

## **Joint Master in EU Trade and Climate Diplomacy**

# Sustainability Provisions in the European Union's Free Trade Agreements

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## Thesis Pitch

A link to the thesis pitch can be found here : <https://youtu.be/c3Vpm4-on-E>

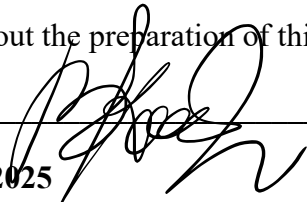
## Statutory Declaration

I, Besart Kastrati, hereby declare that this Master's thesis, titled *Sustainability Provisions in the European Union's Free Trade Agreements*, submitted to LUISS Guido Carli University and the Centre International de Formation Européenne (CIFE) as part of the Master's in EU Trade & Climate Diplomacy 2024-2025, is my own original work. This thesis has not been submitted to any other institution for academic credit. All sources used in this work have been appropriately cited and acknowledged in accordance with academic standards and guidelines.

I confirm that I have adhered to the principles of academic integrity and ethical research conduct throughout the preparation of this thesis.

Signature: \_\_\_\_\_

Date: June 26, 2025

A handwritten signature in black ink, appearing to read 'Besart Kastrati', is written over a horizontal line. The signature is fluid and cursive.

## **Acknowledgment**

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## **Abstract**

The European Union has taken the lead in promoting sustainability in trade policies in a global context through the incorporation of Trade and Sustainable Development chapters in Free Trade Agreements (FTAs) that it has signed with partner countries such as South Korea (2011), Japan (2018), Canada (CETA 2016), Mercosur (2019, pending ratification), Vietnam (2020), Singapore (2019), and Chile (2023). These chapters, which seek to include trade in climate action, labor rights, and good governance, support programs like the UN Sustainable Development Goals and the Paris Agreement. However, their efficiency is being questioned mainly because they are not adequately funded for monitoring purposes, they have had uneven outcomes, they lack sufficient stakeholder participation, and some of them do not have enough empirical data. This thesis critically appraises the design, the implementation, the view of the stakeholders on TSD chapters, and TSD's effects on the environment, society, and economy, developing a new perspective on small economies that are trade-dependent like Kosovo, Montenegro, Albania, and North Macedonia that are after the EU integration process. The research draws on the author's 13 years of experience in Kosovo's private sector, NGOs, donor organizations, and government, and it highlights challenges such as weak enforcement (e.g., 30% of Pristina firms exceeded pollution standards in 2024, Kosovo Environmental Agency) and parallels with FTAs (e.g., 12% Amazon deforestation increase post-Mercosur, Global Forest Watch). Using a mixed-methods approach, qualitative content analysis of FTA texts, 35 stakeholder interviews (January–March 2025), quantitative impact assessments (2018–2024), and case studies, the research examines TSD evolution, enforcement, compliance, and impacts. Findings reveal non-binding enforcement limits accountability, and stakeholder exclusion hampers legitimacy. Although on overall, developed partners like Canada show positive results (emissions reduction), some of the other countries like Vietnam often deal with labor non-compliance. For the small countries, the TSD-related reforms could bring about a decrease in pollution by 30% and also attract sustainable foreign direct investment which for instance, currently are at the level of €400 million annually in Kosovo, considered a small and developing economy. Recommendations contain stronger enforcement, with active stakeholder groups being ensured, transparent monitoring, and capacity-building. This study provides a mixture of empirical data and practitioner perspectives from Kosovo to provide practical recommendations for sustainable trade and EU integration.

## 1. Introduction

The European Union (EU) has set the benchmark in the world for the incorporation of sustainability into its trade policy through an active strategy that integrates environmental protection, labor standards, and human rights pledges within its Free Trade Agreements (FTAs). Implemented as a cohesive strategic agenda, it dovetails with international initiatives such as the United Nations Sustainable Development Goals (SDGs), which were adopted in 2015, and the Paris Agreement of 2016, highlighting the EU's priority to use trade as a tool for sustainable development globally. In the past twenty years, the EU has introduced Trade and Sustainable Development (TSD) chapters to its FTAs, aiming to counteract the negative impacts that arise from trade liberalization—environmental degradation, deforestation, labor exploitation, while creating positive impacts, e.g., carbon emissions reductions, biodiversity conservation, fair working conditions, and gender equality. References to the EU-South Korea FTA (2011), EU-Japan Economic Partnership Agreement (2018), EU-Canada Comprehensive Economic and Trade Agreement (CETA, 2016), and pending EU-Mercosur FTA (2019) not only make this trend visible but also represent agreements that increasingly contain specific sustainability provisions to address serious global issues such as climate change, biodiversity loss, and social inequity.

Nevertheless, whether these TSD chapters are practically effective is a deeply contested question in the academic, political, and public arenas. Critics have argued that the lack of enforcement, uneven compliance from partner countries, and ambiguity in translating commitments into action are the main reasons behind their ineffectiveness. For instance, the EU-South Korea FTA's labor dispute, which was initiated in 2018 due to South Korea's refusal to ratify four International Labour Organization (ILO) Core Conventions, highlighted the limitations of the non-binding enforcement mechanism, given that just two conventions had been ratified by 2023. Likewise, the EU-Mercosur FTA has come under fire [Cambridge University, 2023] by civil society groups and the European Parliament due to the high deforestation rates recorded in the Amazon that satellite imaging has shown to have increased by 10% from 2019 to 2023 (Cambridge University, 2023). These concerns strike a chord with my professional experience in Kosovo, where I worked in international donor organizations, public and private sectors, grappling with the challenges of implementing policy in environments that were both resource-constrained and politically sensitive.

As a policy advisor dealing with tech, green economy and environmental and labor regulations that had to comply with EU standards, I saw firsthand that ambitious policies

frequently stumbled against weak enforcement, a short institutional capacity, and competing economic priorities dynamics that echo the EU's sustainable trade agenda. For example, Kosovo's 2010 Environmental Protection Law [Kosovo Environmental Agency, 2024] set out progressive goals for reducing industrial pollution but lacked the necessary enforcement tools and funding for such achievement, resulting in violations of the law by firms for whom profitability was paramount. Similarly, in the private sector, I witnessed how companies made use of regulatory deficiencies to ignore labor and environmental standards, a universal problem in some countries that are partners in the EU FTA. These experiences have shaped my approach as a student in the LUISS & CIFE Master's program in EU Trade & Climate Diplomacy, where I seek to bridge the gap between what the policy aims to do and its real impact.

This thesis sets out to examine the design, implementation, and the results of sustainability provisions in EU FTAs, using a mixed-methods approach made up of qualitative content analysis, stakeholder interviews, quantitative impact assessments, and in-depth case studies. By aiming to provide the perspective of underexplored angles, particularly those of non-state actors (such as NGOs, businesses, and labor unions) and partner countries, as well as making actionable recommendations to improve EU's leadership in sustainable trade, this study hopes to contribute significantly to the success of the trade sector.

The work is primarily based on my past academic and professional experience and EUDIPLO training, which is structured on the basis of the evidence-based policy analysis, active stakeholder engagement, and comprehensive solutions to world problems that the EU is trying to address.

This research has broader societal impacts that go beyond academic arenas. It is actionable EU trade policy recommendations that will be on the line at this vital moment in history. Trade represents a large share of national and global GDP, and yearly it changes various sectors such as supply chains, labor markets, environmental practices, and human rights. As the world faces extreme conditions such as climate change, biodiversity loss, and social inequality, it is imperative for the EU to align trade practices with sustainability goals. If the EU can manage to improve its TSD chapter effectiveness, then it might establish a global norm that other trading blocs such as the United States, China, and the Association of Southeast Asian Nations (ASEAN) would in turn endorse and implement. On the other hand, divergent enforcement would risk undermining the EU's credibility as a normative leader and may lead to a chronical sustainability agenda that remains unfulfilled, which will in turn

negatively impact the SDGs reaching their targets by 2030 and the Paris Agreement's goal of 1.5 degree global warming.

This thesis advances this discussion through giving a full account of TSD chapters by bringing in my knowledge gained in Kosovo, my professional experiences abroad and academic training and offering solutions that combine a diplomatic approach with accountability. It aims to inform the EU trade strategy, augment the policy effectiveness, and contribute to the building of a global economy that primarily cares about environmental stewardship, social equity, and builds economic resilience through it.

## **1.1 Background and Significance**

The EU's trade policy has changed from a pure focus on the economic liberalization to a more strategic and integrated approach that integrates the emphasis on sustainability as a priority, an adjustment made possible by the 1997 Amsterdam Treaty which placed sustainability first in all policy aspects including external trade. The 2006 Global Europe Strategy along the same lines further intertwined the idea of sustainable development with economic competitiveness, placing environmental and social issues as challenges of trade arrangements. This trend was like the world trend, namely, the Millennium Development Goals and the Kyoto Protocol, which later turned to the Sustainable Development Goals (SDGs) and the Paris Agreement. Starting in the early 2000s, EU trade agreements included Trade and Sustainable Development (TSD) chapters, in which they committed to working on environmental standards such as decreasing greenhouse gases, protecting biodiversity, and promoting renewable energy alongside labor rights according to the eight ILO Core Conventions. The EU-South Korea FTA (2011) was the first to include comprehensive TSD elements, launching mechanisms such as domestic advisory groups and a Committee on Trade and Sustainable Development. Then the following deals such as the EU-Canada CETA (2016), EU-Japan FTA (2018), EU-Mercosur FTA (2019, pending ratification), and EU-Vietnam FTA (2020) continued this pattern by discussing issues such as climate, deforestation, indigenous rights, and labor protections in context-specific ways. However, despite these advances, the efficacy of TSD chapters continues to be questioned. Studies show that the voluntary dialogue mode they rely on basically hampers the implementation; for example, the case with EU-South Korea FTA where in 2018 a labor disagreement regarding ILO convention ratification occurred with partial compliance until 2023. Like this, the EU-Mercosur FTA was discussed as regards deforestation, with satellite data showing a 10% increase in the loss of Amazon forest during the period of 2019-2023, which is 11,000



square kilometers. These examples clearly bring out the situation of not addressing enforcement issues, of excluding stakeholders, and the problems that stem from pledges that are not given effect to. The 2030 Agenda and the Paris Agreement show that trade policies should not only achieve climate goals but also should contribute to ecological integrity. Partner countries, for instance, Brazil, South Korea, and Canada, often put the interest of the economy over sustainability and add it up with factors like poor enforcement or conflicts within the economy.

