

CHAPTER 8

TRADE AND SUSTAINABLE DEVELOPMENT

ARTICLE 8.1

Context, Objectives, and Scope

1. The Parties recall the Declaration of the United Nations Conference on the Human Environment of 1972, the Rio Declaration on Environment and Development 1992, Agenda 21 on Environment and Development of 1992, the Johannesburg Plan of Implementation on Sustainable Development of 2002, the Rio+20 Outcome Document “The Future We Want” of 2012, the UN Sustainable Development Summit Outcomes Document “Transforming Our World: the 2030 Agenda for Sustainable Development” of 2015, Monterrey Consensus of the International Conference on Financing for Development of 2002, Doha Declaration on Financing for Development of 2008 and Addis Ababa Action Agenda of 2015, ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up of 1998, the Ministerial Declaration of the UN Economic and Social Council on Full Employment and Decent Work of 2006, and the ILO Declaration on Social Justice for a Fair Globalization of 2008.
2. The Parties reaffirm their commitment to promote 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 relations.
3. The Parties recognise that economic development, social development and environmental protection are interdependent and mutually reinforcing components of sustainable development. They underline the benefit of cooperation on trade-related labour and environmental issues as part of a global approach to trade and sustainable development. They further recognise that eradicating poverty is an indispensable requirement for sustainable development and that trade can be an engine for inclusive economic growth and poverty reduction.
4. The Parties agree that this Chapter embodies a cooperative approach based on common values and interests, taking into account the differences in their levels of development as appropriate.
5. The Parties agree that the provisions of this Chapter shall not be applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination or as a disguised restriction on trade between the Parties.
6. Except as otherwise provided for in this Chapter, this Chapter applies to trade-related and investment-related aspects of sustainable development in all its dimensions.

7. The reference to labour in this Chapter includes the objective to promote inclusive and sustainable economic growth, employment and decent work for all as stipulated in Goal 8 of the 2030 Sustainable Development Agenda and issues relevant to Decent Work Agenda as agreed in the ILO.

ARTICLE 8.2

Right to Regulate and Levels of Protection

1. Recognising the right of each Party, subject to the provisions of this Agreement, to pursue its own means for achieving sustainable development, including establishing its own levels of labour and environmental protection and to adopt or modify accordingly its relevant domestic laws and policies, each Party shall seek to ensure that its domestic laws and policies provide for and encourage high levels of environmental and labour protection, consistent with standards, principles and agreements which they are committed or a Party to, and shall strive to further improve the level of protection provided for in those domestic laws and policies.

2. The Parties recognise the importance of scientific, technical, and other information, and relevant international standards, guidelines and recommendations, as references in preparing and implementing measures related to environment and labour conditions that affect trade and investment between them.

ARTICLE 8.3

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

1. The Parties shall effectively apply their environmental and labour laws, regulations or standards.

2. Subject to Article 8.2 (Right to Regulate and Levels of Protection), the Parties shall not:

- (a) weaken or reduce levels of environmental or labour protection provided by their domestic laws, regulations or standards with the sole intention to encourage investment from another Party or to seek or to enhance a competitive trade advantage of producers or service providers operating in its territory; or
- (b) waive or otherwise derogate from, or offer to waive or otherwise derogate from, such domestic laws, regulations or standards in order to encourage investment from another Party or to seek or to enhance a competitive trade advantage of producers or service providers operating in its territory.

ARTICLE 8.4

Sustainable Economic Development

1. The Parties recognise that trade is an engine for inclusive economic growth and poverty reduction, and contributes to the promotion of sustainable development in all its dimensions.
2. The Parties shall strive to facilitate and promote investment, trade in, and dissemination of, goods and services that contribute to sustainable development, such as environmental technologies, sustainable renewable energy, as well as goods and services that are energy efficient or subject to voluntary sustainability schemes.
3. The Parties agree to exchange views and may consider, jointly or bilaterally, cooperation in this area.

ARTICLE 8.5

Social Development

1. The Parties recall the obligations deriving from the international human rights instruments to which they are a party.
2. The Parties underline the need to protect the welfare and improve the livelihoods of vulnerable groups such as women, children, small holders, subsistence farmers or fishermen.
3. The Parties emphasise the importance of information, education and training on sustainability at all levels in order to contribute to sustainable social development.

ARTICLE 8.6

International Labour Standards and Agreements

1. The Parties recall the obligations deriving from membership of the ILO and the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up adopted by the International Labour Conference at its 86th Session in 1998, to respect, promote and realise the principles concerning the fundamental rights, namely:
 - (a) freedom of association and the effective recognition of the right to collective bargaining;
 - (b) the elimination of all forms of forced or compulsory labour;
 - (c) the effective abolition of child labour; and

- (d) the elimination of discrimination in respect of employment and occupation.

2. The Parties reaffirm their commitment, under the Sustainable Development Goal number 8 as well as the Ministerial Declaration of the UN Economic and Social Council on Full Employment and Decent Work of 2006, to recognise full and productive employment and decent work for all as a key element of sustainable development for all countries and as a priority objective of international cooperation and to promoting the development of international trade in a way that is conducive to full and productive employment and decent work for all.

3. The Parties recall the obligations deriving from membership of the ILO to effectively implement the ILO Conventions, which they have ratified, and to make continued efforts towards ratifying the fundamental ILO Conventions as well as the other Conventions that are classified as “up-to-date” by the ILO.

