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# EU Sustainable Development Strategy and Policy Instruments

22.04.2025

# AGENDA



- EU Sustainable Development Strategy
- European Green Deal (EGD)
- Regulatory Instruments
- Market-Based Instruments
- Financial & Governance Tools
- Social Mechanisms
- Global Implications

# What is the EU Sustainable Development Strategy?



Holistic framework integrating climate, economy, social justice, and innovation.



Anchored in the European Green Deal.



# European Green Deal: Core Vision

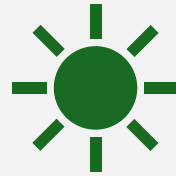
Make the EU the first climate-neutral continent by 2050.

Transform the EU economy across all sectors.

# Legal Foundation: European Climate Law (2021)



- Climate neutrality by 2050 (legally binding)



- -55% GHG emissions by 2030



- Ensures policy coherence across sectors

# Fit for 55 Package



Legislative package to meet 2030 climate target.



Covers energy, transport, industry, land use, ETS reform.

# Systemic Transformation Under the EGD



- Clean energy transition



- Circular economy



- Sustainable mobility



- Biodiversity protection



- Zero pollution



# EGD and the Global SDGs


The EGD operationalizes the UN 2030 Agenda within the EU.

Reflected in EU Voluntary Review 2023.

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# Hybrid Policy Approach

- Non-market instruments (NMIs) +  
Market-based instruments (MBIs) +  
Financial tools.
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# Non-Market Instruments (NMIs)



- Regulations



- Standards



- Mandatory climate criteria



- Environmental classifications
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# Taxonomy Regulation – Purpose

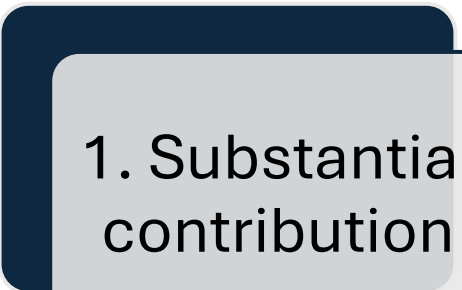
Creates a uniform definition of 'environmentally sustainable' activities.

Central to EU sustainable finance.

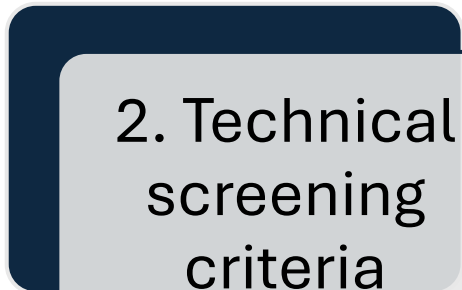
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# Taxonomy: Four Qualification Criteria



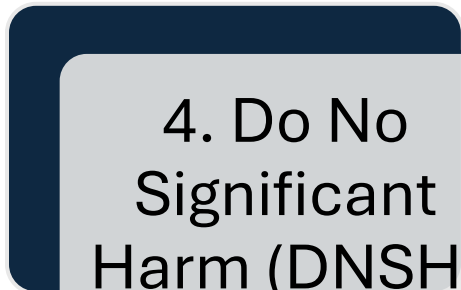
1. Substantial contribution



2. Technical screening criteria



3. Social safeguards



4. Do No Significant Harm (DNSH)

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# Six Environmental Objectives

- Climate mitigation

- Climate adaptation

- Water & marine resources

- Circular economy

- Pollution prevention

- Biodiversity

# Circular Economy Action Plan (CEAP 2020)

Double circular material use rate by 2030.

Improve product durability, reusability, recyclability.

# Zero Pollution Ambition



Goal: toxic-free environment  
by 2050.



Targets for air, water, and soil  
pollution.