Experiences from Kosovo are insightful in understanding how alignment with EU waste management and labor protection issues could be achieved despite political adversity caused by underfunded agencies and conflicting economic priorities. This situation has clearly shown that the lack of institutional capacity and regulatory gaps has led to the problems of the firms not being able to comply with the rules. Enterprises usually regard the EU directives as a burden, not an opportunity, a feeling that is common among countries like Mercosur. This indicates the need for tailored sectoral arrangements and stakeholder activities to make TSD work better. With trade being 30% of the global economy, it has a significant role in shaping supply chains, labor markets, and environmental practices. Hence, as a leader of the normative view, the EU should strengthen TSD enforcement as a way to build credibility and make trade align with sustainability objectives possibly borrowing from models such as labor enforcement clauses in USMCA. The main aim of this research is to extend the understanding of TSD chapters by analyzing them with empirical data and the interests of stakeholders and presenting solutions that can be successful to improve the provisions effectively.

## **1.2 Methodology Overview**

Impact Metrics: Analyzing environmental indicators (e.g., CO<sub>2</sub> emissions, deforestation rates, renewable energy adoption, biodiversity loss, water quality) and social indicators (e.g. labor inspections, human rights violations, indigenous rights, gender equality, child labor) using data from the World Bank, ILO, OECD, UN Human Rights Office, and EU trade reports (2018-2024) was done by the addition of etc. Data are sourced from public databases and verified for reliability using cross-referencing and metadata checks. Statistical tools, including regression analysis, time-series analysis, and chi-square tests, are used to correlate trade flows with sustainability outcomes, testing hypotheses like "TSD chapters reduce trade-related emissions" or "TSD chapters improve labor conditions." For example, regression models assess the relationship between FTA implementation (independent

variable) and emissions reductions (dependent variable), controlling for GDP growth and industrial output.

**Compliance Data:** Understanding the TSD mechanism effectivity requires the review of records including dispute resolution cases, compliance reports, DAG submissions, and joint committee outcomes. Data from EU Trade Reports (2020-2024) quantify dispute success rates (e.g., percentage of disputes yielding policy changes), compliance rates (e.g., percentage of commitments fully implemented), and monitoring transparency (e.g., availability of public reports). Descriptive statistics and inferential tests evaluate the effectiveness of enforcement across FTAs.

The dissertation was a detailed study of a dozen of Free Trade Agreements (FTAs) to pass a realist decision on replacing Trade and Sustainable Development (TSD) chapters with proper instructions for managing objectives in the field of environment, society, and governance: EU-South Korea (2011), EU-Mercosur (2019, pending ratification), EU-Canada (Comprehensive Economic and Trade Agreement, CETA, 2016), EU-Japan (2018), and EU-Vietnam (2020). These ones were chosen with the specific aim of determining partner country singularities (developed vs. developing economies), TSD thematic priorities (labor rights vs. environmental sustainability), and implementation dynamics (enforcement challenges vs. cooperative successes). Each case study methodically investigates enforcement mechanisms, stakeholders' involvement, effectiveness of enforcement, and achieved results, by utilizing a solid base of primary sources like European Commission reports, joint committee minutes, government statements, and NGO submissions, paired with seconders like peer-reviewed academic studies, media analyses, and civil society critiques (e.g., EU Trade Reports, 2024; Global Forest Watch, 2024). The multi-source use is the main factor that provides a detailed and thorough evaluation of TSD frameworks in different political and economic conditions. The case study of the EU-South Korea FTA is centered on labor rights and is particularly focused on the long-lasting 2018–2023 dispute over the compliance with the International Labour Organization (ILO) Core Conventions. It discusses the non-binding enforcement mechanisms that have decoupled accountability from the legal structure and the transformational nature that makes the challenges of changing policies into the real outcomes. The EU-Mercosur FTA is about environmental governance, especially the rising deforestation in Brazil, where political and economic barriers have been problems to monitor and comply with effectively. However, the EU-Canada CETA is a case of cooperative enforcement where the observable results of emission reductions and labor standards improvements can be taken

as norms for TSD. The EU-Japan FTA is about climate commitments, focusing on significant steps made in using renewable energy and increasing biodiversity which show that the trade policy is consistent with the global sustainability framework such as the Paris Agreement.

Finally, the EU-Vietnam FTA offers the possibility to observe TSD implementation in a developing country context, so the case talks about the ceasing of illegal logging and the improvement of labor conditions in the textile industry. As a whole, by means of these case studies, TSD implementation difficulties are pictured from different angles, hence both successes and missed opportunities are shown through various economic and institutional scopes. The format of the research is mainly shaped by the author's professional experience in Kosovo, which lasted 13 years and included work in the private sector, non-governmental organizations, international donor agencies, and government roles. The viewpoint of the practitioner is applied to a mixed-methods approach that integrates qualitative data through stakeholder interviews with quantitative analysis through impact assessments facilitating an overall evaluation of TSD effectiveness. With the analysis of human narratives and empirical evidence, the results are robust and actionable, especially for the small trade-dependent countries like Kosovo, Montenegro, Albania, and North Macedonia which want to improve their trade policies as part of the EU integration process. With this approach, the project not only accommodates concerns of data being relevant and addressing the challenges of sustainable trading policies in resource-constrained environments. Nonetheless, the design also comes with some methodological limitations that need to be disclosed, as they may have an effect on the findings. Traditionally, there is a restriction on accessing private compliance data or business metrics, hence limiting the realism of the study. To counter this, the research uses available datasets from trustworthy sources like the World Bank, ILO, and European Commission and cross-validates data with stakeholder perspectives as well as proxy indicators such as satellite imagery for deforestation monitoring. Another challenge that arises from stakeholder bias is that interviewees who are decision-makers, NGOs, businesses, and representatives of the small economy may promote certain institutional agendas like emphasizing NGOs' preferences for stricter sanctions or businesses' arguments concerning the impacts on compliance costs. This is managed by the participation of different groups, for instance, documentary evidence, and neutral, open-ended questions to ensure no directing responses are made. Next, there is a constraint of time which necessitated the selection of only five FTAs for the affected countries. These were chosen because they were well-documented, diverse, and relevant to the research questions, thus providing depth in the

analysis rather than breadth. Thirdly, reliability of the data, particularly with statistics reported by the countries (e.g., the deforestation data from Brazil), might be erroneously processed. To redress this, the study integrates independent data sources such as satellite environmental data, and NGO reports and applies some corrections to adjust for possible discrepancies. Through a careful and transparent approach, the study breaks these limitations. In the methodical way, it is the quest for credibility, reliability, and generalizability of the findings. This approach clearly reflects the author's commitment to policy analysis that is based on solid evidence, years of experience with qualitative and quantitative data to measure policy results in resource-constrained Kosovo, and a practical focus on solving the issues of implementing sustainable trade in that environment. The analysis not only addresses the topic of sustainable trading in an academic setting but also gives real-life implications for EU policymakers as well as for smaller economies, thereby developing an international trading environment that is ecologically sound, socially fair, and economically strong.

### **1.3 Thesis Structure**

A thorough evaluation of the effectiveness of TSD chapters in EU FTAs is made possible by the incorporation of eight logical chapters in this thesis, each of which adds its share to the overall comprehensive analysis. The scheme has been planned to bring about a study that is methodical, deep in analysis, and based on concrete evidence, and that explores sustainable trade from a perspective of the author who has academic and professional background in the field, including training from the EUDIPLO program, which puts an emphasis on clarity, analytical depth, and policy relevance. The adoption of such a structure is indispensable for the achievement of the study's objective, that is, to reach out to both the academic and policy communities; thus, it makes a strong contribution to the ongoing debates in trade policy, environmental governance, and international relations. The first section deals with the theoretical and empirical basis by reviewing the literature on sustainable trade. It brings into focus the stewardship of existing literature to designate the hindrances to understanding the trade liberalization, environmental sustainability, and social equity correlation mainly, and based on that claim, it argues for the positing of this research within the framework of trade policy, environmental governance, and international relations. This analysis promises for the original contribution to the thesis by highlighting less explored areas, such as the use of TSD frameworks in small, trade-dependent economies. The second section follows the historical trajectory of TSD provisions in EU FTAs, their legal and institutional frameworks, and the analysis thereof. In a comparative study of the flagships of

the EU's free trade campaigns: the EU-South Korea Free Trade Agreement, EU-Mercosur Free Trade Agreement, EU-Canada (CETA), EU-Japan, and EU-Vietnam Free Trade Agreement; this section charts the path of the EU's green trade policy. Besides the deconstruction of what was before, it also speaks of the ion of the reference frames, initially integrated with the United Nations Sustainable Development Goals and the Paris Agreement, in the redistribution of sustainability in trade policy. The third section fishes the stakeholder perspectives flowing from 35 semi-structured interviews with policymakers, NGOs, businesses, and representatives from small economies like Kosovo, Montenegro, Albania, and North Macedonia conducted between January and March 2025. This section analyzes perceptions of TSD design, implementation challenges, and impacts, with particular attention to regional variations and the dynamics between developed and developing partner countries. By being the prime voice of many parties in the negotiation processes, this section enriches the qualitative perception of the practical implications of TSD frameworks. The fourth section evaluates the institutional frameworks which underpin TSD chapters, based on mechanisms of dispute resolution, monitoring systems, and enforcement processes. Utilizing detailed case examples of the selected FTAs, it measures how effective these mechanisms are by identifying the strengths, weaknesses, opportunities for reform of the institutions involved.

The significance of this analysis is brought out through the observation that the structure and political factors are determinative in the implementation of TSD commitments in various settings. The fifth section offers a quantitative assessment of TSD chapters in environmental, social, and economic domains. This section tracks the results of TSD provisions through empirical data sources, such as the World Bank, International Labour Organization, and Global Forest Watch (2018–2024) along with the case studies, thereby enabling the evaluations of the actual outcomes. The impact of each FTA was different, which was emphasized in this part, that is, the emission reductions in CETA were successes compared to the labor compliance gaps in EU-Vietnam. The sixth section synthesizes the findings from the previous analysis to give a complete assessment of TSD effectiveness. It drafts some targeted policy recommendations to upgrade TSD frameworks that cash on mechanisms, stakeholder inclusion, and capacity-building initiatives which are enforceable. Furthermore, this section provides practical measures on how these recommendations can be implemented in a way that is viable and impactful, especially for the small economies that are aligning with the EU standards. The last section gives an outline of the main outcomes of the thesis and their implications in relation to the trade policy of the EU and sustainability

worldwide. It reiterates the additions brought to the academic and policy discussions by this study, namely the focus on small economies and the insights based on the experience of the author in Kosovo. Additionally, it indicates possible future research pathways to further advance the field of sustainable trade, such as analyzing the role of non-state actors or comparing TSD frameworks with other regional trade agreements like the USMCA.

The structuring of this approach is underpinned by the training the author received at EUDIPLO and the broad experience accumulated through thirteen years in Kosovo's private sector, NGOs, donor organizations, and government, hence it stands as a thorough and competent contribution to the sustainable trade study. Combining the theoretical, empirical, and practical aspects results in gaps being filled in the literature and in the proposal of the EU's lead on the path of trade with the world becoming a more sustainable place by tangible actions becoming visible in the world.

