

## **CHAPTER FOURTEEN**

### **ENVIRONMENT**

#### **Article 14.1: Context and Objectives**

1. The Parties recognize that economic development and environmental protection are interdependent and mutually reinforcing components of sustainable development, and underline the benefits of cooperation on trade-related environmental issues as part of a global approach to trade and sustainable development.
2. The Parties recognize that it is not their intention in this Chapter to harmonize the environmental standards of the Parties, but to strengthen their trade relations and cooperation in ways that promote sustainable development.

#### **Article 14.2: Right to Regulate and Levels of Protection**

Recognizing the right of each Party to establish its own levels of environmental protection and its own environmental development priorities, and to adopt or modify accordingly its environmental laws and policies, each Party shall strive to ensure that those laws and policies provide for and encourage high levels of environmental protection and shall strive to continue to improve its respective levels of environmental protection, including through such environmental laws and policies.

#### **Article 14.3: Application and Enforcement of Environmental Laws and Regulations**

1. A Party shall not fail to effectively enforce its environmental laws and regulations, through a sustained or recurring course of action or inaction, in a manner affecting trade or investment between the Parties.
2. The Parties shall not weaken or reduce the environmental protections provided by their laws and regulations to encourage trade or investment, by waiving or otherwise derogating from, or offering to waive or otherwise derogate from, their laws or regulations, in a manner affecting trade or investment between the Parties.

#### **Article 14.4: Multilateral Environmental Agreements**

1. The Parties recognize the value of international environmental governance and agreements as a response of the international community to global or regional environmental problems, and commit to consulting and cooperating as appropriate with respect to negotiations on trade-related environmental issues of mutual interest.

2. The Parties affirm their commitments to the effective implementation in their respective laws and practices of the multilateral environmental agreements to which both Parties are party.

3. Nothing in this Agreement shall be construed to prevent a Party from adopting measures to comply with the multilateral environmental agreements to which it is party, provided such measures are not applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination between the Parties or a disguised restriction on trade.

#### **Article 14.5: Transparency**

Each Party, in accordance with its respective domestic law, shall ensure that any measures aimed at protecting the environment that may affect trade or investment are developed, introduced, and implemented in a transparent manner, with due notice and public consultation, and with appropriate and timely communication to and consultation of non-state actors including the private sector.

#### **Article 14.6: Trade Favoring Environment**

Each Party shall endeavor to facilitate and promote trade and investment in environmental goods and services, including environmental technologies, sustainable renewable energy, and energy efficient goods and services, including through addressing related non-tariff barriers.

#### **Article 14.7: Biological Diversity**

1. The Parties recognize the importance of the conservation and sustainable use of biological diversity, in achieving sustainable development, reaffirm their commitments to conserving and sustainably using biological diversity in accordance with the *Convention on Biological Diversity*, done at Rio de Janeiro on 5 June 1992, and other relevant international instruments to which both Parties are party.

2. Each Party shall endeavor to create conditions to facilitate access to genetic resources for environmentally sound uses, recognizing that each Party has the sovereign right over its natural resources and the authority to determine access to its genetic resources in accordance with its national legislation and that access to genetic resources shall be subject to the prior informed consent of any Party providing such resources, unless otherwise determined by that Party.

#### **Article 14.8: Climate Change**

1. The Parties recognize that climate change and its adverse effects are a common and global concern that calls for the widest possible cooperation by all countries in the context of international commitments and their participation in an effective and appropriate international response, to limit or reduce the adverse effects of climate change, for the benefit of present and future generations of mankind.

2. The Parties recognize the importance of achieving the objectives of the *United Nations Framework Convention on Climate Change* (hereinafter referred to as the “UNFCCC”), done at New York on 9 May 1992 and the Paris Agreement, done at Paris on 12 December 2015 in order to address the urgent threat of climate change and commit to enhancing their efforts to effectively implement the UNFCCC and the Paris Agreement, taking into account the role of trade in achieving these objectives.

3. Considering the global objective of promoting a paradigm shift towards low-carbon, climate resilient economies, the Parties shall endeavor to promote the sustainable use of natural resources and to promote trade and investment measures that facilitate access, dissemination and use of best available technologies and know-how for clean energy production and use, and for mitigation and adaptation programs and projects.

#### **Article 14.9: Environmental Cooperation**

Recognizing the importance of cooperation on trade-related aspects of environmental policies in order to achieve the objectives of this Agreement, the Parties commit to building on the existing bilateral agreements or arrangements and to further strengthening cooperation in the field of environment between the Parties, including those cooperative activities as set out in Annex 14-A.

#### **Article 14.10: Institutional Mechanism**

1. Each Party shall designate an office within its administration which shall serve as a contact point with the other Party for the purpose of implementing this Chapter.
2. A Party may through the contact points request consultations regarding any matter arising under this Chapter.
3. The Parties hereby establish an Environmental Affairs Committee (hereinafter in this Chapter referred to as the “Committee”). The Committee shall comprise senior officials from within the administrations of the Parties.
4. The Committee shall meet within the first year of the entry into force of this Agreement, and thereafter as necessary, to oversee the implementation of this Chapter, including cooperative activities undertaken under Article 14.10 and Annex 14-A.
5. The Parties recognize that adequate and sustainable financial resources are necessary for the implementation of this Chapter, and these resources should be made available.

#### **Article 14.11: Government Consultations**

1. A Party may request consultations with the other Party in writing regarding any matter arising under this Chapter. The Parties shall commence consultations within 60 days after a Party delivers the request to the contact point of the other Party.
2. The Parties shall make every attempt to arrive at a mutually satisfactory resolution of the matter.
3. If a Party considers that the matter needs further discussion, the Party may request that the Committee be convened to consider the matter by delivering a written request to the contact point of the other Party. The Committee shall convene promptly and endeavor to agree on a resolution of the matter. The resolution of the Committee shall be made public unless the Committee otherwise decides.

#### **Article 14.12: Non-Application of Dispute Settlement**

Neither Party shall have recourse to Chapter Sixteen (Dispute Settlement) for any matter arising under this Chapter.

## **Annex 14-A**

### **Environmental Cooperation**

1. In order to promote the achievement of the objectives of this Chapter, the Parties agree to promote cooperative activities including in, but not limited to, the following areas:

- (a) response to climate change including mitigation and adaptation measures;
- (b) nature protection, biodiversity conservation including through environmental impact assessment;
- (c) sustainable forest management, prevention of desertification, and restoration of ecosystems;
- (d) sustainable management of living marine resources, development of aquaculture.
- (e) water quality management and sustainable management of water resources including infrastructure for water supply, wastewater treatment, and rainwater management;
- (f) waste management, plastic reduction, and circular economy;
- (g) monitoring, prevention, and control of air pollution;
- (h) monitoring, prevention, and control of soil pollution, as well as restoration of soil;
- (i) prevention and management of environmental and natural disasters;
- (j) environmentally sustainable goods and services;
- (k) clean and renewable energy including solar energy;
- (l) environmental education and public awareness;
- (m) environmental technologies and industry; and
- (n) other areas of cooperation agreed by both Parties.

2. Any cooperative activities under this Chapter shall be promoted taking into account the interests, priorities, and the availability of resources of both Parties.