# Farm to Fork Strategy (2030 targets)



- 25% organic agriculture



- -50% pesticides



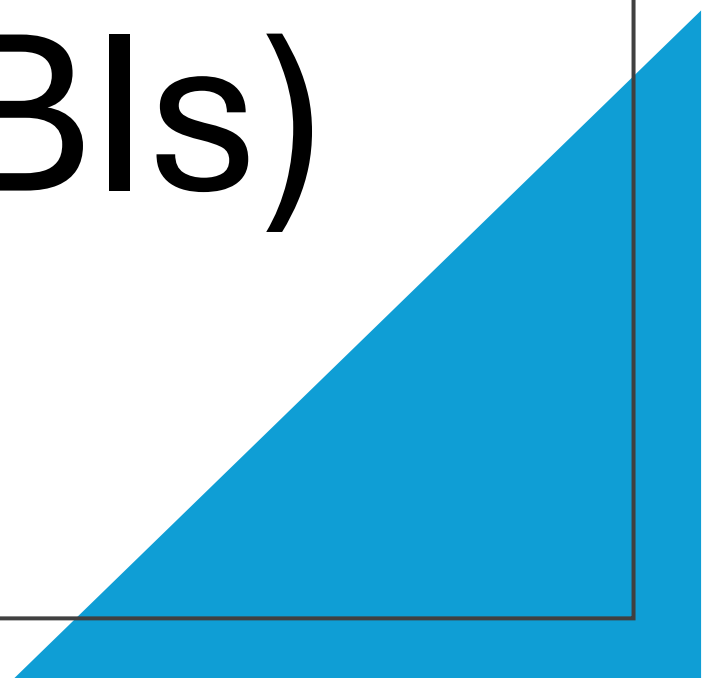
- -20% fertilizers



- Food system sustainability

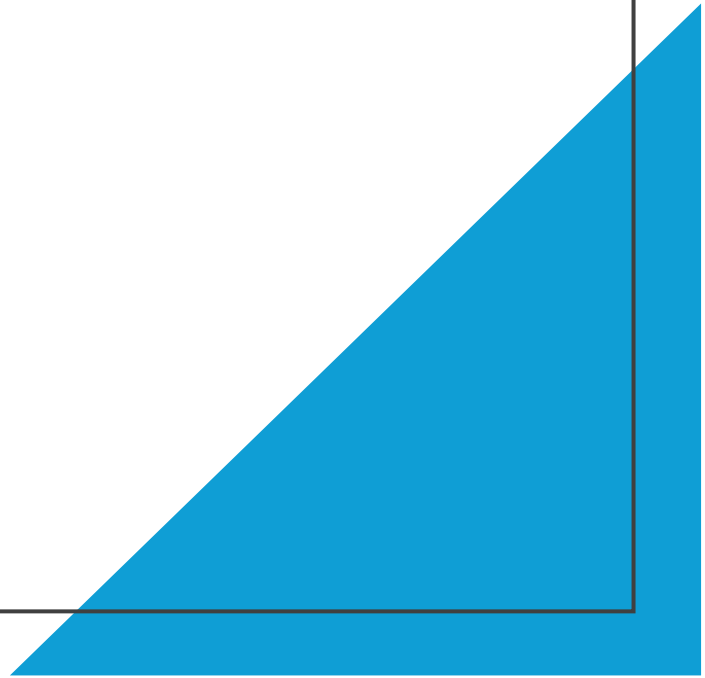
# Market-Based Instruments (MBIs)

Use pricing to incentivize decarbonisation (ETS, CBAM, taxes).