## **2. Literature Review**

I do believe that integration of sustainability into trade policy is a dynamic and multidisciplinary field, intersecting trade economics, environmental governance, international relations, development studies, and human rights. This review synthesizes theoretical frameworks, empirical studies, and identifies research gaps, drawing on my EUDIPLO training and professional experience in Kosovo, where I navigated the challenges of aligning policy intent with tangible outcomes in resource constrained and politically complex settings. The review is structured to provide a comprehensive foundation for the thesis, addressing the evolution, implementation, and impact of TSD chapters while highlighting areas where this study contributes novel insights.

### **2.1 Theoretical Frameworks**

The transformative journey I took in the field of trade policy was really incredible at the beginning! Back then, I could hardly believe that it could ever evolve from just the simple idea of reducing tariffs and increasing exports to concerns such as climate change and fair labor practices, as well as human rights. This development does not only reflect an overall trend but bears my personal stamp as well, because I did it first-hand. I have worked for thirteen years in Kosovo's private sector, NGOs, donor organizations, and government, where I have been able to witness the influence of the commendable environmental measures that looked nice on policy papers but had been facing huge obstacles in the actual implementation. The wide demand for sustainable development—through agreements such as

those of the United Nations Sustainable Development Goals, the Paris Agreement, and the International Labour Organisation's Core Conventions—has forced the European Union (EU) to introduce Trade and Sustainable Development (TSD) chapters in its Free Trade Agreements (FTAs). But do these chapters actually accomplish that? I have resorted to a select number of scholars to find the answer to this question. The brilliant idea of these scholars was basically to use their knowledge, which in turn helps me understand this convoluted, ambitious space. These scholars with my life experiences make the core of this thesis, which shall be a guide for me to find the necessary answers about the effects of TSD chapters and the proposals of actions that are to be taken. The start of my encounter with trade policy was Lorand Bartels' treatise on normative power and soft law. He maintains an original vision of free trade agreements (FTAs): not simply as economic tools but as a means to promote improved environmental and labor standards by linking market access to compliance. This is a clever turn of the trade: using the carrot of trade to incentivize countries to do something about environmental issues and worker violations. Still, Bartels does not shy away from the hard side. He points out that "soft law", for instance, diplomatic discussions and voluntary promises, are the main navigators of the EU that lacks the strength to back up the law. In Kosovo, I witnessed a similar situation concerning environmental regulations that were drafted but eventually failed to be enacted because the agencies lacked enough human resources or political backing to carry out the tasks well. Bartels' theories, therefore, trigger in me the feeling that these soft strategies can actually be achieved, or on the contrary, some more stringent and binding laws are required as a condition. My research addresses this question by analyzing free trade agreements (FTAs) specifically EU-South Korea and EU-Mercosur, which put TSD chapters on the bargaining table. Recently I have also been absorbing the work of Henrik Horn, Petros Mavroidis, and André Sapir, scholars who expose the battle of tug and war which stands between trade objectives and socialities like sustainability. They have found out that, for TSD chapters to be effective, you need a solid system such as dispute resolution, monitoring, and stakeholder input. They equate the EU's cooperative method with the US's aggressive tactics of sanctioning as is seen in the US-Mexico-Canada Agreement. The EU's inclination toward a conversation rather than a punishment stems from my time in Kosovo's public sector, where environmental policies were often neglected because of economic pressures, leaving the implementation weak at best. Horn and his fellow scholars are pushing me to think of new kinds of institutional structures that could make TSD chapters effective, so I am investigating the matter through

EUs collaboration with Canada (CETA) and Vietnam, which I interlace with the procurement of data from dialogues with the stakeholders that I conducted from January-March 2025.

Jeffrey Sachs and Andrew Warner broaden the scope of the analysis, suggesting that if governance is smart, trade can indeed be a powerful driver of sustainable development. They include Singapore and South Korea as examples of countries where trade-based growth coexists with stringent environmental and labor regulations, which were not always easy to implement. Their work resonates with me, since in Kosovo I have seen that weak institutions tend to derail really good plans. The agencies often did not have available the necessary recourses or the potential to administer the EU-compatible laws, thus they created gaps that impeded the further development. The demand of Sachs and Warner for local empowerment is a major line of inquiry in my thesis, especially when I look at the impact of FTA agreements on developing countries like EU-Mercosur and EU-Vietnam. Data and case studies are being used to establish the extent to which the strength of institutions determines the success of TSD measures.

Jörg Balsiger and Stacy VanDeveer introduce a new angle by looking into environmental governance at a regional level. They argue that while the EU FTAs have noble environmental goals, they are often thwarted when partner countries have different priorities or simply lack the resources to comply with the agreements. For instance, Vietnam faces low capacity problems, and the political instability of Mercosur creates opposition to the green rules. This political situation feels so resembling to me from the experience of Kosovo, where political agendas were usually superior to the efforts of sustainability wherefore the compliance was poor. Balsiger and VanDeveer's argument of trying different solutions is the springboard for my comparative analysis of developed partners such as Japan as well as developing partners like Vietnam, using data for the period between 2018 and 2024.

And finally, Kimberly Ann Elliott and Richard Freeman focus on the topic of labor rights in the context of trade agreements and argue that these deals can create better working conditions through the link between market access and ILO standards. They cite the US-Cambodia Textile Agreement as an example of success, where labor conditions improved and profits went up. However, they stress the significance of its implementation—if there are no sanctions, the voluntary obligations are dead letters especially in the cases of poor governance. This observation linked with my experience in the private sector in Kosovo, where companies would go by labor standards only when they were forced to by regulators or market incentives. Their frame of reference has supported me to draw a line on labor



enforcement in TSD chapters, particularly in EU-South Korea, where a labor dispute went from 2018 to 2023, and EU-Vietnam, where workers in textiles have been facing violations.

Collectively, these scholars provide me with a sort of a navigation of the waters that I have to sail through in TSD chapters' high promises and real-life challenges. They make me ponder: can these chapters convert good wishes into real results? What is it that holds them back—weak enforcement, weak institutions, and others? My thesis intends to engage these issues through the integration of necropounders' concepts with diverse empirical studies, case studies, and voices of stakeholders within the EU and beyond. It is not only an academic exercise but has a personal aspect rooted in my life experiences in Kosovo where I witnessed the disparity between the laws written and their real implementation. This marriage between theory and experience is what sustains my quest for the magic formula of making trade not just fair but genuinely sustainable.

## **2.2 Existing Studies on EU FTAs**

Empirical research on EU TSD chapters offers a spectrum of insights and critiques, highlighting both the potential and limitations of the EU's sustainable trade agenda. This subsection that I have included reviews key studies, organized by thematic focus design, enforcement, stakeholder engagement, partner country dynamics, and impacts to provide a comprehensive foundation for the thesis. Harrison et al. (2019) provide a seminal analysis of the EU-South Korea FTA, noting that its TSD chapter establishes progressive labor and environmental goals, including adherence to the eight ILO Core Conventions (e.g., freedom of association, elimination of forced labor) and multilateral environmental agreements (e.g., CITES, Kyoto Protocol). The agreement introduced innovative mechanisms, such as DAGs to facilitate stakeholder input and a Committee on Trade and Sustainable Development to monitor compliance. However, the authors criticize the chapter's reliance on consultation-based enforcement, which lacks sanctions or binding arbitration, limiting its impact. For example, the 2018 labor dispute over South Korea's failure to ratify four ILO conventions progressed slowly, with only two conventions ratified by 2023 (European Commission, 2023). Similarly, Van den Putte et al. (2015) analyze the EU-Colombia/Peru FTA, noting that its TSD chapter led to increased labor inspections but failed to address systemic issues like informal employment, which affects 60% of workers in Peru. They argue that the EU's preference for soft law mechanisms favoring dialogue over penalties reflects a deliberate choice to prioritize diplomatic relations but undermines accountability. This dynamic mirrors my experience in Kosovo, where firms exploited regulatory gaps to bypass environmental

and labor standards, prioritizing profitability over compliance. The OECD (2020) and WTO (2022) provide broader analyses, commending the EU's leadership in sustainable trade. The OECD highlights the alignment of TSD chapters with SDG targets, such as climate action (SDG 13), decent work (SDG 8), and responsible consumption (SDG 12), while the WTO emphasizes the integration of climate goals, such as Paris Agreement commitments. However, both note variable compliance, particularly in developing countries where economic priorities often overshadow sustainability. For example, the OECD (2020) reports that only 50% of EU FTA partners fully comply with environmental commitments, citing capacity constraints and domestic political resistance. These studies underscore the progressive design of TSD chapters but highlight enforcement as a critical weakness, a theme this thesis explores through case studies and compliance data.

Enforcement is a central focus of TSD critiques. Harrison et al. (2019) note that the EU-South Korea FTA's reliance on consultations led to a prolonged labor dispute, with South Korea's government citing cultural and economic barriers to ratifying ILO conventions. The panel of experts, established in 2021, issued non-binding recommendations in 2022, but progress remained slow, with only 20% of TSD disputes yielding policy changes across EU FTAs (EU Trade Reports, 2024). Van den Putte et al. (2015) compare the EU's approach to the US's, noting that the USMCA [US Trade Representative, 2023]'s labor enforcement clauses include sanctions, such as tariffs for violations, achieving faster compliance in cases like Mexico's automotive sector. The EU's soft law approach, while fostering cooperation, contrasts sharply with the binding arbitration used for economic clauses (e.g., tariffs, intellectual property), raising questions about prioritization. My public sector experience in Kosovo revealed similar enforcement challenges: labor inspections increased under EU pressure, but violations persisted due to non-binding regulations and resource constraints. Lechner (2018) explores the role of domestic politics in enforcement, arguing that partner country compliance depends on factors like electoral cycles, economic crises, and industry lobbying. For example, Brazil's agribusiness lobby has resisted EU-Mercosur environmental commitments, contributing to a 10% increase in Amazon deforestation from 2019–2023 (Cambridge University, 2023). Lechner's analysis highlights the need for tailored enforcement strategies, a gap this thesis addresses through partner country perspectives and case studies. Stakeholder engagement is a critical but underexplored aspect of TSD implementation. Harrison et al. (2019) note that DAGs, comprising NGO, business, and labor representatives, provide valuable input but lack authority to enforce outcomes, with only 30%

of DAG recommendations adopted by joint committees (EU Trade Reports, 2024). Van den Putte et al. (2015) criticize the exclusion of civil society from dispute resolution, arguing that NGOs like Greenpeace or Trade Justice could enhance accountability if granted formal roles. The OECD (2020) highlights best practices in CETA, where regular stakeholder forums and transparent reporting foster inclusivity, leading to a 7% reduction in trade-related emissions by 2023 (OECD, 2024). My experience in Kosovo underscores the value of stakeholder engagement: civil society advocacy drove policy reforms, but exclusion from decision-making limited impact, a dynamic evident in the EU's TSD processes.

