

## **CHAPTER 14**

### **ECONOMIC COOPERATION**

#### **Article 14.1: Objectives**

1. Recognising the importance of economic cooperation between the Parties, the Parties shall promote and facilitate economic cooperation in areas of mutual interest, taking into account the different levels of development and capacity of the Parties.
2. To promote and facilitate the implementation of economic cooperation under this Agreement, the Parties shall undertake economic cooperation between their respective governments and, where necessary and appropriate, encourage and facilitate economic cooperation, where one or both sides are entities other than the governments of the Parties. Based on mutual benefits of the Parties towards the cooperative sectors in which the Parties have mutual interests, the Parties will cooperate on relevant forms of activities.
3. Reaffirming the value of ongoing economic cooperation initiatives between the Parties, the Parties shall continue, respect and facilitate their existing economic cooperation under frameworks other than this Agreement.
4. The Parties acknowledge the provisions to encourage and facilitate economic cooperation as provided for in this Agreement.

#### **Article 14.2: Scope**

1. Economic cooperation between the Parties under this Chapter should contribute to achieving the objectives of the Agreement through the identification and development of economic cooperation and capacity building activities capable of providing added value to the Parties' relationship.
2. The Parties, on the basis of mutual benefit, shall explore and undertake economic cooperation and capacity building activities in the following areas, including:
  - (a) industry and manufacturing;
  - (b) agriculture and fishery;
  - (c) services and investment;
  - (d) micro, small and medium enterprises;

- (e) rules and procedures for trade;
- (f) science, technology, innovation and digital transformation;
- (g) human resource development;
- (h) halal;
- (i) supply chain;
- (j) intellectual property rights;
- (k) bioeconomy (Annex 14-A); and
- (l) other areas to be mutually agreed upon by the Parties.

### **Article 14.3: Forms of Economic Cooperation**

The forms of economic cooperation may include:

- (a) technical assistance;
- (b) training of human resources;
- (c) exchange of views and information;
- (d) exchange of experts;
- (e) dialogue, conference, seminar and workshop;
- (f) sharing of best practices;
- (g) joint research and development;
- (h) joint trade and investment promotion activities;
- (i) technology transfer;
- (j) memorandum of understanding; and
- (k) other forms of economic cooperation as may be agreed by the Parties.

#### **Article 14.4: Implementation**

1. The economic cooperation shall be implemented in accordance with each Party's laws, regulations and policies.
2. The Parties shall conclude the Implementing Arrangement, setting out details for implementing economic cooperation.

#### **Article 14.5: Sub-Committee on Economic Cooperation**

1. The Sub-Committee on Economic Cooperation is composed of representatives of the Parties. Representatives of relevant entities other than the governments of the Parties with the necessary expertise relevant to the issues to be addressed may also be invited by the Sub-Committee on Economic Cooperation.
2. The Sub-Committee on Economic Cooperation shall be coordinated and co-chaired by:
  - (a) for Korea, the Ministry of Trade, Industry and Resources, or its successor; and
  - (b) for Malaysia, the Ministry of Investment, Trade and Industry, or its successor.
3. The functions of the Sub-Committee on Economic Cooperation include:
  - (a) initiating, monitoring, assessing and coordinating the implementation of cooperation activities;
  - (b) reviewing the implementation and operation of this Chapter;
  - (c) inviting, where necessary and appropriate, private sector entities, non-governmental organisations or other relevant institutions to assist in the development and implementation of economic cooperation activities;
  - (d) working with other Sub-Committees established under this Agreement, in support of the development and implementation of economic cooperation activities;
  - (e) providing annual reports to the Joint Committee under Article 18.1 (Establishment of Joint Committee) of this Agreement, describing the Sub-Committee's activities;

- (f) establishing rules and procedures for the conduct of its work;
- (g) establishing working groups, which may comprise government or non-government representatives, to carry out activities for economic cooperation; and
- (h) carrying out other functions and activities as may be agreed by the Parties.

4. In order to ensure the proper functioning of the Sub-Committee on Economic Cooperation, each Party will designate a contact point no later than 30 days after the date of entry into force of this Agreement. Each Party will notify the other Party promptly of any change of contact point by written communication.

5. The Sub-Committee on Economic Cooperation shall meet no later than 90 days after the entry into force of this Agreement, and thereafter annually.

#### **Article 14.6: Resources**

- 1. The Parties shall cooperate to employ the most effective means for the implementation of this Chapter.
- 2. The Parties shall endeavour to make available necessary financial and other resources for the implementation of economic cooperation under this Chapter in accordance with each Party's laws, regulations and policies.
- 3. Funding for economic cooperation under this Chapter shall be borne according to mutual agreement, taking into account the different levels of development of the Parties.

#### **Article 14.7: Non-Application of Dispute Settlement**

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

## **Annex 14-A Bioeconomy**

### **General Principles**

1. The Parties recognise the economic benefit and opportunity that the growth of bioeconomy provides and shall endeavour to strengthen their strategic collaboration in the bioeconomy industry.

