

## CHAPTER 8

### TRADE AND ENVIRONMENT

#### ARTICLE 8.1

##### *Context and Objectives*

1. The Parties recall the Stockholm Declaration on the Human Environment of 1972, the Rio Declaration on Environment and Development of 1992, Agenda 21 on Environment and Development of 1992, and the Johannesburg Plan of Implementation on Sustainable Development of 2002.
2. The Parties recognise that economic development, social development and environmental protection are interdependent and mutually supportive components of sustainable development. They underline that closer economic partnership can play an important role in promoting sustainable development.
3. The Parties reaffirm their commitment to promote the development of international and bilateral trade in such a way as to contribute to the objective of sustainable development and to integrate and reflect this objective in the Parties' trade relationship.

#### ARTICLE 8.2

##### *Scope*

Except as otherwise provided in this Chapter, this Chapter applies to measures adopted or maintained by the Parties affecting trade-related and investment-related aspects of environmental issues.

#### ARTICLE 8.3

##### *Right to Regulate and Levels of Protection*

1. Recognising the right of each Party to establish its own level of environmental protection and to adopt or modify accordingly its domestic law and policies in a manner consistent with this Agreement, each Party will seek to ensure that its domestic law, policies and practices provide for and encourage high levels of environmental protection, consistent with standards, principles and agreements referred to in Article 8.5, and will strive to further improve the level of protection provided for in domestic law and policies.

2. The Parties recognise the importance, when preparing and implementing measures related to environmental protection that affect trade and investment between them, of taking account of relevant scientific, technical and other information, and relevant international standards, guidelines and recommendations.

#### ARTICLE 8.4

##### ***Upholding Levels of Protection in the Application and Enforcement of Laws, Regulations or Standards***

1. The Parties will faithfully enforce their environmental laws, regulations and standards.
2. Subject to Article 8.3, a Party will not:
  - (a) weaken or reduce the level of environmental protection provided by its laws, regulations or standards with the sole intention to encourage investment from another Party or to seek or enhance a competitive trade advantage of producers or service providers operating in that Party; or
  - (b) waive or otherwise derogate from, or offer to waive or otherwise derogate from, such laws, regulations or standards in order to encourage investment from another Party or to seek or enhance a competitive trade advantage of producers or service providers operating in that Party.

#### ARTICLE 8.5

##### ***Multilateral Environmental Agreements and Environmental Principles***

The Parties reaffirm their commitment to the effective implementation in their respective domestic law and practices of the multilateral environmental agreements applicable to them, as well as their adherence to environmental principles reflected in the international instruments referred to in Article 8.1.

#### ARTICLE 8.6

##### ***Promotion of Trade and Investment Beneficial to the Environment***

1. The Parties will strive to facilitate and promote investment, trade in and dissemination of goods and services beneficial to the environment, including environmental technologies, sustainable renewable energy, energy efficient and eco-labelled goods and services, as well as to address non-tariff trade barriers for such goods and services.

2. The Parties will strive to facilitate and promote investment, trade in and dissemination of goods and services that contribute to sustainable development.<sup>19</sup>

3. The Parties will facilitate as appropriate co-operation between enterprises in relation to goods, services and technologies that contribute to sustainable development and are beneficial to the environment.

#### ARTICLE 8.7

##### *Co-operation in International Fora*

The Parties will strive to strengthen their co-operation on trade and environment in appropriate international fora in which they participate.

#### ARTICLE 8.8

##### *Implementation and Consultations*

1. The Parties shall designate the administrative entities which shall serve as contact points for the purposes of this Chapter.

2. A Party may through the contact points referred to in paragraph 1 request expert consultations or consultations within the Joint Committee regarding any matter arising under this Chapter. The Parties shall make every attempt to arrive at a mutually satisfactory resolution of the matter.

3. Chapter 10 shall not apply to this Chapter.

#### ARTICLE 8.9

##### *Review*

The Parties shall, upon request by a Party, review in the Joint Committee progress achieved in pursuing the objectives set out in this Chapter, and consider relevant international developments to identify areas where further action could promote these objectives.

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<sup>19</sup> For example, goods and services which are subject to schemes such as fair and ethical trade.