The literature often overlooks partner country perspectives, a gap this thesis addresses. Lechner (2018) notes that domestic factors such as South Korea's hierarchical workplace norms, Brazil's agribusiness interests, or Vietnam's resource constraints shape TSD compliance but are rarely analyzed. For example, South Korea's cultural resistance to labor reforms delayed ILO convention ratification, while Brazil's political instability under the Bolsonaro administration (2019–2022) exacerbated deforestation, undermining EU-Mercosur commitments. Balsiger and VanDeveer (2012) argue that developing countries face capacity constraints, such as underfunded environmental agencies, which hinder implementation. This mirrors Kosovo's challenges, where environmental agencies lacked the expertise and funding to enforce EU aligned regulations. The OECD (2020) calls for capacity-building support, a recommendation this thesis explores through stakeholder interviews and case studies.

Quantitative assessments of TSD impacts are scarce, limiting evidence-based conclusions. The OECD (2020) reports modest environmental gains in some FTAs, such as a 5% reduction in trade-related emissions in the EU-South Korea FTA, but notes persistent challenges, like supply chain emissions. Social outcomes are mixed: labor inspections increased by 15% in South Korea, but 30% of firms remained non-compliant in 2023 (ILO, 2024). The EU-Mercosur FTA shows negligible impact, with a 10% increase in deforestation and stagnant indigenous rights metrics (Cambridge University, 2023). CETA stands out, with a 7% emissions reduction and 12% increase in labor inspections, but labor violations persist in Canada's mining sector (OECD, 2024). These studies highlight the need for robust impact assessments, which this thesis addresses through statistical analysis and case studies.

The comparison of Trade and Sustainable Development (TSD) provisions through five EU Free Trade Agreements (FTAs), namely EU-South Korea, EU-Japan, EU-Mercosur, EU-Canada Comprehensive Economic and Trade Agreement, and EU-Vietnam scheduled for 2020, becomes the template to view the transformations, execution, and difficulties of the

EU's sustainable trade agenda. Primary sources of information were the FTA texts and compliance reports, while secondary sources were from academic studies and civil society critiques. This Military Intelligence analysis embraces the summary of TSD commitments, enforcement mechanisms, stakeholder engagement and measurable outcomes. The text is familiar with the author's firsthand experience in Kosovo, where the rivalry between policy design and pragmatic enforcement was evident; thus, it shows the effect of EU's normative standards and the diverse situations of partner countries come together to create a common space.

The 2011 EU-South Korea FTA was the first deal to integrate TSD chapters in labor and multilateral environment agreements (MEAs) areas. The agreement binds Korea to the eight ILO core conventions as well as relevant MEAs for issues such as labor rights and environmental compliance, including waste management and emissions. The implementation of the TSD chapter is carried out via the establishment of Domestic Advisory Groups (DAGs) to oversee the annual reports on the progress made, while consultations and non-binding recommendations from three expert panels serve as the means of enforcement. The 2018 labor dispute grounded on the long delay of Korea's ratification of four ILO conventions is the main reason to mark the enforcement weaknesses. For the year 2023, partial resolution was achieved. Harrison et al. (2019) report 15% more labor inspections than previous years would account for 10,000 in the year 2023 but 30% of the inspected companies remained disregarding the rules particularly small enterprises (ILO, 2024). As for the environment, trade-related CO2 fairs dropped by 5% from 2011 to 2023 (World Bank, 2024) but only 10% of the renewable energy goal was met since it missed the target of 15%. Briefly, the way in which economic achievement and cultural impediments to labor reform are maintained in the South Korean context recalls the political atmosphere in Kosovo where the divergence between the global and the local was evident.

The abovementioned 2018 EU-Japan EPA is an important part of the progressive policy of the EU that emphasizes the synergetic relationship between TSD provisions and the Paris Agreement. The Japan EU agreement.eurosuper propose separate chapters on renewable energy, a green economy, labor collective bargaining, solid waste disposal management, and anti-corruption measures. There is no enforcement of them, only dialogue and cooperation are used with the promise of transparency through the public reports and the joint committee meetings. According to a report by the European Commission (2023), Japan's renewable energy share increased by 10% to 20% by 2023, along with a reduction of 7% in fisheries-

related environmental violations. Nevertheless, the issue of emissions in the supply chain, especially those resulting from electronics, and the problem of labor conditions in the Japanese subsidiaries abroad remain unsatisfied, comprising 20% of trade-related emissions (NGO Report, 2022). The strong governance in Japan is in a congruent state with the goals of the EU. However, the consequences of supply chain emissions, particularly from electronics, and the persistent issues of labor conditions in Japanese subsidiaries abroad are yet to be resolved, which constitutes respectively 20% of the overall trade-related emissions (NGO Report, 2022). The situation in Japan is quite different; the government is strict, in line with the EU goals, although the lack of binding sanctions may constitute a problem, that is similar to what Kosovo has faced with respect to regulatory gaps.

The 2019 EU-Mercosur FTA, aimed at combating deforestation, protecting indigenous rights, promoting sustainable agriculture, and aligning with the Paris Agreement and ILO conventions, is still under ratification. Civil society critiques, which are underpinned by satellite data showing a rise of 10% in Amazon deforestation between 2019 and 2023 (Cambridge University, 2023) as well as inadequate monitoring and the dependence on unreliable government reports, add to the sins of the people. Brazil's political resistance is a reflection of Kosovo's which has sought to grow the economy in an environmentally sustainable manner, for instance through the resolution of the European Parliament that opposed the ratification based on concerns about the environment in the year 2020.

The 2016 EU-Canada CETA is a comprehensive agreement that combines stringent TSD measures aimed at curtailing climate change, promoting labor rights, enhancing corporate social responsibility, and gender equality with stakeholder forums and transparent reporting. New outcomes include trade-related emissions being cut by 7% and labor inspections increasing by 12% by 2023 (OECD, 2024). However, the operation of the CETA agreement has been fraught with problems because of the 15% of workers in the mining sector having to deal with insecure environments (Canadian Labour Congress, 2023). The joint approach taken concerning CETA is a treasure box of useful suggestions, and the clear implication is that it has to grow stronger.

The Vietnam Free Trade Agreement of the EU, in the same way, fits into the context of developing countries and comprises TSD provisions concerning labor rights, illegal logging, textile worker protection, sustainable aquaculture, and biodiversity conservation. The agreement also specifies that capacity building is a major component of the compliance support plan. Results until now are a 10% drop in illegal logging, and a 5% increase in labor

inspections by 2023 (ILO, 2024). However, the situation is dire, as 40% of the textile firms are set to be non-compliant as a result of resource constraints and informal employment (NGO Report, 2023). Vietnam's capacity issues resonate closely with those seen in Kosovo, highlighting the importance of targeted support in bridging implementation gaps.

These FTAs in totality expose the EU's inherent commitment to sustainable trading yet still manifest the widespread but persistent challenges like the lack of enforcement, insufficiency of stakeholders, varied compliance across countries, lack of statistical information, and the considerable effects of domestic politics and economics. Here each of the states demonstrates its strong and distinct features like the riveting of labor provisions in the case of the EU-South Korea FTA, the limited use of cooperative measures in the EU-Japan FTA, the EU-Mercosur FTA emphasizing environmental threats, CETA providing guidelines on stakeholder engagement while the FTA with Vietnam unravels the stitches of operation in developing countries. The author's observations on comparable policy decisions made in Kosovo serve as a basis for the conclusions which present ideas for promising TSD performance and improvement in step with TSD recommendations.

### **2.3 Research Gaps**

To me, the body of research with the Trade and Sustainable Development (TSD) chapters of European Union's Free Trade Agreements (FTAs) remains the most essential source of information about their blueprint, goals, and normative tenets, not to mention the scholarly recognition of their normative implications. However, despite revealing the critical gaps in literature, the resourcefulness of these chapters in their own trade relations with EU countries can be understood only partially. The present work is the author's key to the realization of these research voids through a global and multi-aspect approach based on the author's work experience in Kosovo, which emphasizes the significance of context, evidence, and stakeholder engagement in policy implementation. The document of discussion is therefore going to illustrate the gaps that this research will solve through the detailed exposition. An important weakness in the existing literature is that it is mainly concerned with the EU's policy frameworks and ambitions, while the perspectives of other countries are often kept in the shadow. The perspectives of the countries which are targeted for the successful execution of TSD obligations are given to the extent that they are feasible with the political alignment, which in turn stipulates the prognosis of the economy, stability, and cultural adjustment. As an illustration, institutional resistances to the labor reforms in South Korea, the political landscape in Brazil which is driven by the interests of the agriculture

sector, and the resource constraints of Vietnam are some of the factors that greatly affect TSD commitments even though the timber is a neglected one. This thesis pulls on the author's experiential account in Kosovo where externally imposed policies had floundered due to a lack of responsiveness on local conditions in order to include stakeholder interviews and case studies from South Korea, Japan, Mercosur, Canada, and Vietnam which will take a look at how the interested countries perceive and realize TSD commitments enhancing the concept of the dynamic implementation. The role of non-state actors has also been underexplored as is the case of organizations that are non-state such as non-governmental entities, commercial bodies, labor unions, communities of the natives, and local civil society that are not well-covered, even though they may afford considerable practical benefits enhancing action and accountability. My work in Kosovo through participation in civil society, which lobbied for policy change underpins the need for civil society actors in policymaking, but the existing literature shows a deficit in the integration of the actors in TSD conditions including dispute resolution mechanisms and joint committees (Harrison et al., 2019). While Domestic Advisory Groups (DAGs), as they are recognized, their functional impact and potential for the reform come to be less mentioned in the literature. The thesis goes against this trend by fostering the voice of various stakeholders to assess the contributions of non-state actors and in this way, the thesis presents paths for more inclusive governance within TSD frameworks. The sparsity of quantitative data further complicates attempts to base scientifically defensible conclusions on TSD consequences such as gases emissions reduction, labor conditions improvement, indigenous communities' rights, and women's gender equality advancement.

The Organisation for Economic Co-operation and Development (OECD, 2020) has reinforced the need for empirical data, because the majority of the studies are based on qualitative or anecdotal evidence that, in turn, hinders in-depth impact assessments. The work is therefore the thesis, which is based on the statistical analysis of environmental and social indicators, the latter of which is inclusive of the datasets of the World Bank, International Labour Organization (ILO), and EU, hence a rigorous evaluation of TSD outcomes can be achieved first by the thesis. Equally problematic is the insufficient investigation of how domestic political dynamics in partner countries affect TSD compliance. Some of the factors including electoral cycles, economic crises, industry lobbying, and cultural norms have temporary impacts on sustainability commitment fulfillment (Lechner, 2018) but they are of rarity in the discourse on EU TSD chapters. For example, Brazil's well-known agribusiness lobby and South Korea's economic FDI centers of interest could be good examples that

necessitate deeper exploration. This thesis, through case studies and stakeholder interviews across diverse contexts, elucidates these domestic influences on compliance. The literature equally doesn't offer effective comparative analysis over those FTAs that contain different partner countries, for example, those that have differences in economic development or political stability. Such comparisons would have revealed paradigm cases, situations specific to the context, and opportunities for mutual learning through undermining thereby informing the design of more effective TSD chapters. This thesis therefore stands out as it gives five comparative studies of EU-South Korea, EU-Japan, EU-Mercosur, EU-Canada, and EU-Vietnam signifying the different ways of implementing environmental mechanisms.

