>19</sup> pollution control movement programme, the Chinese national Agenda 21, the White Paper on China's Population, Environment, and Development in the 21<sup>st</sup> Century)<sup>20</sup> have set about to establish a strategic dimension in Chinese policies on environment for the first time, a focus was placed on three main actions to gain traction going forward with China's overall strategy, measures, and programme of action for sustainable development.<sup>21</sup>

The concept of sustainable development cropped up for the first time in the objectives laid down in the 1996 ninth Five-Year Plan for National Economic and Social Development and in the Outline of the Long-Term Target for the Year 2010 as "ensuring environmental sustainability of the development process through social mobilisation and participation of people at all levels"<sup>22</sup>. This serves as a cornerstone in China's environmental and social development under the guidance of Deng Xiaoping and based on the concept of a "harmonious modernisation of Chinese society"<sup>23</sup>, which continues to inspire and drive Chinese political leaders down to the present day.

With China's accession to the WTO in 2001, environmental policies were formulated with a strong emphasis on control over the total amount of main pollutants discharged and the objective of decreasing energy consumption per unit of GDP as legally binding indicators. In 2003, the environmental impact assessment (EIA) was launched as the main regulatory environmental protection instrument. During the period of the 11<sup>th</sup> Five-Year Plan, growing attention was directed toward environmental and social challenges at the corporate level. The adoption of corporate social responsibility (CSR) in 2006 under "the 2006 Company Law" introduced general guidelines for doing business in a socially and environmentally responsible manner. In the same vein, the concept of ecological civilisation construction<sup>24</sup> was adopted in the "five-sphere integrated plan" for socialism with a Chinese face,<sup>25</sup> very much in line with Deng Xiaoping's vision of building a "modern, harmonious, and creative society", which was to remain one of the fundamental principles in ensuing five-year plans.

All the various environmental laws, policies and reforms enacted and promulgated over the last 40 years can be characterised as a *response* to either severe environment degradation or natural disasters. These have been *reactive policies* and have not been aimed at *proactively* preventing collateral damage through rapid industrialisation. Despite the ideological notion of an all-embracing approach (i.e., "civilisation"), a systematic, cross-sectoral approach has clearly been lacking until most recently.

Things began to change in 2015. China began to show a stronger commitment to climate and environmental challenges above and beyond its predominantly domestic climate-related regulations.<sup>26</sup> The 13<sup>th</sup> Five-Year Plan (2016–2020) encouraged a comprehensive approach to the environment and global climate change in various "ecosystems"<sup>27</sup> as the key driver in an economic transformation towards a more sustainable and "prosperous society in all fields". The 13<sup>th</sup> FYP underlined the challenges the current economic development model is facing:

"We must be soberly aware that China's development model is inefficient; uneven, uncoordinated, and unsustainable development continues to be a prominent problem; the change of pace in economic growth, structural adjustments, and the transformation of the drivers of growth present interwoven problems; and we face a host of challenges, such as ensuring steady growth, carrying out structural adjustments, guarding against risks, and bringing benefit to the people."

The plan then sets out guidelines to bring about the proclaimed transformation. Economic growth has to be consolidated by prioritising quality of growth instead of quantity. The other principle involved is the need to strike a balance between the development of domestic and international markets. These two principles continue to drive China's "green transition" and have been further developed in the current 14<sup>th</sup> FYP (2021–2025).

The amendment of the Environmental Protection Law (EPL) in 2015, which provided for substantive and procedural changes, significantly restructured China's environmental legal regime. This is now viewed to be the most stringent environmental law regime China has ever had.<sup>28</sup> Adoption of this law is especially remarkable, as in many countries economic priorities are putting environmental policies and laws under pressure at present. In the same year, China also sent out a strong signal at the international level through its contribution to the conclusion of the Paris Agreement (COP 21) and the strengthening of its commitment to global climate and environmental actions. China's role in climate change negotiations and potential leadership have become key elements of the international climate change regime.<sup>29</sup>

In 2018, the concept of "ecological civilisation" was integrated for the first time into the Constitution as amendments. Furthermore, the central government regrouped its government agencies into three ministries responsible for environmental policy decisions and enforcement: the Ministry of Ecology and Environment, responsible for controlling pollution and mitigating climate change; the Ministry of Natural Resources, in charge of natural resource management, urban planning, and rural planning; and the Ministry of Emergency Management, which devises policies and mechanisms for managing emergencies. In the same year, the first "green tax law", officially referred to as the Environmental Protection Tax Act, entered into force. It applies to the same four categories as the former pollutant discharge fee on water pollution, air pollution, noise pollution, and solid wastes<sup>30</sup> and tightens up enforcement of environmental regulations. The year 2019 was marked by various publications of national guidelines, policies, and action plans, among others China's Policies and Actions for Addressing Climate Change (2019) and Green Action Plan (2019–2022).

Although China is one of the largest sources of emissions in the world, accounting for roughly 27 per cent of global emissions, in 2020 the country announced ambitious climate targets to achieve climate neutrality by 2060 and begin to reduce its carbon-dioxide emissions by 2030.<sup>31</sup> While China's commitment is seen as a significant step in the fight against climate change, a comprehensive approach to its implementation inside and outside China is required, i.e., China's operations within the BRI and in particular in the energy sector. Under the EU Green Deal, the EU Carbon Border Adjustment Tax, which is expected to increase the price of Chinese imports into the EU, is likely to escalate into a trade conflict, with the potential of undermining the momentum in China and the EU towards mitigation of climate change.<sup>32</sup> Yet, due to aggravating geopolitical tensions and a cool in relations between the EU and China (i.e., the failed CAI), there may well not be much progress in the run-up to COP 27 in Sharm El-Sheikh.

### **II.2.1.3 Understanding of sustainability in China**

Sustainability is a multifaceted concept in the current Chinese debate. Therefore, we need to have a deeper understanding of how this concept is seen and implemented at different levels. Most experts acknowledge that China's approach to sustainability is a rather difficult, complex and often rather vague concept – inextricably linked to the (changing) political agenda of the party and central government. The notion of sustainability has evolved as a political concept in China over the last couple of years. It has been used in different policy instruments

and is understood differently by actors, which explains the quite imprecise use of the term. In addition to this, sustainability is a very European notion, reflecting a decades-long discussion within Europe. This makes a transfer and shared understanding between Asia, and particularly China, difficult. To overcome this impasse, we first need to better understand current Chinese concepts, the ideas and assumptions underlying their concepts. We have, secondly, to acknowledge the implications of the Chinese political system – its objectives, implementation policies, and (lack of) societal participation. What is still missing is a convincing narrative that bridges cultural differences and unites everything under a global objective.

