

CHAPTER 13

GREEN ECONOMY

Section A: General Principles and Objectives

Article 13.1: Definitions

For purposes of this Chapter, unless otherwise provided in this Chapter:

clean energy means any energy source that generates energy resulting in low or zero greenhouse gas emissions, including from low or zero emission technologies that significantly reduce greenhouse gas emissions, or any solution that saves energy through efficiency and conservation, consistent with achieving net-zero emissions and the Parties' shared climate goals;

new energy means energy that is systematically developed and utilized on the basis of new technologies. Its scope will change with technological progress; and

renewable energy means all forms of energy produced from renewable sources in a sustainable manner.

Article 13.2: Objectives

The objectives of this Chapter are to:

- (a) promote a green and climate resilient economy by cultivating new growth engines such as clean and renewable energy and green industry that will contribute towards low carbon, resource efficiency and climate resilient development and sustainable development;
- (b) intensify cooperation on areas of mutual interests such as green trade and green investment to achieve common prosperity;
- (c) promote dialogue and sharing of knowledge, best practices, expertise and information on climate action and environmental protection, increase policy communication and experience sharing and explore common plans and strategies for sustainable development while considering national circumstances of each Party; and

- (d) jointly promote energy transition and enhance technology sharing in energy efficiency and clean and renewable energy.

Article 13.3: Principles

1. The Parties reaffirm their commitment to uphold the *Declaration of the United Nations Conference on the Human Environment of 1972, Rio Declaration on Environment and Development of 1992, Agenda 21 on Environment and Development of 1992, Johannesburg Plan of Implementation on Sustainable Development of 2002, Rio+20 Outcome Document “The Future We Want” of 2012, Transforming our world: the 2030 Agenda for Sustainable Development of 2015, United Nations Framework Convention on Climate Change (UNFCCC), Paris Agreement and other related multilateral environmental agreements to which both Parties are parties.*
2. The Parties recognise the importance of upholding development as a priority, benefits for all, innovation-driven development, living in harmony with nature as well as results-oriented actions.
3. The Parties recognise the sovereign right of each Party to establish its own level of environmental protection and national priorities and to adopt, modify, administer and enforce its own environmental measures according to its priorities and capabilities.
4. The Parties recognise that it is inappropriate to use environmental standards as a disguised means of trade protectionism. The Parties also recognise that weakening or reducing levels of protection in the environmental standards to encourage trade or investment is inappropriate.
5. The Parties recognise the importance of cooperation in the field of environmental sustainability and green growth, and undertake cooperation initiatives in areas of common interest.

Section B: Areas of Cooperation

Article 13.4: Green Trade

1. The Parties recognise that international trade is an engine for inclusive economic growth and poverty reduction, and contributes to the promotion of sustainable development. The Parties further recognise that green trade is central to green economy which can promote and strengthen the development of green industries, sectors and markets through the delivery of environmental goods and services, and support the transition to sustainable economic growth.

2. The Parties recognise the importance of promoting the development of international trade in such a way as to contribute to the objective of sustainable development and to ensure that this objective is integrated and reflected in the Parties' trade relationship.

3. The Parties may promote cooperation in areas, including promotional activities such as exhibitions, forums and fairs, to collaborate and to build platforms for the development of green trade, and promote trade of green products and services.

Article 13.5: Green Investment

1. The Parties recognise that investment is a major driver of productivity, inclusive economic growth and job creation, and green investment can play an important role in promoting green economy towards sustainable development.

2. The Parties endeavour to strengthen green investment cooperation and promotion in green industry and green services such as clean energy and environmental protection, ecological environment, ecological agriculture, green tourism, and low and zero emission technologies to improve the sustainable development of investment cooperation projects and contribute to the Parties' efforts to transition to green economies, circular economy and green skills development.

3. The Parties may enhance mutual understanding of green investment strategies and policies through holding meetings, seminars and forums, among others.

4. The Parties may promote green investment cooperation projects between them.

5. The Parties may encourage relevant stakeholders such as government agencies, local government, industry associations, chambers of commerce, financial institutions and enterprises, to strengthen contact, explore new cooperation opportunities in green investment and ensure that their cooperation continues to be improved and more forward-looking.

Article 13.6: Circular Economy

1. The Parties recognise that the *12th Sustainable Development Goal* in the *Transforming our world: the 2030 Agenda for Sustainable Development of 2015* can contribute to circular economy. The Parties will encourage and promote green consumption and production, and low-carbon ways of life.