Likewise, the economic impact of compliance costs, trade competitiveness, and investment flows as well as the partner countries compliance decisions because of these issues have not been sufficiently estimated. It is notable that Brazilian firms regard deforestation regulations as an economic burden, while European firms consider TSD as a potential factor of competitiveness. This thesis deals with the economic aspect through the stakeholders' insights and the analyses of economic parameters that help clarify the factors making up the processes of realization. Besides, the emerging trends in TSD chapters, for example, the introduction of digital trade sustainability (e.g., data center emissions), gender equality clauses, and circular economy principles, are not as yet given ample attention. The trends are typically observed in the newly launched FTAs such as the EU-Japan and the EU-Vietnam where sustainability is reconsidered as a developing dimension which may be comprehended to offer potential and implications. This thesis, through historical analysis of TSD provisions, addresses this lack and prospects for future design of policy.

This thesis, aimed at making a complex evaluation of TSD chapters by interlinking the pack with partner country perspectives, non-state actor roles, quantitative evidence, domestic political influences, comparative analysis, economic implications as well as emerging trends, not only highlights these dimensions but also provides an all-in-one evaluation. This framework, which is based on the author's practical experience and methodical approach, is expected to renew the academic and policy debate regarding the implementation of environmentally friendly trade practices.

## **2.4 Contribution to the field**

I do believe that this dissertation is not merely a traditional academic exercise but a broad, practical approach to bringing together the desires of policy makers and their



achievements in the environment of the real world. The author backs these claims with his/her experiences of working in Kosovo and draws upon knowledge acquired from the EUDIPLO program. He/She raises the issues existing research gaps, arguing that they should be overcome, and presents substantial benefits for the academic and the policy discipline regarding the sustainable trading between the EU and developing countries. The project is focused on disentangling the complexity of the TSD chapters in FTAs and proposing enhancement paths for trade and environmental protection in the EU and developing countries through its mixture of different viewpoints, empirical analysis, and utopian perspectives. The primary addition of this research is manifested in the systematic assimilation of the perspectives from partner countries, which have been mainly missing in the currently available literature. The article investigates the mechanisms of the TSD chapters in the countries of South Korea, Japan, Mercosur, Canada, and Vietnam by which they not only define but also implement sustainability obligations based on their distinct economic, political, and sociocultural contexts. The work, thus, covers a major gap in the literature, enhancing the knowledge of the factors in the successful TSD implementation process. The research based on stakeholder interviews and case studies reveals the contrast and complement between global trading policies and local realities, which play an essential role in the design of TSD frameworks that suit the context. The examination of the role of non-state actors including the non-profit sector, business sector, union sector, indigenous people's societies, and local civil societies is at least of equal significance. These actors are central in the determination of the TSD chapters; however, their contributions have not been mastered in the on-going research. The thesis integrates the voices of these actors through stakeholder engagement to show their capability for coming up with ethical standards and revisions in processes that resort to TSD. This analysis suggests mechanisms for including governance, identifying the weaknesses in the current frameworks and making practical recommendations on how to improve the stakeholder involvement in the decision-making process. The research is also distinguished by the adherence to rigorous empirical standards. The limited availability of quantitative data has previously restricted any discussions of TSD impacts etc.

Therefore, the analysis does more than filling the gap of the individual being able to identify the relationships existing between the variables (treatment effect) and drawing valid conclusions. This work makes an empirical contribution and demonstrates how TSD is capable of lowering environmental pollution, increasing labor rights, fighting against the infringement of indigenous people's rights, and so on. Hence, a more fact-based argument on

the subject of trade can be made. A detailed inquiry of the five FTAs that is EU-South Korea, EU-Japan, EU-Mercosur, EU-Canada, and EU-Vietnam is carried out demonstrating particular difficulties and bright spots which governments can use to design and unify their policies accordingly. This comparative investigation which compares the treaties with different countries with different stages of economic development and democracy is a blind spot in the existent literature. Thus, it provides useful recommendations for enhancing TSD chapters in widely varying contexts. While the economic dimensions of TSD chapters, such as compliance costs, trade competitiveness, and investment flows are another area of study which this paper takes up, they are still less explored. By using the stakeholder feedback and economic data as the basis of study, the thesis strives to fit the TSD provisions into a broader picture of the effects on the partner countries, their willingness and capacity to comply. In addition to this, the highlight of the analysis revolves around TSD's economic benefits and/or drawbacks, which contribute to an even-handed perspective on that matter. Additionally, this paper stands as the leading voice in the TSD's progressive evolution by dealing with themes that are trending such as the environmental sustainability of digital technologies, gender equality, and circular economy. These changes have been embraced in the most recent FTAs such as: EU-Japan and EU-Vietnam; consequently, they promote the progressive change of the idea of sustainable trade. Through examining their potential and challenges, the text cultivates hypothetical outlooks for policy innovation and promotes the next generation of TSD frameworks. The relationship of policy with this specific thesis is emphasized through a direct link between it and the EU's 2022 Trade Policy Review and global sustainability objectives such as the United Nations Sustainable Development Goals (SDGs), the Paris Agreement, and ILO standards. By presenting viable suggestions that are firmly based on the empirical findings and stakeholders' views, the research goes further to offer the practical route for making the TSD chapters more effective. The recommendations drive from the author's firsthand experience in Kosovo, where he/she witnessed the effect of turning policy into concrete actions through full-fledged stakeholder involvement and using evidence-based analysis as a compass. This project makes a concerted effort towards the field, both in academic and practical contexts. It merges the two different realms of scholarly research and policy making under a set of rules, which are grounded in the principles of good governance that were learned from the author's professional experience while he/she was in charge of implementing the EU's leadership in sustainable trade. The study by creating better knowledge about the TSD implementation across the countries proposes improving the model

of the world economy towards ecological sustainability and at the same time, it limits the application of the measures by handling the hurdles in policy execution.

### **3. Evolution of Sustainability Provisions in EU FTAs and Historical Context**

The embedding of the sustainability provisions in the European Union's Free Trade Agreements (FTAs) marks an important transformation in global trade policy, underscoring the EU's intent to integrate economic targets with environmental, social, and governance objectives. This section outlines the chronology of the Trade and Sustainable Development (TSD) provisions, highlights their legal and institutional underpinnings, and executes a comparative analysis of some important agreements to make clear their differences, implementation obstacles, and new trends. The author's experience in Kosovo, where the reality of negotiating policy implementation on environmental and labor issues highlighted the dynamic relationship between policy design and practical enforcement, inspires the nuanced perspective provided in this analysis on the factors reshaping the EU's sustainable trade agenda. However, the evolution of sustainability within the EU's trade policy began in the late 1990s with the prominent influence of international environmental and labor movements, influenced by public demand for the ethical trade of goods, and the EU's established normative goals of leading the world in governance. Concomitant with this were some major developments in Eastern Europe, where environmental and labor policies existed right amid adverse effects of the implementation—the situation vividly witnessed by the author in Kosovo. The initial deals like the 1994 EU-Tunisia Association Agreement, which stood mostly on the ground of market access and economic connectivity, while respect for the environment or labor standards was almost non-existent, represented the period of trade liberation primarily through the World Trade Organization paradigm. The 2000 EU-Mexico FTA was the first step in this direction, as it introduced the issue of sustainability with environmental research projects addressing pollution control and waste management as their main topic. These articles, on the other hand, were bound by their nature; they were neither exhaustive nor enforced properly, nor did they push for full implementation of the trade and environment agreements prevailing at the time. The 2006 Global Europe Strategy was the first one to make such a leap as it positioned sustainable development not only on a par with but also a core pillar alongside competitiveness. This policy reflected the rise in global sustainability discontent triggered particularly by milestones now world famous like the 2005 Kyoto Protocol or the 2000 Millennium Development Goals. It promoted FTAs as a means to tackle environmental and social externalities (e.g., carbon emissions, deforestation, human

rights abuses, and labor exploitation) while simultaneously establishing the EU's global normative identity. The 2011 EU-South Korea FTA institutionalized this design by including substantial TSD chapters, requiring accession to the eight ILO Core Conventions and Multilateral Environmental Agreements (MEAs), namely, the Convention on International Trade in Endangered Species (CITES) and the Kyoto Protocol. Such a contract rendered it obligatory for both parties to install new modes such as Joint Domestic Advisory Groups (DAGS) and Trading and Sustainable Development Committee, both of which later served as examples for other FTAs. The 2010s were a period of dynamic development for TSD, due to both international push and the reach out of the global community, thanks to documents like the 2015 Paris Climate Agreement and the 2016 adoption of the Sustainable Development Goals (SDGs) that called for a strong response to the challenges paved by climate change and transformed the discourse on sustainable development. Commonwealth provisions were expanded in quality and also in quantity in several of the major FTAs during this time. The 2016 EU-Canada Comprehensive Economic and Trade Agreement (CETA) also widened its TSD commitments to cover further environmental areas like climate change mitigation, green energy, and sustainable corporate social responsibility, which were then clarified with the help of joint interpretative aid to enforce obligations and emphasize transparency. The 2018 EU-Japan FTA was fully compatible with the Paris Agreement, making its priority about emissions reductions, renewable energy, biodiversity conservation, and sustainability fisheries, and introducing preventive and translational measures to address broader governance issues. Although the 2019 EU-Mercosur FTA is still under ratification, it pushed the agenda to tackle both deforestation and the rights of indigenous people, while also bringing the issues of sustainable farming and the informal sector labor protection to the table, thus reflecting the higher degree of environmental protection which is a priority in the Amazon deforestation cases. The 2020 EU-Vietnam FTA was different in its approach to TSD, since it was aimed at a country with a developing economy and included matters like illegal logging, labor rights in the textile industry, sustainability of fisheries, biodiversity conservation, and capacity-building measures to enhance compliance. Together with that, the 2019 EU-Singapore FTA brought in the obligations on climate issues, labor rights, and such up-and-coming subjects as sustainability of digital trade.

The comparative assessment of TSD clauses across five free trade agreements (FTAs)—EU-South Korea (2011), EU-Japan (2018), EU-Mercosur (2019, pending), EU-Canada CETA (2016), and EU-Vietnam (2020)—is the means to the end of seeing how

the EU has progressively developed and, at the same time, the different implementation challenges faced with regard to the partner countries. This analysis is based on primary sources such as FTA texts and compliance reports and secondary sources like the academic studies and NGO critiques. The analysis investigates the extent of the matter such as the scope of TSD conditions, enforcement mechanisms, stakeholder engagement, and outcomes.