Adoption of the notion of sustainability at the top level as a guideline to a variety of reforms, policies and plans has begun to have an impact in recent years. Yet, at the lower domestic level the use of this concept remains superficial and unclear, often intermingled with social policies or understood in a narrow and traditional sense of environmental protection. It is therefore not surprising that

“(…) the Chinese government is implementing a *domestic* Chinese concept of sustainability. [Whilst] when China talks to the World, it [employs a] readily understandable common language, but domestically there are [often] other concepts and approaches that the Chinese are implementing”.

These conceptual differences and policy framework have to be kept in mind in any attempt to intensify bilateral cooperation between the EU and China.

## **II.2.2 China’s perception of the EU Green Deal**

The EU Green Deal was issued at a time when China itself was about to define a set of new climate-related plans and working programmes for the next four decades. This was seen in China as a window of opportunity to explore shared fields of cooperation. EU’s Green Deal came at the time when China also announced a commitment to carbon neutrality by 2060. Even if these neutrality targets both in China and the EU will be difficult to be achieved, at least in the short term, there remain opportunities for cooperation with the EU.

While experts for the most part expressed a positive perception of the EU Green Deal, other actors expressed a greater concern over essentially two aspects. Firstly, they emphasised the complexity involved in the development of clear policies, which could be explained – as mentioned before – by the historical approach of the EU in terms of climate and environmental policies. Most experts drew attention to the EU’s role and experience/expertise in this respect and they also cited traditional leadership in this field. The EU’s Green Deal is generally considered to be a solid and necessary approach. But the EU has to invest much more in communicating with potential partners.

Secondly, one frequently cited aspect of the EU Green Deal is the Carbon Border Adjustment Mechanism (CBAM), which is often seen as a key strategic pillar in need of further explanation and negotiation with external partners (China). Experts expressed their concerns over the implications of the “EU’s CBAM approach” for bilateral EU-China cooperation. But here as well, this concept needs a better, even pre-emptive discussion with major economic blocs outside Europe, in particular the US and China. The implications for trade and conformity with WTO rules are not yet fully understood.

## II.2.3 Fields of cooperation, examples and lessons learnt for the EU

An examination of the history of EU-China cooperation over the last decade offers useful insights into critical success factors. If we take a closer look at fields of action that have a massive, cross-sectoral impact, such as implementation of carbon markets, exploring green and sustainable finance, trading green technologies, energy systems, the circular economy, and restructuring of supply chains, we see huge opportunities for cooperation. But it is also clear that unleashing this potential requires massive efforts to bring about common standards and establish a constant exchange of knowledge. Or, as one member of a Chinese local government put it:

“In China and [...] in Europe, we both are very busy working on our green strategies; in these task areas we find common fields, for example in carbon expertise, technological innovations, green finance, industrial transformation, etc. We need to strengthen our cooperation by enhancing exchange at various levels and in different sectors.”

- A good example is China’s recycling system, which has evolved from a “waste treatment” model into a “resource management” system based on the green circular economy concept. It is a huge transformation project. For example, Shanghai implemented this recycling model as a pilot project in late 2018, while other cities and provinces are also on track, including sectors such as construction or wastewater. There are huge opportunities for cooperation with the EU in this important area, as a green circular economy will be needed to enhance the transformation and the development of the low-carbon green circular economy.
- Bilateral relations need to be broadened, diversified and made more inclusive. More actors on the ground such as provinces and cities, the tech community, private companies, think-tanks, youth communities, and social organisations have to be enlisted and play a more prominent role. Against this background, the attempt by the CCP to recentralise control even over private enterprises is rather obstructive. The EU has to make it clear that civil societies’ participation and public consultations are very important if this transition is really to take place in a more inclusive way. The (attempted) total control of the public sphere by the party and government strangles a host of innovative initiatives, i.e., in the form of social enterprises. Yet, we still see structures emerging, like small seeds and flowers, and they will find their own way to flourish, one cannot get rid of them. Europe must keep on calling for such “spaces of freedom”.
- Even if there remain fundamental differences in implementation methods such as civil society vs “coercive environmentalism”<sup>33</sup>, a broad field of shared interests remains, allowing Europe and China to become global game-changers. Furthermore, the positive impact on the respective regional neighbourhood should not be underestimated, as this is of great importance in times when the danger of a “race to the bottom” (in terms of environmental standards) due to pressing needs for economy recovery is growing.
- Like Europe, China is highly diverse in terms of policy and regulation levels (central, provincial, city levels). What is currently being implemented in Guangdong province, for example, differs from Anhui or Jiangsu provinces. Upon first hindsight, these projects often seem to be centralised, at least from a European perspective. But there are huge collaborative ventures at these levels as well, and not only at the central/national level. This offers another important area for the EU to address in its cooperation with the private sector, universities, and think-tanks.
- With the expanded options made possible by the EGD and a more systemic approach, the following in particular would appear to be worth examining:
- Both sides have to clearly commit to the provision of global commons, such as fighting against climate change. Accelerated disengagement and increasing tensions on a geostrategic level



would deal a deathblow to any substantial progress in the field of green transformation. The EU has both a responsibility and an opportunity to prove doubters wrong with their contention that large-scale conflicts are inevitable, or at least unmanageable. But strategic bilateral partnership and shared global leadership is only possible if China enhances transparency in its political actions and commitments and sticks to basic elements of a rule-based global order.

- Both at the European Commission level and at the national level, diverse capacities and resources need to be pooled. For example: Germany could push forward the energy transition agenda; the Netherlands could drive the transportation agenda. The area of finance is quite strong thanks to the UK, but this country has now left the EU. There is no need for a monopolistic approach given the fact that bilateral relations on the nation-state level are already well developed with China.
- From the European side one has to constantly keep in mind the important role that freedom of the media and promotion of rule of law play. Both assume an important role in changing behaviour and guiding the implementation of programmes.

## **II.2.4 Geopolitical/geoeconomic consequences**

In the midst of mounting geopolitical tensions between the United States and China, Europe, in particular, is searching for a more balanced approach to China.<sup>34</sup> While acknowledging the dimensions of “systemic rivalry”, the EU still considers the “Middle Kingdom” to be a partner in solving global challenges such as climate change or global health. But these options for cooperation require careful analysis, as they can hardly be separated from other geopolitical and geoeconomic considerations. The aforementioned cases provide several examples underscoring this caveat. The quest for equal treatment of European companies in China has been on the table for decades – and remains unresolved. Without substantial progress in the field of Intellectual Property Rights (IPR) and fair market access, the potential offered by green transformation through technological innovation will remain limited – both in bilateral relations as well as in third countries.

For the moment, the future of the EU-China Comprehensive Agreement on Investment (CAI) remains uncertain. Even ratified,<sup>35</sup> it would be less ambitious in comparison to the comprehensive Free-Trade Agreements (FTAs) the EU has negotiated with other Asian partners in recent years.