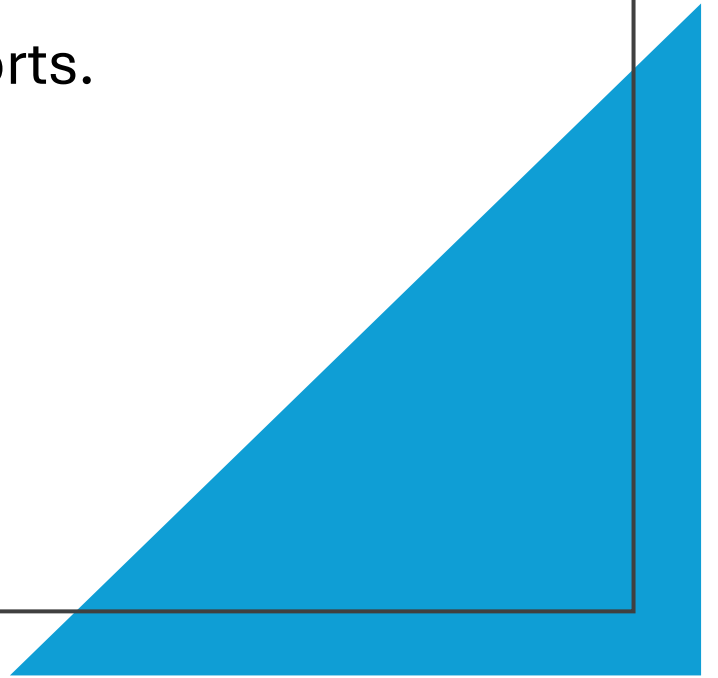
# EU Emissions Trading System (ETS)

- Cap-and-trade system for major industries.
- ETS 2 expands to buildings/transport by 2027.

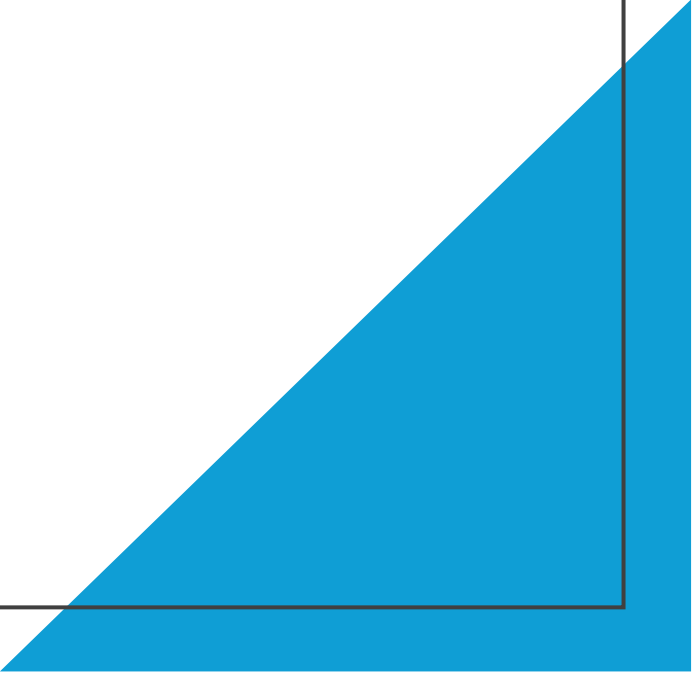


# Carbon Border Adjustment Mechanism (CBAM)

- Prevents carbon leakage.
- CBAM certificates required for carbon-intensive imports.