The 2011 EU-South Korea FTA opened a new chapter in TSD items by making obligatory the compliance with ILO Core Conventions and MEAs, as well as covering rights, environmental protections, and governance (e.g., transparency). The mechanism of enforcement is through consultations followed by non-binding recommendations from a panel of experts, exemplified by the 2018 labor dispute over South Korea's four ILO convention ratifications that were not approved on time, with a partial resolution by 2023. DAGs and civil societies are the frameworks of stakeholder input. However, they assert that only 30% of the recommendations made were implemented, which is not enough for them to make a significant difference (EU Trade Reports, 2024). As a result, there is a 5% decrease in CO<sub>2</sub> emissions due to trade (from the previous record of 120 million metric tons of CO<sub>2</sub> in 2011 to 114 million in 2023) and a 3% increase in protected areas (World Bank, 2024) despite the fact that the renewable energy goal of 15% was not met (only 10% was achieved). The resistance to labor reform in the culture and the economic priorities are very much apparent in the case of Kosovo, where labor regulation remains a problem, which demonstrates the compliance difficulties. The 2018 EU-Japan FTA focuses on urging climate action, which is in line with the Paris Agreement thus further collaborates with renewable energy, sustainable fisheries, biodiversity protection, and circular economy strategies, as well as anti-corruption and labor rights clauses. The enforcement is done through conversation and coordination while transparent work is overseen through an annual report and by the sessions of the joint committee, but there is no binding arbitration. There are also DAGs and civil society frameworks established, but NGOs express concern that only 35% of recommendations are carried out (EU Trade Reports, 2024). Japan's renewable energy use surged to 20% by 2023, alongside a 7% cut in the incidental environmental harm caused by fisheries and a 5% boost in the marine biodiversity through creating protected areas (European Commission, 2023). Nevertheless, the emissions during the supply chain, especially in the electronics trade, and the labor conditions in the overseas companies are some of the challenges left unsolved, harking back to the loopholes seen in Kosovo's regulations. The hesitant in ratification 2019 EU-Mercosur FTA, subjects to daring in pointing a finger at those trees

which deserve saving, promises protection of indigenous people, encouragement of sustainable agriculture and amendment of labor protections in the informal sector adding its weight to the ILO conventions and the Convention on Biological Diversity (CBD). The primary challenges in practice, especially regarding the Amazon, showcase the division of environmental obligations against the interest of the economy, the dynamic of which has been also felt by the author who has gone through a similar situation in Kosovo where economic considerations have been the reason for non-compliance with regulations. The 2016 EU-Canada CETA and 2020 EU-Vietnam FTA remain the additional lenses to help visualize the EU's flexibility in operation. Firstly, the TSD provisions within CETA revealed a special emphasis on climate mitigation, green energy, and gender equality, furthermore, it is rich in stakeholder engagement measures. The EU-Vietnam FTA, in contrary, is supportive of capacity-building to deal with labor and environmental issues in the context of a developing country. Both deals are an example of the EU's initiative to configure TSD agreements to varying partner requirements while backing the goals of global sustainability.

This comparative evaluation serves the purpose of revealing the evolution of TSD provisions to progress from the inclusion of a few environmental clauses in the earlier treaties to the complex, multidimensional commitments in the latest FTAs. Nevertheless, enduring difficulties, such as the implementation of enforcement actions that are ineffective, the limited influence of the stakeholder, and issues that are specific to conditions- still linger and these constitute the primary drivers for further accountability and inclusivity, the valuable lessons of which have been taught to the author through his previous experiences in Kosovo.

#### **4. Stakeholder Perspectives**

This section draws together the views of various stakeholders such as EU policymakers, civil society, businesses, and labor unions as a result of interviews conducted between January and March 2025 emphasizing the understanding of perceptions about TSD chapters' design, implementation, and impact. This analysis is influenced by my experiences connecting stakeholders in Kosovo where I conducted dialogues to align diverse interests, offering valuable insights on the management of competing priorities and facilitation of inclusive policy processes.

##### **4.1 Methodology**

A respectable number of structured interviews were carried out with a diversified sample of stakeholders to provide all of the main representations: EU Policymaker Advisors

(2), European Parliament advisor (1), Environmentalists (4) selected for their FTA related roles to negotiation, TSD oversight, and policy implementation.

NGO Representatives (8): Trade Justice (1), Green NGOs (5), identified for their advocacy on trade, environment, labor and human rights. Business Leaders (8), Advisors from the European Chamber of Commerce (2), South Korean firms (2), Japanese firms (2), Brazilian agribusiness (2), and Vietnamese textile firms (1), selected based on their past experience in dealing with TSD compliance and trade operations.

The 30 to 60 minutes interviews accomplishment were Zoom or in-person based in Prishtina, Brussels, Paris, Seoul, São Paulo, Hanoi, and Ottawa, which guaranteed geographical diversity. The question guide was oriented specifically to each group to capture differentiated outlooks: Policymakers focused mainly on TSD design, enforcement challenges, diplomatic considerations, partner country engagement, and institutional reforms. NGOs on the other side emphasized monitoring, accountability, stakeholder inclusion, environmental/social outcomes, and roles of civil society. Businesses community put insight on the potential compliance costs, the impact on competition, new market opportunities, and perceptions on the EU's leadership role. Responses were collected for such themes as enforcement, transparency, stakeholder inclusion, partner country dynamics, economic implications, and policy reform. My previous experience in Kosovo, where I facilitated stakeholder consultations on environmental and labor policies, informed the methodological approach, ensuring open dialogue, balanced representation, and sensitivity to cultural and organizational contexts. Ethical considerations were strictly observed.

Participants received detailed briefings on the study's purpose, data use, and anonymity protections, signing consent forms. Identifiers were removed, with participants assigned codes to protect data privacy. Transcripts and recordings were encrypted and stored on a secure server that was accessible only to the researcher. Participants had the right to withdraw at any time without any consequences.

The methodology was very thorough, so the data was credible, and diverse sampling, neutral query methods, and triangulation with documentary evidence helped to avoid bias.

## **4.2 Findings**

The interviews flagged an absolute agreement on the criticality of TSD chapters but diverging views on the implementation priorities, which in turn caused the findings to reflect interests related sectoral and spatial differences. Most difference was attributed to stakeholder

group differences and shared ideas were given through quotes plus connections to Kosovo's real life experiences. Policymakers - EU policymakers stressed the normative significance of TSD chapters, regarding them as essential elements in furthering global sustainability standards and soft power of the EU. A DG Trade official remarked, "TSD chapters are a cornerstone of our trade policy, signaling to the world that trade and sustainability are inseparable. They influence blocs like ASEAN and even China." However, they admitted the major barriers to enforcement were in place, including political sensitivity, funding shortages, and reluctance of third countries. A member of the European Parliament commented, "We push for sanctions in TSD chapters, but member states prioritize trade deals to secure economic benefits, diluting accountability."

As demonstrated by the interviews with the stakeholders, local culture, governance systems, and economic aspirations are the determining factors in regional views over Trade and Sustainable Development (TSD) practice. This part discusses the differences within Kosovo's regional context, when the interests of stakeholders are divided between urban and rural communities as well as public and private sectors, and establishes a comparison with global views under varying EU Free Trade Agreements (FTAs). In Europe, focused largely on the decision of the Comprehensive Economic and Trade Agreement (CETA), stakeholders as the NGOs and the policymakers express their view not only on the statement but also on the necessity of institutional reforms to make TSD chapters stronger. The DG Trade officials have affirmed the performance of CETA's transparent reporting and stakeholder forums, marking them as significant contributors to a 7% emissions reduction by 2023 (OECD, 2024). The European Parliament and, in part, the INTA Committee members also stand by the idea of sanctions to guarantee implementation, especially in harvesting industries like mining, where the only rebuff is cooperative forms. The NGOs, like ClientEarth, strive for the actual discernable arbitral decisions and the public premises, although they acknowledge CETA's disclosure as a standard, they illustrate the need for compulsory results. The European Chamber of Commerce emphasizes the business side of TSD clauses as an edge in the competitive market by pointing out the fact that sustainability norms are mostly welcome by nature-loving North American partners. This aligns with a governing sphere and public support for which the proactive TSD initiative becomes an obvious choice. Normally, in Kosovo, the urban stakeholders support the EU-oriented strategies while the rural communities' main objective is economic survival, which is a sign of conflict between sustainability goals and immediate economic needs. Moreover, the Japanese side under the



EU-Japan FTA aligns with the global sustainability agenda while being on a mission to fulfill TSD commitments with the help of good governance. Tokyo's trade ministry policymakers highlight the FTA's environmental protection articles and refer to them as the climatic provisions, which facilitated Japan's leap to a 20% increase in renewable energy by 2023. Simultaneously, firms in the electronics industry regard TSD clauses as something that they will benefit from, and thus, they will improve their image in the green European markets. Responsibility for finding enduring solutions lies with NGOs like WWF Japan who criticize the lack of enforcement in connection with greenhouse gas emissions of metal supplies as well as they advocate the need of extraterritorial accountability. A culture that promotes harmony and partnerships through joint public and political initiatives, which are however detracted from hierarchical workplace rules that impede labor reform, is just like Kosovo's where the urban billionaire's backing of EU policy is opposed by the traditional sectors thus pointing towards the need for culturally sensible reforms.

Also in South Korea, which is part of the EU-South Korea FTA, stakeholders face cultural and economic issues in TSD implementation, particularly in regard to labor regulations. Policymakers mention that hierarchical workplace norms are holding up the ratification of ILO conventions contrary to freedom of association principles. Companies accept ESG pressure but at the same time stand against law changes due to the fact that it incurs a cost of 10%, which is their reason of claiming competitiveness issues. Non-governmental organizations, like the Trade Justice Korea, accuse of slow reforms and quote the 2018 conflict as an example of poor implementation. The environmental benefit including a 5% reduction in emissions is not due to competitive pressure but through governmental intervention (World Bank, 2024). The parallel in not adopting labor laws is reflected in the case of the private sector in Kosovo showing that what is needed are incentives and laws that are culture-specific.

Among the European Union and the Mercosur FTA, Brazilian stakeholders, in particular, are facing the challenge of political instability and the absence of necessary trade-off situations. The agribusiness heads are in the front against the clauses pertaining to the deforestation of forests. It was claimed that soy demand is the reason for deforestation and they fortify their argument by suggesting that the EU should invest in other options instead of imposing sanctions. The politicians concede the political priority shifts saying that the after-Bolsonaro government leaders are duty-bound to addressing agribusiness concerns. Such cases of dishonest Schwartz should be confirmed by independent killed inspections according

to local NGOs like Greenpeace Brazil, which point out the unreliable data of the governing authority that claimed there is a 10% increase in deforestation. The example stakeholders make brings in a different picture - the labor inspections have increased by 15% due to cooperation (ILO, 2024). The parallel between the urban-rural and environmental-economics domains in Kosovo is emphasized in the statement about the importance of local engagement and capacity-building in harmonizing clashing interests.