The impact of the European Carbon Adjustment Mechanism (CBAM) on bilateral relations remains unclear, too. Issues such as WTO compatibility of CBAM are still unsolved and could lead to a new form of “green protectionism”, hindering further economic integration.

Despite these severe obstacles, the doors are still open for selective cooperation for the sake of global goods. If Europe succeeds in putting its connectivity strategy<sup>36</sup> into practice and become at least a complement to BRI, it could significantly increase its transformative power – by making its normative power a new way of projecting power.

Given the comparatively weak position – and willingness – of the EU to project (direct) influence in the Asia-Pacific region, closer coordination with the United States is of outmost importance. Despite existing differences<sup>37</sup> over how to deal with an ever more assertive China, President Biden’s Green Deal<sup>38</sup> shares a common understanding of the urgent need to reinvent modern societies. Surprisingly, hardly any deeper-going consultation is taking place on the consequences of the two deals for future transatlantic cooperation,<sup>39</sup> which weakens the EU’s political and economic leverage on China. Besides this, with Russia’s war and the sanctions that have been imposed, EU-US cooperation on China amounts to much more than a strategic action.<sup>40</sup>

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## II. Country studies

### Japan

## II.3 Japan

### II.3.1 Japan's national policies on sustainable transformation and its understanding of sustainability

#### II.3.1.1 EU-Japan relationship

Bilateral relations between the European Union and Japan have significantly improved over the last few years. Yet, what Berkofsky described in 2007 as a “partnership in the making”<sup>1</sup> still applies in 2021. With parallel implementation of the EU-Japan Economic Partnership Agreement (EPA)<sup>2</sup> and signing of the Strategic Partnership Agreement (SPA) in February 2019,<sup>3</sup> a unique and comprehensive framework for bilateral cooperation has been signed – unparalleled in EU-Asia relations. The fact that after many years of negotiations both partners finally agreed upon these two treaties can only be understood against a dramatically changing geopolitical background – mainly the rise of a powerful and an ever more assertive China. The EPA can be seen as a clear statement in favour of free trade in an increasingly protectionist world and sets out quite concrete steps to be realised over the next years. The SPA, however, is even more ambitious – and still needs to be filled with life, as there are more than 40 areas in the SPA which the EU and Japan have defined as priority areas. But “discussions on how and when to do this have only just begun”<sup>4</sup>. From an international law perspective, both agreements are amongst the most advanced ones to be found when it comes to integrating sustainable development as a binding objective.

The strategic importance of Japan is also acknowledged in all of recent white papers on the Indo-Pacific<sup>5</sup> authored by several European countries and the European Council, which call for a strengthening of direct cooperation or indirectly through other instruments such as the Quadrilateral Security Dialogue (Quad).<sup>6</sup>

## II.3.1.2 Japan's national policies on sustainable transformation

As the world's third largest economy<sup>7</sup> and seventh largest emitter of greenhouse gases (GHGs),<sup>8</sup> Japan proclaimed its decarbonisation strategy in October 2020. Then Prime Minister Yoshihide Suga announced that Japan will reduce its overall greenhouse gas emissions to zero in net terms by 2050 and realise a decarbonised society as one his government's top priorities. This fundamental shift relates not only to climate change, but also various social, industrial, and technological developments that will support the green transition and create "a virtuous cycle between the economy and the environment"<sup>9</sup>.

This announcement is a milestone in Japan's Green Growth Strategy for 2050 Carbon Neutral,<sup>10</sup> which is being put into practice in a very complex environment (geopolitical and post-COVID-19 situation). Hence, the government has formulated additional climate and environmental policies<sup>11</sup> and measures to support achievement of this ambitious target. The Prime Minister's statement traces out a broader approach to the green transformation, which includes not only the economy, but also society, the role of the business community, regulatory reforms, innovations, and digitalisation in this transition. Japan's green growth strategy, like the one in the EU, is posited as an investment strategy aiming "to lead international discussions including the creation of frameworks and standards in the field of climate change in the future"<sup>12</sup>.

### Overview of Japan's climate policy (fig. 5)

JAPAN	Summary of pledges and targets	
<b>PARIS AGREEMENT</b>	Ratified	Yes
	2030 unconditional target(s)	26% below 2013 by 2030 [15% below 1990 by 2030 excl. LULUCF] [17% below 2010 by 2030 excl. LULUCF]
	Coverage LULUCF	Economy-wide, incl. LULUCF and overseas credits for 2030 LULUCF credits considered
<b>COPENHAGEN ACCORD</b>	2020 target(s)	3.8% below 2005 by 2020 [7% above 1990 by 2020 excl. LULUCF] [5% above 2010 by 2020 excl. LULUCF]
	Condition(s)	LULUCF credits considered
	<b>KYOTO PROTOCOL (KP)</b>	Member of KP CP1 (2008–2012)
	Member of KP CP2 (2013–2020)	No
	KP CP1 target (below base year)	6% below 1990
	KP CP2 target (below base year)	N/A
<b>LONG-TERM GOAL(S)</b>	Long-term goal(s)	80% by 2050 (base year not specified) [78% to 80% below 1990 by 2050 excl. LULUCF] [79% to 81% below 2010 by 2050 excl. LULUCF]

Source: Climate action tracker: <https://climateactiontracker.org/countries/japan/pledges-and-targets/> (last checked: 24.10.2022). Adapted by Konrad-Adenauer-Stiftung e. V.

It is evident that Japan's decarbonisation targets have evolved significantly, particularly since the 2011 Fukushima nuclear disaster, which led it to ramp up coal-fired power plants, causing a substantial increase in GHG emissions. In April 2014, the Government of Japan established the fourth Strategic Energy Plan for 2030, which laid down the policies intended to reduce nuclear power dependency, easing Japan's dependency on fossil resources and expanding renewable energy.<sup>13</sup>