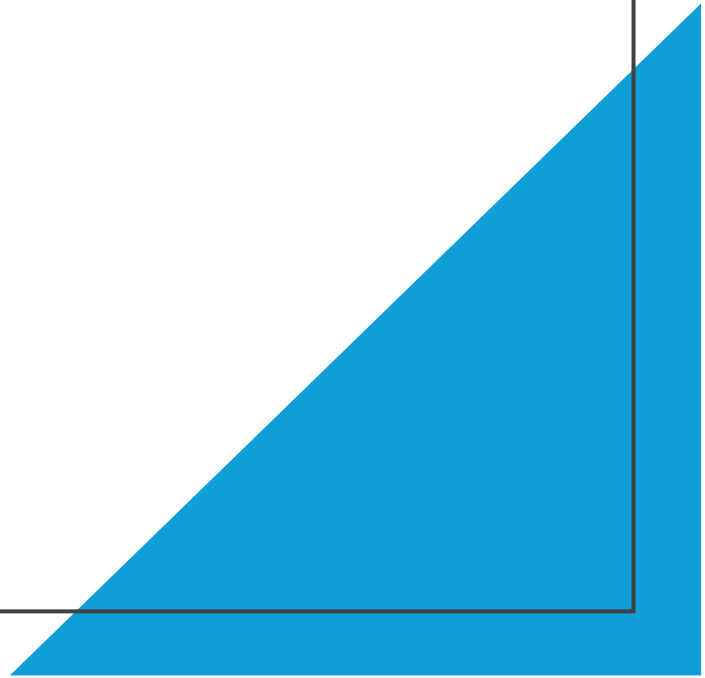


# CBAM Sectors

- • Steel
  - • Cement
  - • Aluminium
  - • Fertilizers
  - • Hydrogen
  - • Electricity
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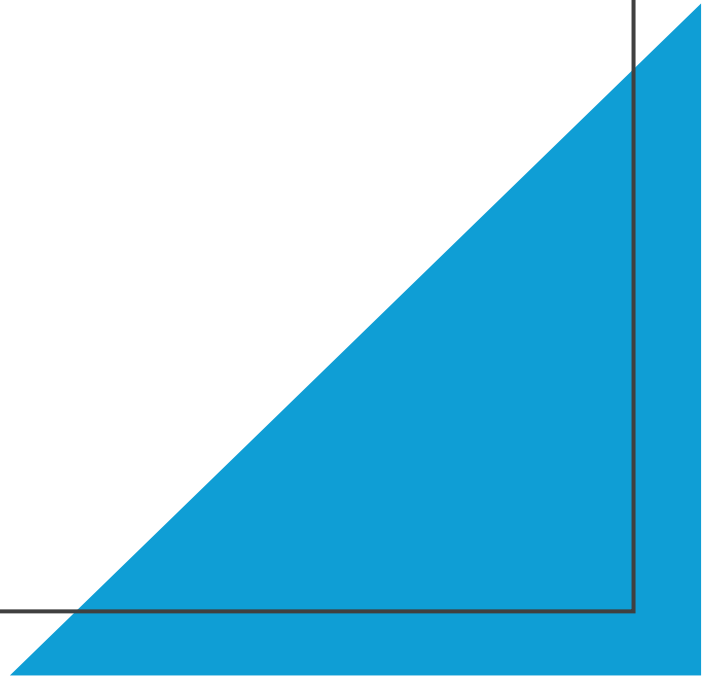
# Financial Instruments for the EGD

- Need €260bn additional annual investment.
- Mobilized through EU-level and national sources.



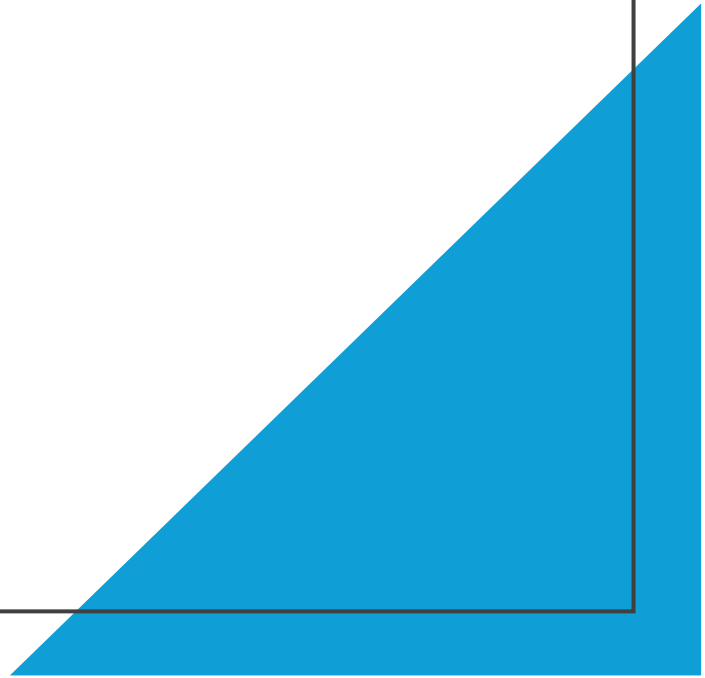
# European Green Deal Investment Plan (EGDIP)

- Mobilizes €1 trillion over 10 years.
- Funding • Enabling • Execution pillars.