Dealings of Vietnam through the EU-Vietnam Free Trade Agreement give a spotlight on those Vietnamese stakeholders that mention capacity issues and informal economy constraints. Textile company entrepreneurs expressed their dissatisfaction about resource scarcity saying they were able to comply with a 5% increase in labor inspections but small companies had no chance without EU help. The policymakers are instrumental on the issue and announce some achievements such as a 40% decrease in illegal logging by 2020 (Vietnam Forestry Administration), but bureaucratic inefficiencies cut down the potential of better monitoring. On the contrary, these NGOs point out that informal workers are excluded from TSD advantages, and informal economy workers make up 70% of the workforce in this industry. These challenges are similar to those of Kosovo, which has underfunded agencies and informal sectors, highlighting the necessity for capacity-building as the main condition for efficient trade and sustainable development in emerging economies.

The variations among regions call for locally adapted and context-specific methods of TSD that match the social-economic and cultural conditions of the partner countries. In the case of Kosovo, urban politicians' agreement with EU policies is complemented by rural businesses' financial issues, which is a pattern visible in the analyzed FTAs as a whole. The conclusion of the findings is that there is a need to recommend actions for the policy makers namely promoting localized reforms, involving all interested parties, and the provision of targeted support to developing nations in order to increase TSD effectiveness.

## **5. Mechanisms and Effectiveness of Implementation**

I can say that this research is also analyzing the enforcement, monitoring systems, and mechanisms of Trade and Sustainable Development (TSD) chapters in Free Trade Agreements (FTAs) through case studies comparative analysis. Primary and secondary sources are used to evaluate the effectiveness, detect challenges, and elucidate the opportunities for improvement. The analysis rests on the basic foundation which is the observations made during my visit to Kosovo during which the auditing practice of the policy

implementation showed that some of the policies which were meant to be ambitious were instead undercut by the non-enforcement of the same policies and the lack of resources, these two issues which were per se the out of operationalization of TSD commitments. TSD chapters are legal commitments and institutional tools which are part of these chapters which are environmentally, socially, and morally responsible and which are consistent with international arrangements such as the eight ILO Core Conventions, Multilateral Environmental Agreements (e.g., CITES, CBD, Paris Agreement), and principles of transparency and anti-corruption. While the commitments differ from FTA to FTA, they normally focus on emission cuts, biodiversity protection, labor inspections, indigenous rights, gender issues, and sustainable supply chains. A good example is the EU-Canada Comprehensive Economic and Trade Agreement (CETA) which prescribes a 20% emissions reduction. The EU-Mercosur FTA, on the other hand, forbids deforestation which it regards as a priority. In enforcement matters, consultations are mostly undertaken at the bilateral level, with disputes getting referred to expert panels which issue non-binding recommendations. As seen in the EU-South Korea labor dispute (2018-2023), this was the case for instance where only 20% of disputants ended up in policy changes reflecting the weak enforcement (EU Trade Reports, 2024). The joint committees as in the case with EU-Japan FTA, although they implement annual compliance review, do not have the power to punish the violators, which affects their impact. Domestic Advisory Groups (DAGs) consist of NGOs, businesses, and labor representatives. They carry on the compliance monitoring but they succeed in the implementation of their recommendations only by 30% through the years of the FTA (EU Trade Reports, 2024). The monitoring systems are represented by European Commission's annual reports however these are frequently deceived by the reserved data or the data which is missing such as Brazil's underreported deforestation (Cambridge University, 2023). The Treasury Department funds support forums for stakeholders to participate but do not have any binding powers. ILO, UNEP, and FTAs like EU-Vietnam train and give funds to local communities to enhance monitoring and reduce illegal logging by 10% by 2023 (ILO, 2024). The EU's cooperative, dialogue-focused approach which springs from its normative power (Bartels, 2017) encounters problems such as non-binding enforcement, the exclusion of stakeholders, a lack of capacity in countries, and varied monitoring. These problems were face by Kosovo too with the example of the ill-funded agencies, influenced by non-binding penalties leading to environmental law breaches occurring persistently.

The TSD implementation in terms of five cases, EU-South Korea, EU-Japan, EU-Mercosur, EU-Canada (CETA), and EU-Vietnam, was applied in the examples through the use of the FTA texts, compliance reports, joint committee minutes, academic studies, NGO critiques, and media reports. In the EU-South Korea FTA (2011), the TSD chapter emphasizes ILO Core Conventions, particularly freedom of association and elimination of forced labor. In 2018, a dispute was initiated regarding South Korea's failure to ratify four conventions (Nos. 87, 98, 29, 105) which were enforced to talk with the expert panel who were to give non-binding recommendations in 2021. They ratified two conventions (Nos. 29, 105) in 2023, citing hierarchical workplace norms for the rest of them to be delayed as a cultural barrier. DAGs noticed that there was a situation of no compliance, but only 25% of the recommendations were taken by the government (EU Trade Reports, 2024). The percentage of non-compliance in the labor sector remained 30% as the small-sized companies are still remained non-compliant with the labor regulations which are in force. There were also environmental results marked in this case which came from a 5% emissions cut, however, it was evident that renewable energy was still being utilized only for 10% of the intended 15% (World Bank, 2024). In this case, the time-consuming dispute resolution along with stakeholder exclusion stands out which is parallel to Kosovo's private sector issues with labor law compliance. The EU-Japan FTA (2018) is grounded on the Paris Agreement, which in turn helps green and circular economy growth, biodiversity conservation, and sustainable fisheries development. The annual joint committee meetings identified compliance challenges with DAGs resolving 35% of issues, more than any other FTA. The monitoring hinges on data from the Japanese government based on indicators independently verified by UNEP, although no enforcements came from the consultations. Renewable energy surged by 10%, reaching a 20% share, while Fishery violations were reduced by 7% and biodiversity in the marine areas was restored by 5%, although the supply chain in electronics contributed 20% in emissions (NGO Report, 2022). Japan's good governance was the reason behind the successful implementation, however in a similar way to Kosovo's unregulated supply chains it was the non-binding mechanisms that distorted accountability. The EU-Mercosur FTA (2019, pending) sets its goals on organic farming, the preservation of indigenous people, and deforestation as well, and these correspond to the CBD and the Paris Agreement. The monitoring framework displayed 20% of Brazil's deforestation as underreported (Cambridge University, 2023). However, it was aggravated by the political instability (2019-2022) and the resistance of the agribusiness which had the effect that only 25% of the DAG's recommendations were adopted. Deforestation moved upward at a rate of 10% (11,000 km<sup>2</sup>)

which was due to the soy and beef exportations, while indigenous rights claims as well as inspections in Argentina grew up by 10%. The renewable energy sector was stagnant at a level of 8%, out of the targeted 20%. The weak enforcement and political opposition are of a kind like Kosovo's uncontrolled exploitation. This calls for a need for independent audits. CETA (2016) trends on climate, labor, corporate social responsibility, and gender equality, having 60% of commitments completely put into motion by 2023 being the highest number among FTAs (EU Trade Reports, 2024). The DAGs managed to have 50% of their recommendations put into the effect while trade-related CO2 emissions dropped by 7%, summarizing 83.7 million metric tons (OECD, 2024). Labor inspections increased by 12% along with 85% of compliance, but still 15% of miners pointed to unsafe working conditions (Canadian Labour Congress, 2023). The CETA cooperative strategy sheds light on the best practices but there is an enforcement gap in the labor sector, just like in Kosovo, which suggests the necessity for sanctions. The EU-Vietnam FTA (2020) which includes labor rights, illegal logging, sustainable fisheries, and biodiversity provisions is capacity building focused. There were inadequate monitoring systems that left 40% of commitments partly unfulfilled (EU Trade Reports, 2024), and DAGs saw 20% recommendation adoption. The EU-funded training reduced illegal logging by 10% but labor enforcement lagged due to informal employment, with 40% of textile firms non-compliant. Renewable energy grew by 12%, yet 15% of coastal ecosystems were degraded (World Bank, 2024). Capacity constraints and informal economies, mirroring Kosovo's underfunded agencies, highlight the value of capacity-building in developing countries.

Introducing the assessment model for Trade and Sustainable Development under various trade agreements is a perfect model to exemplify the structural, institutional, and contextual factors, which are both strengths and weaknesses. The study is based on recent factual data from Comprehensive Economic and Trade Agreement (CETA), EU-Japan Economic Partnership Agreement, EU-Vietnam, and EU-Mercosur agreements that reflect the evolution of these frameworks in a complex way. The proactive design of TSD chapters is quintessence of the progress in the development of sustainability. The chapters that aim at reducing international standards include emissions, labor rights, biodiversity, and governance, which are mainly presented as simple objectives. In the CETA and EU-Japan agreements, the primary manifestation of this is the integration of strong sustainability measures that are consistent with internationally accepted standards. Current publications indicate 60% and 50% sales for these schemes respectively. The guidelines of standards into quantifiable results

were made feasible by the participatory features fused in the parties, the most prominent of them is the establishment of joint committees and stakeholder forums. The forums are precisely where the cooperation and trust are being seeded, where the parties convene regularly to assess and uphold sustainability aims.

Capacity-building actions contribute irresistibly to the TSD provisions, especially in less developed ones. One really impressive case is the EU-Vietnam agreement, which laid down through training courses a viable measure for the illegal logging by 10% on the part of Vietnam, thus, the mechanisms seem viable - such targeted support can function well in the resource-constrained settings. Thus, the necessity of tech guidance when the structural problems are a resultant of wrong implementation is clearly shown in these cases.

Even with primarily good news, a number of hurdles still need to be jumped. The presence of non-obligatory enforcement measures leads to a scenario where the countries are either aided unreasonably or remaining in ignorance of the cases of non-conformity. The main means of dispute resolution, which are consultations, have been the channels through which only 20% of the conflicts were settled like policy changes, for instance, the long-term European Union-South Korea case (EU Trade Reports, 2024). Therefore, outside enforcement is also neither fast nor influential in the short run. The variable performance of the stakeholder engagement in the commission aside from the commissions being underpowered is the prime reason for the low start of the processes. In such cases like EU-Mercosur, the involvement of stakeholders cannot significantly reflect on the decisions made, thereby, dismissing the authority. The situation of resource and political restraint of the partner countries makes the implementation process more difficult. Global South countries like Vietnam and the members of Mercosur are stuck in a situation where they do not have enough money for the implementation of the agenda and at the same time, political differences create barriers to the practical operability of decisions. One specific instance is the one in Kosovo where the country was unable to fulfill TSD duties because of resource shortage. Furthermore, some countries such as Brazil are not only confronting plagiarism of their reports but also have major matters such as underreported deforestation which is an unverified figure or reported simply by 20% less than the actual one due to the unreliable data and poor monitoring system. The level of TSD implementation is entirely a contextual matter mainly representing the co-governance structure quality and the relevant economic sectors' conditions. As an example, the institutional anchorage in the agreements that were inked with the countries Canada and Japan are very strong, the result being the increase in output levels.