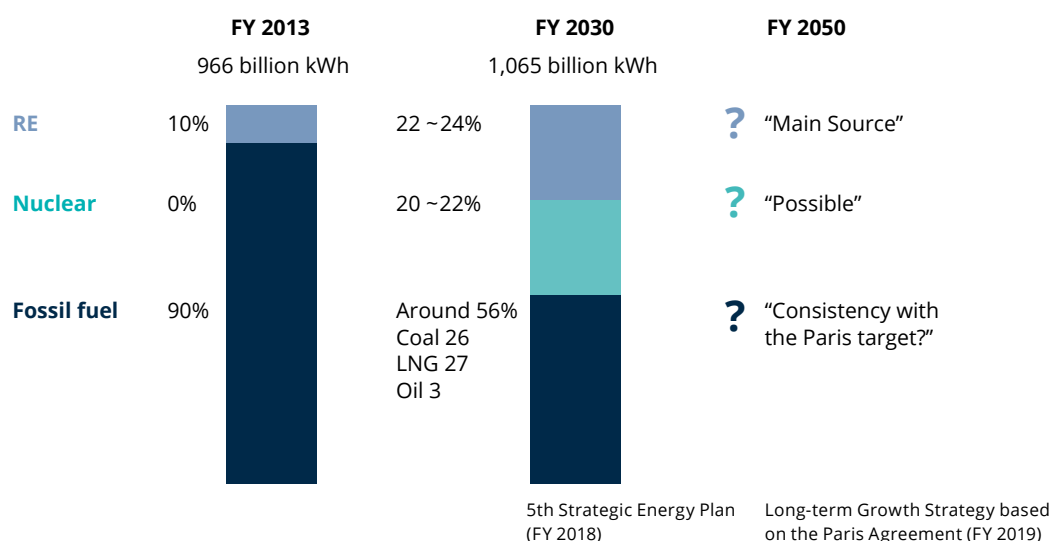
In 2016, Japan approved the national Plan for Global Warming Countermeasures and the Government Action Plan,<sup>14</sup> considered to be the only general plan tackling global warming in Japan, seeking to significantly reduce greenhouse gas emissions. In September 2019, Japan joined the Carbon Neutrality Coalition. Then, in March 2020, it declared its Nationally Determined Contribution (NDC) under the Paris Agreement, which was criticised as woefully insufficient to meet the global climate target.<sup>15</sup> A few months later, Japan reviewed its intention to achieve carbon neutral society by 2050. In December 2020, the Green Growth Strategy for 2050 Carbon Neutral was formulated and the Green Innovation Fund was established. Among other things, carbon recycling is forwarded as a key technology for achieving carbon neutrality.

In the area of energy, Japan has reviewed its strategic energy plan and energy-related policies and guidelines in line with its carbon neutrality target for 2050. Despite recent developments and revisions<sup>16</sup> undertaken by the Japanese government, energy remains one of the biggest challenges facing Japan. The 2018 Fifth Basic Energy Plan is guided by the principles of energy security, economic efficiency, environmental sustainability, and safety (the “three E plus S”).<sup>17</sup> The plan underscored for the first time that renewable energy is to be the “main power supply”, while nuclear power is still seen as “an important base load power supply” with a clear commitment being made to reducing dependence on existing energy sources, i.e., coal-fired and nuclear power.

These policies were considered significantly insufficient to support Japan’s green transition as well as incompatible with a long-term 2°C goal, let alone the 1.5°C Paris Agreement pathway. The 2019 revision of the strategic energy plan encompasses further measures and options such as, i.e., renewable energy, nuclear power, hydrogen, storage batteries, etc., towards a “reliable realisation of the energy mix towards 2030 and 2050 decarbonised target” which were formulated in March 2020 in the New International Resource Strategy.<sup>18</sup>

### Share of renewable energy in electricity generation in Japan, 2030/2050 (fig. 6)

Government of Japan set target of 22–24% of RE and 26% of coal share in 2030, but unclear target for 2050



Source: Japan’s Response to the Issue of Climate Change: An Innovative Transition Towards a Zero-Carbon and Resilient Society. [https://spfusa.org/research/japans-response-to-the-issue-of-climate-change/#\\_ftn13](https://spfusa.org/research/japans-response-to-the-issue-of-climate-change/#_ftn13) (last checked: 24.10.2022). Adapted by Konrad-Adenauer-Stiftung e. V.

Japan has made substantial efforts to revise its strategic energy plan, but a more comprehensive approach to a concrete implementation is still lacking.

The recent revision of the Basic Energy Plan of July 2021 reveals Japan’s energy mix target for renewables is 36 to 38 per cent of the power supply by 2030 – double the level of

18 per cent in the financial year to March 2020. The previous target for renewables was 22 to 24 per cent of electricity in 2030. The use of coal, the dirtiest fossil fuel, is to be reduced from 26 to 19 per cent under the new plan while the nuclear target has been left unchanged at 20 to 22 per cent. New fuels like hydrogen and ammonia will account for about 1 per cent of the electricity mix in 2030.<sup>19</sup> The revision updates the target for cutting carbon emissions, which is set at 46 per cent instead of the previous target of a 26 per cent reduction from 2013 levels.<sup>20</sup>

With regard to international cooperation in the climate and environmental fields, Japan has historically shown a strong commitment and presence in international climate change negotiations since the 1997 Kyoto Protocol.<sup>21</sup> One can say that Japan is also leading when it comes to promoting sustainable development abroad through its G7 and G20 presidencies and its overseas cooperation with partner countries in various fields of climate change, peace, and well-being, i.e., the Free and Open Indo-Pacific<sup>22</sup> aiming to

“(...) promote fundamental principles such as the rule of law, freedom of navigation and free trade, pursuing economic prosperity with connectivity, and building commitment to peace and stability linking the economic powerhouse of Asia to the vast African market”.<sup>23</sup>

Another peculiarity of Japanese environmental policies relates to natural disasters and related risks. Disaster-related policies are also important, as Japan has suffered major destruction through a number of large-scale natural disasters (i.e., the Great East Japan Earthquake in 2011) owing to its geographical and natural situation. Thus, in 2013 the government of Japan adopted the Basic Act for National Resilience<sup>24</sup> to drive forward initiatives aimed at building national resilience and contributing to disaster prevention and mitigation.

Moreover, in recognising the importance of public participation and consultation to build a more inclusive approach to sustainability, Japan has adopted a variety of systems to reach out to and encourage large-scale citizen's participation<sup>25</sup> while improving social inclusiveness such as in, i.e., the Basic Act for a Gender-Equal Society, the Act on Promotion of Women's Participation and Advancement at the Workplace, and the Basic Act for Persons with Disabilities. Despite these acknowledged initiatives, challenges in the field of gender equality are still to be improved.<sup>26</sup> Japan failed to reach many of its gender-equality targets for 2020 and is ranked 121<sup>st</sup> out of 153 countries in the Global Gender Gap Report 2020,<sup>27</sup> marking the country as one of the lowest rankings in the world when it comes to female political empowerment. The upcoming 5<sup>th</sup> Basic Plan for Gender Equality,<sup>28</sup> which is to be put into effect beginning 2021, is expected to bring about the biggest improvement in this field since Japan's 1996 Vision of Gender Equality.

### **II.3.1.3 Understanding of sustainability in Japan**

Japan's approach to sustainability and sustainable development is unique, given its history and socio-cultural developments,<sup>29</sup> while sustainability has evolved in a broad approach based on the principles of peace, stability, and prosperity.<sup>30</sup> Most of the experts acknowledged Japan's historical commitment and international cooperation as advancing the principles of sustainability and related concepts, i.e. peace and security. One example frequently cited is Japan's engagement and participation in UNFCCC negotiations since the Kyoto Protocol as well as in other international climate change-related initiatives, i.e., the 2005 Asia-Pacific Partnership on Clean Development and Climate (APP), or the Free and Open Indo-Pacific.