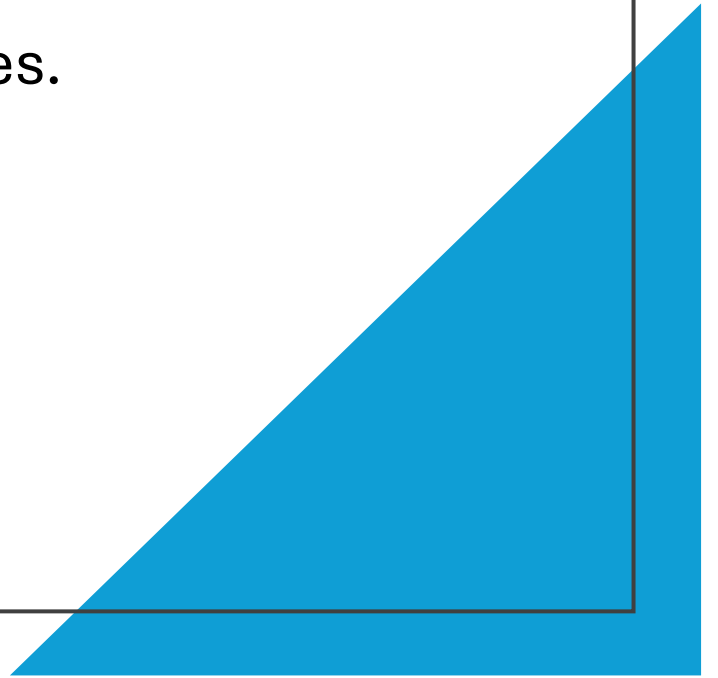
# InvestEU Programme

- EU budget guarantee mechanism.
- 30% must support climate objectives.
- 60% environmental focus under Sustainable Infrastructure.



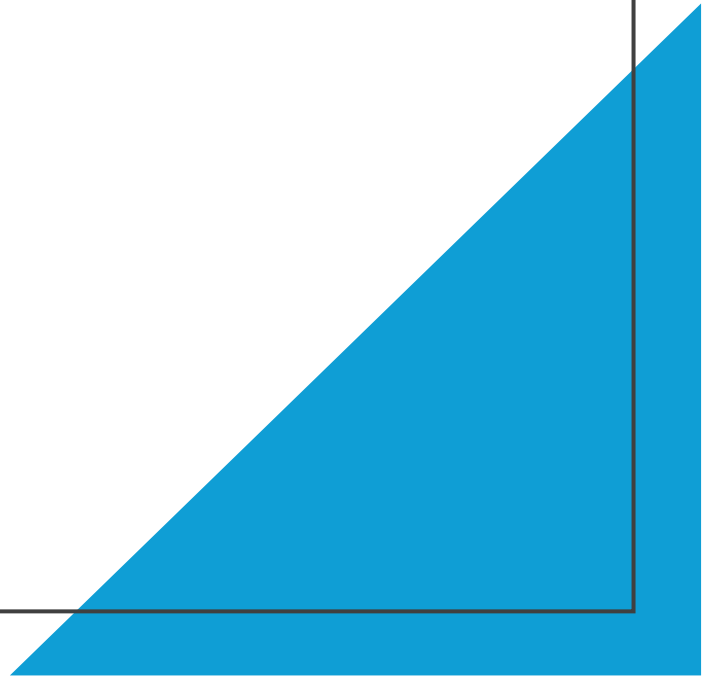
# Just Transition Mechanism (JTM)

- Ensures fairness.
- Supports regions dependent on high-carbon industries.