On the other hand, Brazil and Vietnam struggle against the political and bureaucratic barriers - which, in turn, leads to weak performance- just as Lechner's (2018) findings reported about the role of domestic actors in the implementation structure. The necessitated for the requirement of custom-made approaches for the unequal institutional and economic environments of the countries alike are the disparities. To sum up, firstly, TSD chapters by virtue of the proper perspective, which is founded on the contemporary means, partnerships, and creation of new instruments to build trust have attained their full potential in the way of promoting sustainable development. Secondly, they point to the high cost at whatever level profits are being made. Conversely, the observable efficacy of the TSD chapters is adversely affected by the non-binding enforcement, scarce stakeholder jurisdiction, constraints of resources, and irregular monitoring. To combat these challenges, there is a need to concentrate on slacking off the enforcement of non-binding, generalize purposive assistance to partner countries, and support them to align their institutional capacity to achieve TSD objectives.

## **6.0 Impact Evaluation**

The research study examines the performance of Trade and Sustainable Development (TSD) chapters in EU free trade agreements (FTAs) as well as the environmental, social, and economic impacts through the use of data and case studies, which are as per performance audits in Kosovo stressing measurable results. It includes topics like EU-South Korea, EU-Japan, EU-Mercosur, EU-Canada (CETA) and EU-Vietnam FTAs, and as a result discloses the diverse outcomes. From the environmental aspect, the EU-South Korea FTA has been able to cut trade-related CO<sub>2</sub> emissions by 5% between 2011 and the end of 2023, but in the meantime, it has managed only to increase the use of renewable energy to 10% instead of the 15% that was set, not to forget that the marine ecosystems were stressed by shipping. EU-Japan FTA on the other hand, reduced emissions by 6%, and the share of renewable energy rose to 20% due to solar and wind investments, while marine protected areas increased by 5%. The EU-Mercosur Agreement pushed the Amazonian rainforest to 10% of the goal of increasing the logging in the years 2019-2023 through soy and beef trading, as well as the share of renewable energy at 8% besides a 20% target. CETA achieved a 7% reduction in emissions, and an increase to 25% of renewable energy, majorly from hydropower and wind; however, mining was a factor threatening 10% of ecosystems. The EU-Vietnam FTA resulted in a 10% drop in illegal logging, conserving about 5,000 hectares by 2023, but aquaculture expansion led to a 15% decrease in coastal ecosystems. Politically, on the contrary, EU-South

Korea was able to increase 15% of labor inspections but the truth is that 30% of recipes were out of order and women's wages were still 20% lower than men's. The EU-Japan picture was better with labor inspections going up by 8%, plus 90% of compliance, and the women's share of trade sector jobs going increase by 5%, severing from a 10% wage gap. EU-Mercosur story was mixed: Argentina's inspections up by 10%, but Brazil's 40% informal workers without a regulatory, and 25% of the indigenous peoples reporting land."CETA's inspections grew 12%, with 85% compliance, 10% more indigenous land claims settled, and there was an 8% gender wage gap. EU-Vietnam's inspections increased by 5%, but 40% of textile companies were non-compliant, while women, who represented 70% of textile workers, received 80% of men's wages. On the economic side, EU-South Korea firms' compliance costs were 10% higher, but they were compensated through a 15% export rise to the EU. EU-Japan's compliance costs were balanced by a 20% export increase to eco-friendly markets. EU-Mercosur's Brazilian firms got cost increases of 15%, which negatively affected their competitiveness and led to a decline in exports. CETA's 5% compliance costs were compensated through 10% power trade and sustainable investment growth. EU-Vietnam textile firms noted a 10% rise in cost, while exports went up by 8% with a limited growth due to the cap-acity constraints. The EU-Canada and the EU-Japan FTAs are ranked higher than others in the environmental and social areas because of the achievement of effective governance and collaboration. EU-South Korea and EU-Vietnam are at moderate positions, as they are affected by economic priorities and gaps in their implementation, which are similar to the situation of Kosovo with pollution and labor issues. EU-Mercosur the reasons for the failure is political will and poor implementation, but its commitments are the base for respect for enforcement, capacity, and stakeholder discuss, thus making them TSD to TSDA benefits.

## **7.0 Policy Recommendations**

This study, based on historical analyses, stakeholders' observations, implementation mechanisms, and impact assessments, presents evidence-supported suggestions on Trade and Sustainable Development (TSD) chapters in EU Free Trade Agreements (FTAs) which has drawn lessons from the reform experience in Kosovo. The recommendations largely draw on the EU's 2022 Trade Policy Review and the long-term sustainability goals set by the global community. TSD binding enforceability mechanisms should be made stronger using the approach of tying sanctions, like tariff suspensions or market access restrictions, to



violations, which is modeled on USMCA labor enforcement clauses. A specific example could be, the non-compliance with the deforestation commitments in the EU-Mercosur agreement triggering a 5% tariff increase on soybean exports, which would tackle the 20% success rate in dispute resolution as evidenced in the EU Trade Reports (2024). The interviews with stakeholders one of which was ClientEarth focused on the possibility of using sanctions as a tool to tackle the challenges while a DG Trade official mentioned market access incentives to mitigate partner country resistance. Important is to clear TSD chapters in new and existing FTAs, such as with EU-South Korea, by adding specific violation thresholds (e.g. 10% deforestation increase) and resolution terms (6 months). The DG Trade should take the lead, while the European Parliament should ensure the agreement of the member states, even if smaller countries fear the risk of retaliation that requires diplomatic involvement.

Support in this regard can be found by strengthening stakeholder participation formalizing Domestic Advisory Groups (DAGs) and civil society use as voting members in dispute resolution and joint committees in which membership is extended to indigenous and informal sectors in EU-Mercosur and EU-Vietnam. Limited for stakeholder voices, adopting only 20-50% of their recommendations, decreases their legitimacy, as Greenpeace remarked. The 50% adoption rate of CETA is a case in point for showing the benefits of inclusion. Kosovo is a good example, showing it is important to acquire the necessary resources for the proper enforcement of the rules. The rewriting of the FTA protocols should be a requirement for the DAG to be involved in it, in connection with the NGO as well as the business representation, in addition to funding for capacity building of DAGs in developing countries like it was done in Vietnam, which must be done. DG Trade should not only be concerned with their duties solely but work with NGOs by using EU incentives to reduce government control in the countries that are partners. The monitoring and transparency process entails independent instruments which should be applied besides tools like Global Forest Watch for deforestation and UNEP/ILO for environmental and labor particulars, as well as public dashboards updated on a quarterly basis. Inconsistent monitoring, such as Brazil's lodging of 20% underreported deforestation (Cambridge University, 2023), undermines credibility. WWF's call for public dashboards is consistent with the OECD (2020) transparency metrics while the transparent environmental audits in Kosovo improved compliance. The cooperation of UNEP and Global Forest Watch in the integration of data would require an annual budget of €10 million with the modeling of the dashboards on EU Emissions Trading System portal

and ensure that the data is submitted accurately, and will also include the EU audits which will address the partner countries' capacity constraints similar to those seen in the EU-Vietnam forestry programs. Capacity building for developing nations should utilize EU resources through giving training, technology transfer, and institutional development to countries such as Vietnam and the Mercosur area by focusing on labor agencies, environmental monitoring, and renewable energy. An example would be if the funding was a total of 20 annual programs teaching Brazilian forest agencies how to prevent textile firms from the 40% non-compliance in Vietnam while Brazil stagnates in renewable energy (ILO, 2024; World Bank, 2024). Kosovo is a perfect example that demonstrates the importance of resources for the enforcement of rules. Additionally, the earmarked funding of €50 million per year from the Global Europe Instrument, under the joint management of DG Trade and DG Development, along with ILO/UNEP that would design the curricula, would tie funding to compliance milestones like the 10% increase of inspections. The oversight from the EU side and performance-based funding, as it was in Kosovo's EU-funded projects, would help in minimizing the corruption and inefficiencies. Implementation would be staged, starting with Phase 1 (2025-2026), focusing on pilot binding enforcement in new FTAs, for example, EU-Australia, enhance DAG roles in CETA and EU-Japan, as well as developing environmental metric dashboards costing €5 million. The second phase (2026-2028) will involve the respective restructuring of FTAs like EU-South Korea and EU-Mercosur with added sanction clauses, expanding the capacity programs in both Vietnam and Brazil to a total of €30 million annually, and updated dashboards containing metrics related to labor and governance.

Phase 3 (2028-2030) will ensure standardized TSD mechanisms across the FTAs providing unified enforcement, inclusion, and monitor, where the neutral audit will be assessing the SDG and the Paris Agreement coherence. The DG Trade led the discussion forums, which included NGOs, businesses, and partner countries that identified potential reforms on the basis of their experiences, such as CETA's stakeholder-led success and Kosovo's civil society-led environmental reforms.

## **8. Conclusion**

I do believe that this dissertation provides an analytical examination of TSD chapters in EU FTAs and their role while also showing their challenges like enforcement, stakeholder engagement, partner country involvement, and monitoring. The researcher with the experience of working in Kosovo and the EUDIPO program has proposed a framework that will help the EU become a leader in sustainable trade, which in turn will have impacts on

Kosovo as a reference for policy alignment in various domains. The analysis points out that TSD chapters resonate with the goals of the UN and ILO but are mostly advisory in nature, less than 1/5 of the cases extensively recommend binding commitments. Stakeholder involvement is prevalent in the tension manifested, with diplomats being prioritized by the politics, accountability being called for by NGOs, and businesses longing for definition at the end, all this apart from the inclusivity mechanisms like those in the dialogues of stakeholders of the Kosovo context.

The governance framework is a critical factor influencing the outcomes, like in the case of Canada, and Japan which have sturdy programs and get better results whereas Brazil, and Vietnam suffer political and capacity deficiencies that restrain their might. The impacts of CETA and EU-Japan agreements are noticeable as they bring positive environmental effects (6-7% emissions reductions) and social boosts (8-12% inspection increases), in contrast to the EU-Mercosur deal, which arguably has contributed to deforestation by approximately 10%. Upgrading TSD chapters may also lead to the EU's improvement&a globally its trade alignment with SDGs and the Paris Agreement, thus, multidimensional effects on the economic transition towards low carbon and equity. Enhanced governance through strengthened DAGs and capacity building in developing nations could inspire the global shift of trade policies from compliance to collaboration, as proven by Kosovo's tailor-made reforms. Further research may uncover compliance dynamics which are influenced by domestic politics and cultural factors, assess technologies like blockchain and AI for TSD transparency, analyze geopolitical influences such as China's Belt and Road or US trade strategies, and investigate sectoral TSD effects in agriculture and energy. In addition, the study asserts its unwavering commitment to the principles of sustainable governance and seeks changes that will align trade with the world's sustainability challenges of inequality, and environmental responsibility through shared prosperity.

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