From a domestic perspective, sustainability is often described as a coherent and consistent concept fully integrated in Japanese society and included on the political agenda at different levels (national, prefectural and individual). Experts cited



integration of the private sector as well as public consultations in Japan's green transition strategy. The role of innovations and technological development is clearly mentioned as a key factor in efforts to achieve the decarbonised society target.

### **II.3.2 Japan's perception of the EU Green Deal: Experts' perspective**

There is a shared perception among experts and policymakers that the EU Green Deal growth strategy has several aspects in common with Japan's Green Growth Strategy for 2050. In the same vein, experts highlighted new opportunities for common ground cooperation under the EU Green Deal and Japan's Green Growth Strategy in various areas. The shared perception on the EGD from a Japanese perspective is a positive aspect, with experts expressing an optimistic outlook.

Some experts argue that the external dimension of the EU Green Deal strategy is still not clear to them. Although experts believe that the EU will continue to pursue the solid pre-existing partnership with Japan, the EU Green Deal's external dimension beyond the major climate neutrality target needs to be further specified. Yet, one expert emphasises the vision shared by the EU and Japan with regard to the objective of reaching carbon neutrality by 2050. The EU-Japan Alliance for Green Growth<sup>31</sup> will strengthen bilateral dialogues and collaboration with this objective in mind.

### **II.3.3 Fields of cooperation, examples and lessons learnt for the EU**

Under the umbrella of the EU-Japan Strategic Partnership Agreement and an expanded understanding of sustainability, there are plenty of opportunities for both sides to deepen existing cooperation and to explore new ones. In contrast to China, the open and liberal society of Japan offers opportunities for much more diverse partnerships.

- In our interviews, experts on both sides have stressed the need for further exchange and effective communication, not only at the top level of the EU, but its Member States and the central government of Japan. The lively microcosm encompassing other key stakeholders, i.e., universities, research centres, private sector, and civil society groups is still in need of exploration and "exploitation". Further formalisation and institutionalisation of these exchanges are to be considered in some cases but should not come at the expense of creativity and flexibility.
- Given more than 130 years of German and Continental European law being adopted piecemeal in Japan, a deeper exchange of legal and administrative expertise in regulatory affairs would appear to be quite promising. This field is quickly evolving and could provide a field for intense mutual learning.
- As the world's largest energy importers, the EU and Japan face similar challenges in overcoming import dependency, diversification of energy sources, and decarbonising energy production and consumption. Therefore "the energy sector offers huge opportunities for cooperation with the EU, shared knowledge and exchange on regulatory framework, and technologies and carbon recycling are important areas." (Professor, Japan)
- Japan is regularly hit by natural disasters. Its geography and its densely populated coastal areas make the country extremely vulnerable to the negative impact of climate change, such as rising sea levels and extreme weather conditions. As Japan already has a long record of dealing with disaster management, mitigation, adaption, and resilience are eminently suited fields of mutual exchange. In this specific field, the METI has outlined an urgent need for a "Reviewing Supply Chains after the COVID-19 Shock", which has led to several recommendations such as diversification of overseas suppliers and reduce/manage "dependencies", the need to formulate BCPs<sup>32</sup> and supply chain management to cope with various risks is being increasingly recognised, risk management methods need to change, using digital technology to foster supply chain resilience subject to consider cyber security measures and a global data governance system.<sup>33</sup>

- With its comprehensive Society 5.0 concept, Japan has a unique chance to reframe innovation and digitalisation and merge it with sustainability. Extending bilateral dialogues to a substantial exchange on the fundamentals of a future society, Europe and Japan can join in a new era of mutual enrichment: "(...) innovations and technology developments are the fundamentals to achieve the decarbonised society, shared knowledge, and exchange in this field." (Professor, Japan)
- As the bedrocks of a liberal, rule-based world order in their respective regions, both partners share an interest in upholding and fostering multilateralism. To promote sustainability as understood in the broader sense of the SDGs, the EU and Japan – i.e., two of the largest donors of development aid – have to increase their efforts to provide global commons by better coordinating the allocation of resources in third countries.

### **II.3.4 Geopolitical / geoeconomic consequences**

Japan is a cornerstone in Europe's endeavour to increase its clout in the Asia-Pacific region – and to promote its norms and rule-based objectives globally. There are not many other middle-range powers outside Europe – and in particular in the Eastern hemisphere – which have both the capability and willingness to become a reliable partner in the ambitious transformation project set out in the Green Deal. Japan's own vision of Society 5.0 can be seen as a kind of "Manhattan project" to overcome structural incrustations which have beleaguered Japanese society and economy for more a quarter of a century.<sup>34</sup>

It is no less ambitious than its European counterpart in its comprehensive attempt to lay the foundations of future wealth on new ground. It may be (overly) ambitious in its technological-technocratic approach, underestimating the importance of social norms and the need for a reform of sclerotic institutions in politics and business. But this concept can definitely lay the basis for a substantially closer and deeper understanding and cooperation between Europe and Japan.

Even if the weight of causative motives (i.e., demography) and normative assumptions (i.e., concepts of sustainability) differ, common ground for exchange and joint actions remain broad. In this respect, the decisive question for Europe is whether Japan's transformation will be accompanied by an opening of the country, reversing a major, decades-long inward-looking tendency. Given the central role of Japan<sup>35</sup> in global value chains and in regional economic exchange (next to China), both partners have a unique chance to substantially promote a multipolar order – politically and economically.

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## II. Country studies

### Singapore

#### II.4 Singapore

##### II.4.1 Singapore's national policies on sustainable transformation and its understanding of sustainability

###### II.4.1.1 EU-Singapore relationship

It was as far back as in 2006 when the EU identified ASEAN as a key strategic region, aside from pure trade relations.<sup>1</sup> But due to institutional weaknesses and a lack of leadership on the part of once-leading ASEAN nations such as the Philippines and Indonesia, interregional connectivity initially remained rather weak. Seizing the opportunity – or necessity? – offered by this political vacuum, the city-state of Singapore has evolved into a promotor of Southeast Asian unification processes over the last 20 years and now views itself as *the* gateway to ASEAN. Located at the geostrategic bottleneck on the Straits of Malakka, it has developed into the largest trading and financial hub as well as into a leading military power in Southeast Asia.

While the US and Australia have continuously strengthened their ties with Singapore, the EU has quite recently recognised the city's importance in all its multiple dimensions.<sup>2</sup> Similar to its upgrading of relations with Japan and Australia, triggered by the rise of China and subsequent tectonic shifts (which could first be felt in Southeast Asia), the EU has made large efforts in recent years to promote itself as a relevant actor in the region. In this process, Singapore has become the most preferred and reliable partner.

The EU-Singapore Free Trade Agreement (FTA)<sup>3</sup> and Investment Protection Agreement (IPA) of 2018 and the 2019 EU-Singapore Partnership and Cooperation Agreement (PCA) evolved the bilateral relations into a comprehensive one.