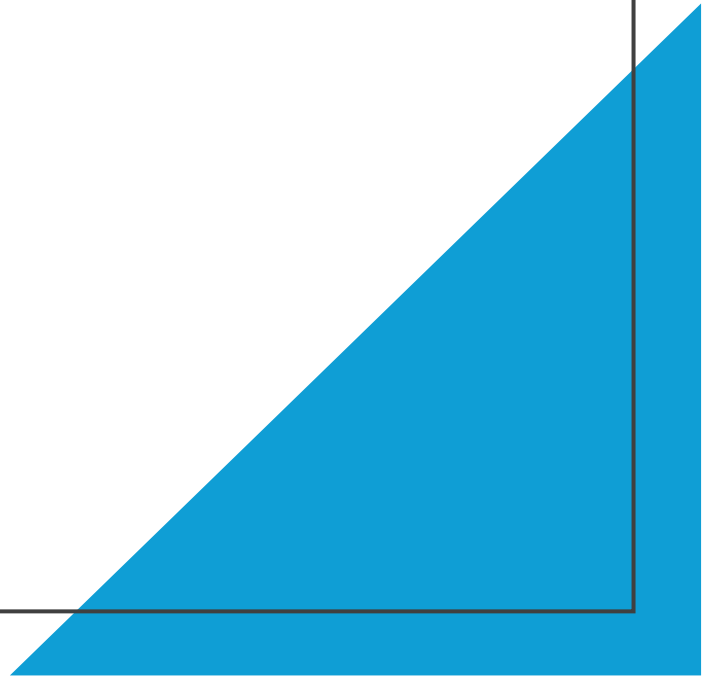
# JTM Pillar 1: Just Transition Fund (JTF)

- Nearly €20bn for diversification, worker reskilling, new economic models.



# JTM Pillar 2: InvestEU Just Transition Scheme

- Mobilizes private finance in vulnerable regions.



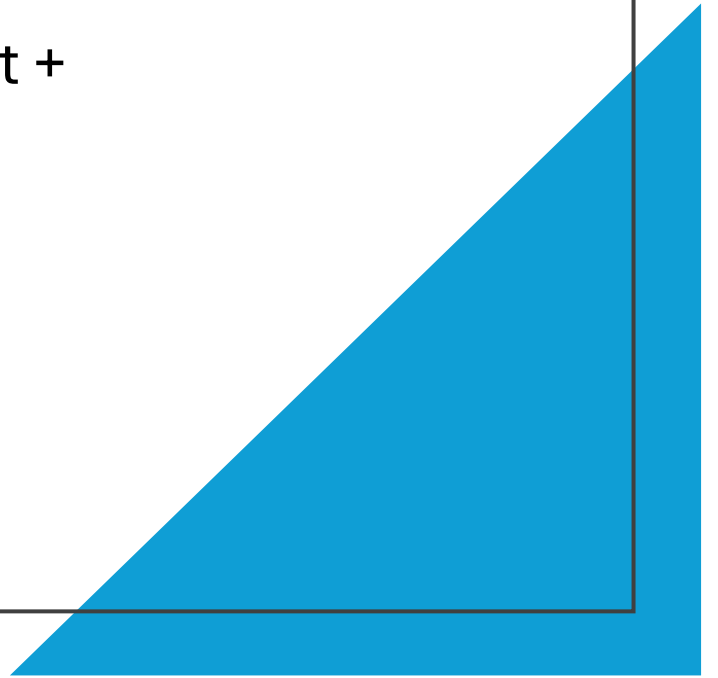
# JTM Pillar 3: Public Sector Loan Facility

EIB loans (€6-8bn) + EC grants (€1.3bn).



# Social Climate Fund (SCF)

- Mitigates ETS 2 impacts.
- Supports vulnerable households with income support + green investments.



# Governance: European Semester

Monitors  
economic, social,  
and environmental  
indicators.

Integrates EGD  
priorities.

# Competitive Sustainability Framework



Four pillars:



- Economic stability



- Social fairness



- Environmental sustainability



- Productivity growth

# Global Implications of the EGD



EU as global standard-setter.



Influences global markets via regulation (Brussels Effect).



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