### **Scope**

2. Without prejudice to the other provisions of this Agreement, the bioeconomy industry to which this Annex applies may include the following sectors:

- (a) biopharmaceuticals;
- (b) biochemical and bioenergy;
- (c) bioenvironmental;
- (d) biomedical equipment;
- (e) bioinstrument and bioequipment;
- (f) bioresource; and
- (g) bioagriculture.

3. The Parties may consider expanding the scope of this Annex by mutual agreement.

### **Section A: Cooperation on Supply Chain Resilience**

#### **Definitions**

4. For purposes of this Annex:

- (a) **bio supply chains** means the economic, commercial and trade relationships between and amongst enterprises in the bioeconomy industry of the Parties; and
- (b) **bio supply chain disruption** includes severe interruption, delay or shortage that:

- (i) impacts the bioeconomy industry of a Party; and
- (ii) significantly impairs the production of, the cross-border movement of, or access to, materials, articles or commodities related to the bioeconomy, as determined by the Parties.

## **Objectives**

5. This Section aims to build the resilient, productive and diversified bio supply chains by undertaking cooperative activities and to prevent or respond to bio supply chain disruptions in an appropriate and timely manner.

### **Cooperation on Bio Supply Chains**

6. The Parties will endeavour to undertake cooperative activities related to bio supply chains. Such cooperative activities may include:

- (a) promoting diversification of bioeconomy sources between the Parties;
- (b) sharing information regarding bio supply chains;<sup>1</sup>
- (c) facilitating business matching, with the greater interests in small and medium-sized enterprises (SMEs); or
- (d) exploring joint research and development projects to support the resilience of bio supply chains.

### **Responding to Bio Supply Chain Disruptions**

7. The Parties will endeavour to cooperate and respond to bio supply chain disruptions in an appropriate and timely manner and to support each other to recover from bio supply chain disruptions.

8. If a Party has concerns that the other Party's measures or policies might significantly affect bio supply chains during bio supply chain disruptions, the concerned Party may request consultations through a written notification which shall set out the reasons for the request. The other Party will endeavour to respond to the request in writing. If the concerned Party's request and the other Party's response do not resolve the concerns that are subject of the request, the Parties will engage in consultations on a mutually decided date.

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<sup>1</sup> This subparagraph does not require a Party to disclose confidential information the disclosure of which would be contrary to its domestic laws, regulations and policies.

9. Each Party will support the other Party's response to bio supply chain disruptions to the extent possible, in accordance with its laws and regulations and policies. Such support may include:

- (a) sharing best practices or experiences dealing with similar bio supply chain disruptions; or
- (b) engaging in dialogue with its private sector to provide greater certainty in the flow of materials, articles or commodities during bio supply chain disruptions.

## **Section B: Open Innovation**

### **Objectives**

10. This Section aims to encourage and promote open innovation between the Parties.

### **Cooperation on Open Innovation**

11. The Parties recognise the importance of open innovation in the bioeconomy sectors and will endeavour to cooperate to create an open innovation ecosystem to encourage and promote technical innovation between the Parties. Cooperation will include the following activities:

- (a) Each Party will endeavour to make information of its research institutions and enterprises in the bioeconomy industry publicly available;
- (b) Each Party will endeavour to make the information published by the other Party easily accessible to its research institutions and enterprises in the bioeconomy industry and to support and encourage the use of the information by its research institutions and enterprises in the bioeconomy industry for open innovation, including by providing information search tools and hyperlinks to websites relevant to both Parties;
- (c) The Parties will endeavour to actively support match-making between their research institutions and enterprises in the bioeconomy industry by organising regular match-making events, including business forums and business roundtables; and

(d) The Parties will endeavour to design joint research projects to develop scientific knowledge and technology and to designate research institutions and enterprises of the Parties to implement the projects.

12. The Parties will endeavour to promote the participation of SMEs and start-ups in bioeconomy industry in the activities set out in paragraph 11 and any other activities as the Parties may agree. The Parties will endeavour to support activities including training and mentoring and technical assistance for SMEs and start-ups to support their participation in open innovation activities.

### **Section C: Capacity Building and Professional Personnel Exchanges**

#### **Objectives**

13. This Section aims to promote and enhance capacity building and facilitate exchanges of professional personnel from public and private sectors for the sustainable development of the bioeconomy industry.

#### **Cooperation on Capacity Building and Professional Personnel Exchanges**

14. The Parties will endeavour to encourage and facilitate exchanges of professional personnel in the bioeconomy industry, including researchers, experts and practitioners.

15. The Parties will endeavour to cooperate to promote the exchange of government officials responsible for areas such as research and development, standards, regulatory and market requirement, licensing or approval, intellectual property protection and sustainable development and to facilitate the sharing of best practices in these areas.