Singapore's Top 6 Trading Partners for Services Trade in 2020 (fig. 7)



Source: Singapore Department of Statistics, 2021, Singapore Economy.  
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 Adapted by Konrad-Adenauer-Stiftung e. V.

But these bilateral agreements are only meant as a first step into a broader EU-ASEAN region-to-region cooperation. As S. Iswaran, Minister-in-charge of Trade Relations and Minister for Communications and Information of Singapore, put it:

“This is the first free trade agreement between the EU and an ASEAN country and reflects the EU’s continued interest in engaging ASEAN and securing its presence in the region. Both agreements serve as building blocks towards an eventual EU-ASEAN FTA, paving the way for future region-to-region cooperation.”<sup>4</sup>

In a same vein, in November 2020, during the first EU-Singapore Trade and Sustainable Development (TDP) Board,<sup>5</sup> both parties agreed on three major topics in several areas (1) trade, climate and energy, (2) trade and environment, and (3) trade and labour. This could provide a basis for further cooperation within the ongoing EUSFTA.

### II.4.1.2 Singapore’s national policies on sustainable transformation

As a comparatively young multicultural nation, a small tropical island and a city-state, Singapore has made sustainable transformation a cornerstone of its development strategy since its independence in 1965. One of the earliest green initiatives was The City Garden – a vision by former Prime Minister Lee Kuan Yew in 1967 to turn Singapore into a city with an abundance of lush greenery and a clean environment within three years’ time: “We can make this a garden city within a matter of three years”<sup>6</sup>. Two years later, in 1969, the Environmental Public Health Act – one of a series of measures to reinforce Singapore’s health legislation and improve public health standards – was implemented, aiming at transforming Singapore into a clean and green city. The standards established under this act related to areas such as public cleaning services, markets, hawkers, food establishments, and the general environment.<sup>7</sup>

One cannot ignore “the Singapore Water Story”<sup>8</sup>: given the strong dependency on external sources for basic needs like water, food, and energy, the national government has adopted a long-term perspective towards sustainable development. Water security was among the first and serious big challenges at a national level. Thus, the government launched the first water Master Plan in 1972 and has invested 170 million US-Dollar to clean up the Singapore river, relocating some industries, pollutive farms, and anarchic houses (e.g., street hawkers, squatters) to enhance water security. It was also seen as a first step towards a sustainable urban planning that reflects long-term perspective of the policymakers. A part of greening and cleaning the city, these earliest initiatives also had a strong emphasis on public education in the area of civic responsibilities, incentives, and cooperation, which were a key in the achievement of these pioneering goals.

Following these pioneering sustainability initiatives, given the increasing concern over global environmental and climate issues – such as global warming, preservation of biodiversity and pollution of the sea – and coupled with a growing population with expectations of higher standards of living, Singapore unveiled its first formal plan, *The Singapore Green Plan – Towards a Model Green City*, at the United Nations Conference on Environment and Development held in Rio de Janeiro, Brazil, in June 1992.<sup>9</sup> The plan staked out policy directions to achieve the ambitious goal of transforming Singapore into a healthier and model green city by the year 2000. In 1993, this was spelled out in “Action Programmes”, including new multidimensional areas (e.g., corporate sectors, individuals) to facilitate implementation of the vision.

Singapore’s approach to sustainable development was intended to be pragmatic and has been guided by three main principles: (1) long-term integrated planning, (2) a pragmatic and cost-effective mind-set, and (3) technology.<sup>10</sup> The 1992 SGP were revised in 2000 to 2002<sup>11</sup> to integrate emerging issues relating to climate and environmental issues (e.g., transboundary air pollution, climate change caused by greenhouse gas emissions). The output of these revisions has been publicly debated and reformulated in a revised plan, the Singapore Green Plan 2012, presented at the World Summit on sustainable development in Johannesburg, South Africa, in June 2002. The revised plan reflected Singapore’s ten-year blueprint to achieve environmental sustainability. It encompasses six focus areas: Air and Climate Change, Water, Waste Management, Nature, Public Health, and International Environmental Relations.<sup>12</sup>

Another substantial revision of the SDG 2012 plan was carried out in 2009 under the Inter-Ministerial Committee on Sustainable Development, which has led to a new national framework – referred to as Sustainable Singapore Blueprint – to guide Singapore’s sustainable development efforts up till 2030.<sup>13</sup> This framework has intentionally included several new green initiatives, such as boosting resource efficiency (including energy, water, and recycling), enhancing the urban environment, building new capabilities and testing new technologies while fostering community action.<sup>14</sup>

In 2015, the Sustainable Singapore Blueprint was revised to include new initiatives such as the Maritime Singapore Green initiative, the more Active, Beautiful, Clean Waters (ABC) projects, improve public transport infrastructure, and renewed greening efforts to pursue Singapore a City Garden. Entitled “Our Home, Our Future, Our Environment”<sup>15</sup>, it highlighted the very ambitious Singaporean targets to pursue the long road towards a green transformation. The latest revision was unveiled in February 2021 and entitled the Singapore Green Plan 2030 (SGP 2030), a nationwide movement to advance Singapore’s national agenda on sustainable development for the next decade and to accelerate progress towards carbon emissions with a net-zero target.

The SGP 2030 encompasses five key programmes:<sup>16</sup> City in Nature, Energy Reset, Green Economy, Sustainable Living, and Resilient Future. In order to achieve these ambitious targets, all parties (government, communities, and business as well as individuals) are to contribute to transforming Singapore into a glowing global city of sustainability.

### **II.4.1.3 Understanding of sustainability in Singapore**

Most of the experts interviewed acknowledge that sustainability – in its broader understanding – is based on a holistic and comprehensive approach and is fully integrated in various fields and at different levels, i.e., public/private sector, energy, transport, or connectivity. They have also stated that Singapore’s sustainability approach goes back to a realisation that a clean and green environment was key to envisioning the transformation of the country already in its early years, and has profoundly contributed “to building the Singapore of today”.

In the same vein and with regard to the recent Singapore Green Plan 2030 (SGP 2030), it is widely acknowledged that SGP 2030 draws attention to the importance of sustainability in the national long-term policies toward a green and resilient future, thereby being in line with the initial national strategy towards a green transformation. The programme is not perceived as new, but rather as a further step in a continuous process “to ensure an inclusive and climate-resilient transition”.

Another distinctive feature in Singapore was the role of education, public consultations and integration of the private sector into Singapore’s green transition since the very early stages. This has profoundly contributed to ensuring a solid basis for a much broader approach to sustainability and has also increasingly facilitated implementation of these sustainability-related policies.