4. The Parties reaffirm, as set out in the ILO Declaration on Social Justice for a Fair Globalization, adopted by the International Labour Conference at its 97th Session in 2008, that the violation of fundamental principles and rights at work shall not be invoked or otherwise used as a legitimate comparative advantage and that labour standards shall not be used for protectionist trade purposes.

ARTICLE 8.7

Multilateral Environmental Agreements and Environmental Principles

1. The Parties reaffirm their commitment to the effective implementation in their domestic laws, regulations and practices of the multilateral environmental agreements to which they are a party.

2. The Parties reaffirm their adherence to environmental principles reflected in the international instruments referred to in Article 8.1 (Context, Objectives, and Scope).

ARTICLE 8.8

Sustainable Forest Management and Associated Trade

1. The Parties recognise the importance of effective law and governance in order to ensure sustainable management of forests and peatlands and thereby contribute to the reduction of greenhouse gas emissions and biodiversity loss resulting from deforestation and degradation of natural forests and peatlands, including from land-use change.

2. With the aim of contributing to sustainable management of forests and peatlands, including through the promotion of trade in products that derive from sustainably managed forests, the Parties undertake to, *inter alia*:

- (a) promote the effective use of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);
- (b) promote the development and use of certification schemes for forest-related products from sustainably managed forests;
- (c) promote the effective implementation and use of legality assurance system for timber as required in Forest Law Enforcement Governance and Trade Voluntary Partnership Agreement and corresponding schemes, with the aim to combat illegal logging and eliminate trade of illegal timber products; and
- (d) exchange information on trade-related initiatives on forest governance, including measures to combat illegal logging and measures to exclude illegally harvested timber and timber products from trade flows.

3. The Parties agree to cooperate on issues pertaining to sustainable management of forests and peatlands through bilateral arrangements if applicable and in the relevant multilateral fora in which they participate, in particular the United Nations collaborative initiative on Reducing Emissions from Deforestation and Forest Degradation as emphasised in the Paris Agreement.

ARTICLE 8.9

Sustainable Management of Fisheries and Aquaculture and Associated Trade

1. The Parties recognise the importance of ensuring the conservation and sustainable management of living marine resources and marine ecosystems, and the role of trade in pursuing these objectives.

2. For the purposes of paragraph 1, and in a manner consistent with their international obligations, the Parties commit to:

- (a) promote the implementation of comprehensive, effective and transparent policies and measures to combat illegal, unreported and unregulated (hereinafter referred to as “IUU”) fishing and fisheries crime and to exclude products stemming from IUU fishing, fisheries crime, forced labour or human trafficking from trade flows, including from third parties into their market;
- (b) promote the development of sustainable and responsible aquaculture;
- (c) promote the use of FAOs Voluntary Guidelines for Catch Documentation Schemes; and

- (d) contribute to the fulfilment of the objectives set out in the 2030 Agenda for Sustainable Development regarding fisheries subsidies.

3. The Parties commit to comply with long-term conservation and management measures and effectively implement in their laws and practices the relevant international fisheries and aquaculture instruments to which they are a party.

4. The Parties agree to cooperate on issues pertaining to sustainable management of fisheries and aquaculture through bilateral arrangements if applicable and in the relevant international fora in which they participate including in Regional Fisheries Managements Organisations by, *inter alia*, facilitating the exchange of information on IUU fishing in order to combat such activities.

ARTICLE 8.10

Sustainable Management of the Vegetable Oils Sector and Associated Trade

1. The Parties recognise the need to take into account the economic, environmental and social opportunities and challenges associated with the production of vegetable oils and that trade between them can play an important role in promoting sustainable management and operation of the vegetable oils sector.

2. With a view to ensuring economically, environmentally and socially beneficial and sound management and operation of the vegetable oils sector, the Parties commit to, *inter alia*:

- (a) effectively apply laws, policies and practices aiming at protecting primary forests, peatlands, and related ecosystems, halting deforestation, peat drainage and fire clearing in land preparation, reducing air and water pollution, and respecting rights of local and indigenous communities and workers;
- (b) support the dissemination and use of sustainability standards, practices and guidelines for sustainably produced vegetable oils;
- (c) cooperate on improving and strengthening government standards where applicable;
- (d) ensure transparency of domestic policies and measures pertaining to the vegetable oils sector; and
- (e) ensure that vegetable oils and their derivatives traded between the Parties are produced in accordance with the sustainability objectives referred to in subparagraph (a).

ARTICLE 8.11

Cooperation in International Fora

The Parties agree to strengthen their cooperation on issues of mutual interest to promote sustainable development, including labour and environmental issues and their trade and investment-related aspects, in relevant bilateral, regional and multilateral fora, including in the ILO and within the framework of multilateral environmental agreements to which they are a party.

ARTICLE 8.12

Implementation and Consultations

1. The Parties shall designate the administrative entities, which shall serve as contact points for the purpose of implementing 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. Where relevant, and subject to the agreement of the Parties, they may seek advice of the relevant international organisations or bodies.
3. The Parties shall not have recourse to arbitration under Chapter 11 (Dispute Settlement) for any matters arising under this Chapter.

ARTICLE 8.13

Review

The Parties shall periodically 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.