2. The Parties encourage circular economy approaches to maintain products, materials and resources in the economy for as long as possible, and to return the waste from production and consumption into the value chain as secondary material, to minimise waste generation, to increase economic value and reduce environmental impacts, and to contribute to more sustainable production and consumption.

Article 13.7: Green Technology

1. The Parties recognise that green technology is an engine for environmental protection, mitigation and adaptation to climate change which can provide important support for the development of green economy.

2. The Parties endeavour to promote, facilitate and strengthen cooperation in the following areas, including:

- (a) innovation and integration of green technology;
- (b) research and development of green technology equipment;
- (c) exchange of scientists, researchers, technicians and experts;
- (d) joint organisation of seminars, symposia, conferences, and other scientific and technical meetings for green technology;
- (e) cooperation in the commercialisation of products and services resulting from joint scientific and technological activities; and
- (f) any other areas of cooperation agreed by the Parties.

Article 13.8: Green Standard

1. The Parties recognise that cooperation on standards, technical regulations and conformity assessment procedures can increase compatibility and interoperability of systems and processes and reduce barriers to trade, which supports a well-functioning green economy. The Parties also recognise that information exchange and transparency with regard to the preparation, adoption, application and maintenance of the standards, technical regulations and conformity assessment procedures on green economy are important for international cooperation.

2. The Parties may promote communication and cooperation in the following areas, including:

- (a) encouraging, where appropriate, the adoption and development of international standards relating to green economy;
 - (b) exploring the development of standards in areas that are of mutual interest to the Parties, including international standards; and
 - (c) promoting dialogue and cooperation on standards, technical regulations and conformity assessment procedures related to green economy in order to reduce trade barriers and to promote the development of green trade and investment.
3. The Parties may strengthen discussions on mutual recognition of conformity assessment results related to green economy in order to reduce duplication of assessments and to promote trade facilitation.
4. The Parties may encourage coordination in setting up of international standards and increase coherence among standards.

Article 13.9: Clean and Renewable Energy

- 1. The Parties recognise the importance of accelerating the construction of a new energy system and increasing the proportion of clean and renewable energy consumption.
- 2. The Parties may promote knowledge sharing in clean and renewable energy technologies and advance energy transition towards achieving low-carbon economic development as well as green and sustainable growth.
- 3. The Parties may promote cooperation in clean and renewable energy industries and technologies such as hydropower, solar power, hydrogen and its derivatives, bio-energy, nuclear power for electricity generation, wind power, smart energy solutions, energy storage systems and electric vehicles.

Article 13.10: Coordinated Transformation for Digital and Green Development

- 1. The Parties recognise the importance of smart grids and promoting energy efficiency improvement in emerging fields, deep integration of digital technology and green and low-carbon industries, and application of digital energy-saving and carbon reduction technologies.
- 2. The Parties endeavour to promote, facilitate and strengthen cooperation

in the following areas, including:

- (a) green and low-carbon development of digital industries such as data centres and 5G;
- (b) digital transformation on research and development (R&D);
- (c) extension of common digital and green technologies;
- (d) expansion of digital and green integration application scenarios; and
- (e) any other areas of cooperation agreed by the Parties.

Section C: Forms of Cooperation

Article 13.11: Cooperation

1. The Parties endeavour to promote, facilitate and strengthen cooperation as appropriate in pursuit of the objectives in Article 13.2 in the area of cooperation under Section B.

2. The forms of cooperation pursuant to paragraph 1 may include the following:

- (a) joint research and development;
- (b) exchanging experiences and best practices;
- (c) training of human resources;
- (d) technical assistance; and
- (e) any other forms of cooperation agreed by the Parties.

Section D: Implementing Mechanism

Article 13.12: Contact Points

1. The Parties hereby designate Contact Points to facilitate communication between the Parties for the implementation of this Chapter.

2. For implementation of this Chapter, the following Contact Points are designated:

- (a) for Korea, Ministry of Trade, Industry and Energy, or its successor; and
- (b) for Malaysia, Ministry of Investment, Trade and Industry, or its successor.

Article 13.13: Non-Application of Dispute Settlement

1. Chapter 17 (Dispute Settlement) shall not apply to any matter arising under this Chapter.

2. Any dispute concerning the interpretation, implementation or application of this Chapter shall be settled amicably by the Parties.