It is also common wisdom among Singaporean experts that sustainability as a specific approach requires that “each country must adopt solutions to fit their specific circumstances and priorities”. There is no “one-size-fits-all approach to sustainability”. However, it was also widely accepted that sustainable development has to be understood as a collective goal; and that actions in different countries and regions need to converge to achieve the same collective goal. In this respect, best practises and learning from one another’s experiences is key.

Another more specific challenge that experts have addressed is the impact of the COVID-19 pandemic and the urgent need to rethink sustainability in a more comprehensive and inclusive approach:

“In broader terms, a green recovery might mean an aggressive shift away from fossil fuels. But for Singapore, it can be much more than that. It means building up capabilities for a competitive and sustainable low-carbon future.”

Researcher, Singapore

### **II.4.2 Singapore’s perception of the EU Green Deal: Experts’ perspective**

There is a shared perception among experts and policymakers that the EU Green Deal offers a more comprehensive approach toward the green transformation as designed by the EU. It might even strengthen EU-Singapore relations against the background of the common challenges posed by the COVID-19 pandemic. The experts stated that there are common fields under the EU Green Deal and the Singapore Green Plan 2030 where both sides should enhance cooperation at various levels. The external dimension of the EGD is seen as a key to achieving the EU’s targets and it is also considered a cornerstone in the Singapore Green Plan, which will provide a range of opportunities for cooperation with the EU.

More specifically, perception of the EU Green Deal in Singapore is predominantly positive due to three main aspects: the commonalities between the EU Green Deal and the Singapore Green Plan 2030, the historical role that the EU has taken as a leader in global climate and environmental actions, and the shared vision of an urgent need to tackle these challenges at a global level that requires strong partnership across regions and countries and multilateral frameworks:

“The EU and Singapore have historically been like-minded partners promoting shared values of open and rule-based multilateral trading system as well as sustainable development principles. (...) the EU’s strong commitment and role in climate and environmental fields are recognised, the EU Green Deal in its broader approach has several commonalities with Singapore’s Green Plan 2030, long-term climate neutrality target is one (...).”

Professor, Singapore

### **II.4.3 Fields of cooperation, examples and lessons learnt for the EU**

Given the recent announcement of the Singapore Green Plan 2030, which seems to display several commonalities with the EU Green Deal, and considering the history of EU-Singapore relations over the last decades, the following areas of cooperation should be considered:

- Recovery from the COVID-19 crisis could provide new opportunities to speed up the integration of sustainability by reviewing existing growth strategies. This includes, for example, developing common frameworks/standards for sustainable products, consumption, agriculture, CCSU, etc.; promoting regional, corporate and academic cooperation.
- Comprehensive approaches empowered with the use of technology and innovation such as in the health system, waste management, or the food system provide huge opportunities for cooperation. Singapore’s knowledge and expertise in implementing innovative solutions to overcome resource constraints (e.g., water, food, and energy) could provide scope for a broad-based cooperation between the EU and Singapore – and for joint project in the wider ASEAN region. Both partners should strengthen their efforts for common standards and rules.
- Connectivity including improvements in public transport in Singapore as well as in smart city frameworks (e.g., World Cities Summit, The Mass Rapid Transit system, MRT) are also key areas for potential cooperation.
- In terms of green planning and air pollution control, Singapore has demonstrated over the last five decades its effective land-use planning, including greening the city through various initiatives such as urban farming, rooftop gardens, and green walls. The earliest concept of the City Garden as a model can be used as a practical guide for helping to transform other cities in the EU.
- Public education and consultations are key success factors in the EU and Singapore. Promoting exchange and cooperation in this field offers a scope in a global perspective in the direction of a broader approach toward sustainable development

### **II.4.4 Geopolitical/geoeconomic consequences**

In recent years, Singapore has become a major driver in increasing ASEAN integration<sup>17</sup> as traditional promoters such as the Philippines, Indonesia, and Malaysia have lost their influence in the wake of domestic upheavals.

In addition to its major role in these regional integration processes, Singapore wants to clearly position itself as a strategic partner for non-regional powers such as the US, Australia, and Europe. While not living up to Western standards of democracy and freedom of speech, the city-state is a strong proponent of a rule-based international order. This role will become more important, with China systematically drawing weaker ASEAN countries into its hegemonic fold and trying to set its own standards.



But resource scarcity and the impact of climate change<sup>18</sup> will threaten the viability of current developments, forcing Singapore to permanently reinvent itself.<sup>19</sup> Ample financial resources, a highly educated workforce and an outstanding governance system could make the city a preferred partner for European policy and business in a green “outreach” to Asia. But the city itself, with its hinterland in Malaysia, is a flourishing hub for R&D and manufacturing.

While Hong Kong’s future as an international (financial) hub is becoming more and more futile, Singapore is set to remain the only world-class centre in the Southeast Asian region. Large-scale investment in sustainable projects will probably be increasingly funnelled into and through this city-state to the wider ASEAN region.<sup>20</sup>

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# III. Recommendations

## III. Recommendations

The analysis of four national policies on green and sustainable transformation in the Asia-Pacific region has revealed an impressive range of different conceptual approaches, varying sets of applied instruments and manifold options for cooperation with the EU. But it has also made clear that any substantial progress in joint efforts – in intra-regional relations as well as with global level actions – need to carefully assess the differences, which are often overseen, in particular on the part of the EU in its endeavour to forge global alliances of transformation partnerships. A more realistic view is needed to preclude an overly ambitious assessment on the part of the EU and disappointments or even conflicts with partner nations in Asia.

Without pretending to be comprehensive, the following recommendations provide some advice for necessary adjustments as well as opportunities in future EU-Asian cooperation in the framework of the Green Deal and other external policies of the EU.

- In its endeavours surrounding an ambitious sustainable transition, the EU, in particular the European Commission, often lacks an accurate view of understandings, objectives, and policy rationales held by its presumed cooperation partners in the Asia-Pacific region. Even if we set aside the unpleasant phenomenon of “greenwashing/labelling”, the EU is still overly introspective, assuming that its own approach is the only point of reference. If the EU continues like this, it will face ever more reluctance on part of potential partners, tending to lose rather than gain influence in its external relations. A more cautious, tailor-made approach and better understanding of national distinctions (and their limits) when drafting bi- and multilateral agreements, policies, etc., is urgently needed.<sup>1</sup>
- Against this background, the EU still has a long way to go in terms of better integrating its highly complex foreign policy instruments. Institutional fragmentation at the EU level (not to mention a similar problem at the level of its Member States) still hampers the EU in mobilising its vast resources and leveraging its unique advantages as the leading transformational

power. One has to acknowledge conceptual improvements in the course of newly created instruments, i.e., Foreign Policy Instruments (FPI). But the EU's presence "on the ground" is still weak and lacks both the capacity as well as the will to coordinate and complement Member States' initiatives. The latter could and have to play a crucial role in strengthening the transformative power of the Union. Nations such as Germany have committed themselves to streamlining their foreign policy instruments within a framework of sustainable transformation (*Klimaaußenpolitik*). Most recently under the impact of the war against Ukraine and mutual economic sanctions, the EU as well as the Member States (i.e., Germany and France) face the dilemma of harmonising the objective of attaining energy security with the "green" transition toward climate neutrality.

- In terms of the state vs market approach, there is still an ongoing debate in Europe on the road to take in implementing the Green Deal. Given the rather dominant position of governments in Asia-Pacific, the EU should offer strong support for European enterprises in creating equal level playing fields for their investments in the region. Reciprocity has to be a key indicator given the vast opportunities for non-EU investors in Europe's unfolding green markets.
- Promoting market-based solutions does not exclude a strong backing by the EU or Member States to enable market entries for private companies. This can range from creating positive or negative incentives domestically to a focus on investment abroad to promote global standards and instruments in Green Finance.
- But it is necessary – time and again – to emphasise that there is no better way to convince other nations to follow suit than to showcase positive examples "on one's own turf". Asian nations are taking a very close look at the weaknesses and contradictions in the EU's internal debates and the implementations of sustainable transformation. The recent debates on the ETS or CBAM in the European Parliament are a case in point. Thus, effective internal implementation of the European Green Deal is key to any international cooperation. This incidentally includes more openness to learning from other nations' approaches.
- From the perspective of the EU as a normative power, the EU Green Deal can be seen as one – but only one! – major building block in its highly touted role as global leader. The EU needs to display stronger capabilities and a will to engage globally in a substantive way in supporting global goods while maintaining/re-establishing a rule-based order. Any progress in sustainable transformation, not to mention leadership in global climate policies, etc., is inextricably linked to major advances in other external policies, such as defence or trade policy. A lot can be done within the existing framework of existing EU treaties.

1 The EU faces the same problem with its Free Trade Agreements, which seem overambitious in terms of social and environmental standards.

## IV. Interview guide

## **IV. Interview guide**

### **The European Green Deal – Perspectives for EU-Asia Relationship**

#### **Theme 1: Profile of the interviewee**

- Position, affiliation
- Professional experience
- Knowledge relating to the main topic (EGD, sustainability, Europe, Asia-Pacific region)
- Area of interests (relating to the main topic of the project)
- (Formal) cooperation/partnership within the research project (IMT, BNU, etc.)

#### **Theme 2: Understanding of sustainability/SD**

- Definition of sustainability/sustainable development (more specific to the China case: understanding of “ecological civilisation”)
- Approaches and projects relating to sustainability (examples)
- Current development of the framework for sustainability (examples: policies/projects)
- Potentials and challenges when engaging with sustainability
- Balancing sustainability and economic growth (How do you understand the relationship between sustainability and economic growth?)
- Implication/participation of civil societies / their perception of the green transition strategy

#### **Theme 3: Perception of the EU Green Deal**

- Knowledge about the EU Green Deal (Have you heard about the EGD? When? How? What is your interest in the EGD?)
- Strengths and weaknesses of the EGD: a European perspective / a country perspective
- Coherence and consistency of the EGD: a European perspective / a country perspective
- Importance of engaging with the EGD for you/your field of research/work/country, etc.

#### **Theme 4: Potential areas of cooperation in the EU Green Deal**

- A European perspective / a country perspective
- Levels for possible cooperation: national, regional, local (city, county)
- Specific area within the EGD/country's green strategy: climate (carbon) neutrality (reduction strategy/targets), energy transition, mobility/connectivity, agriculture/farming, circular economy, biodiversity, land use & deforestation, green (sustainable) finance, sharing technology/knowledge, etc.
- Specific sectors and/or across sectors: energy, transport & mobility, industry (in general), trade & supply chain, finance, etc.
- Public/private sector
- Specific business cases / best practices in your country

#### **Theme 5: Perspectives for effective cooperation with regard to the EU Green Deal**

- Importance/priorities in terms of a sustainability agenda/action plans in your country
- Current concerns in your country (COVID-19 economic recovery, election, specific new reforms/policies in relation with sustainability, etc.)
- Aspects relating to the EU – your country partnership in the green transition (positive and negative aspects); what makes for an effective cooperation between the EU and your country in the EGD?
- Importance of the partnership with the EU in the country's strategy
- Modes of coordination/management of an effective partnership with the EU
- Evolution and dynamics of cooperation with the EU
- Exchange and communication for effective cooperation (EU-your country)
- Prospects for improving agreements/partnership with the EU

## V. Acknowledgments

### VI. About the author

#### **V. Acknowledgments**

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#### **VI. About the author**

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# Abbreviations

APP	Asia-Pacific Partnership on Clean Development and Climate
ASEAN	Association of Southeast Asian Nations
BIOFIN	Biodiversity Finance Initiative
BRI	Belt and Road Initiative
CAI	Comprehensive Agreement on Investment
CBAM	Carbon Border Adjustment Mechanism
COP	Conference of the Parties
COVID-19	Coronavirus disease
CPC	Communist Party of China
CSR	Corporate Social Responsibility
EDZ	Economic Development Zones
EGD	European Green Deal
EIA	Environmental Impact Assessment
EPA	Economic Partnership Agreement
EPL	Environmental Protection Law
EU	European Union
FOIP	Free and Open Indo-Pacific
FTA	Free Trade Agreement
FYP	Five-Years Plan
GDP	Gross Domestic Product
INDC	Intended Nationally Determined Contribution
IPA	Investment Protection Agreement
IPR	Intellectual Property Rights
ISA	International Solar Alliance
JAP	Joint Action Plan
KAS	Konrad-Adenauer-Stiftung
Mt	Megatons
NAPCC	National Action Plan for Climate Change
NCAP	National Clean Air Programme
NDWP	National Defence White Paper
NGEU	NextGenerationEU
NPC	National People's Congress
PCA	EU–Singapore Partnership and Cooperation Agreement
RCEP	Regional Comprehensive Economic Partnership
SDF	Sustainable Development Framework
SDG	Sustainable Development Goals
SEZ	Special Economic Zones
SPA	Strategic Partnership Agreement
USD	US-Dollar
WTO	World Trade Organization



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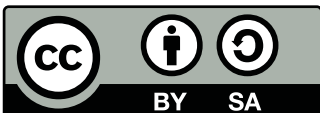
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The European Green Deal marks a milestone on the EU's path to attaining the Paris climate change and sustainability goals and become the first climate-neutral continent by 2050. To this end, the EU needs partners worldwide.

As the largest and most dynamic growth region, the Asia-Pacific region is pivotal in efforts to accelerate the shift towards resource-efficient and environmentally friendly economic and growth models.

The study explores sustainability approaches and initiatives in Japan, China, India and Singapore, their perception of the EU Green Deal and potential areas for cooperation with the EU.