CHAPTER 14

TRADE AND SUSTAINABLE DEVELOPMENT

ARTICLE 14.1 Objectives

The objectives of this Chapter are to promote mutually supportive trade and sustainable development policies, including those focused on labour and environment; promote labour and environmental protection, including through enforcement of labour and environmental laws; and enhance cooperation between the Parties to address trade-related labour and environmental issues.

ARTICLE 14.2 Context

1. The Parties recognise Agenda 21 and the Rio Declaration on Environment and Development, adopted at Rio de Janeiro on 14 June 1992, the Johannesburg Plan of Implementation of the World Summit on Sustainable Development of 2002, the International Labour Organization Declaration on Social Justice for a Fair Globalization, adopted at Geneva on 10 June 2008 by the International Labour Conference at its 97th Session (hereinafter referred to as the "ILO Declaration on Social Justice for a Fair Globalization"), the Outcome Document of the United Nations Conference on Sustainable Development of 2012 entitled "The Future We Want" endorsed by United Nations General Assembly Resolution A/RES/66/288, adopted on 27 July 2012, and the United Nations Agenda "Transforming our world: the 2030 Agenda for Sustainable Development", adopted on 25 September 2015 by United Nations General Assembly Resolution A/RES/70/1 (hereinafter referred to as

2. The Parties recognise that sustainable development encompasses economic development, social development and environmental protection, all three being interlinked and mutually reinforcing. The Parties recognise the importance of mutually supportive trade, labour, and environmental policies and practices to improve labour and environment protection in pursuance of sustainable development.

the "2030 Agenda for Sustainable Development") and its Sustainable Development

Goals.

- 3. The Parties recognise the importance of promoting the development of international trade and investment in a way that contributes to the objectives of sustainable development.
- 4. The Parties recognise the importance of ensuring that the rights and economic interests of Indigenous Peoples, including Māori in the case of New Zealand, are

appropriately integrated in, and are reinforced and not undermined by, international trade and investment policy and activity, including ensuring Indigenous perspectives, voices and effective participation are appropriately embedded in trade and investment activities.

- 5. The Parties recognise the sovereign right of each Party to establish, administer and enforce its environment and labour laws, regulations, policies and priorities, in a manner consistent with the rights and obligations in this Agreement.
- 6. The Parties recognise the importance of providing for and encouraging high levels of environmental and labour protection and continuing to improve their respective levels of environmental and labour protection.

ARTICLE 14.3

Multilateral Agreements

- 1. The Parties recognise the important role multilateral environmental agreements play in protecting the environment, including reducing biodiversity loss and addressing climate change, and the need to enhance the mutual supportiveness between trade and environmental laws and policies.
- 2. The Parties agree to cooperate on trade-related aspects of environmental policies and measures, bilaterally and in international fora, as appropriate, including in the United Nations Environment Programme, United Nations Environment Assembly, multilateral environmental agreements (MEAs), the Food and Agriculture Organization of the United Nations (FAO), and the WTO.
- 3. The Parties affirm their commitment to promote the development of international trade in a way that is conducive to decent work for all, as expressed in the ILO Declaration on Social Justice for a Fair Globalization.
- 4. Recalling the ILO Declaration on Social Justice for a Fair Globalization, and in accordance with their domestic laws and regulations, the Parties note that the violation of fundamental principles and rights at work cannot be invoked or otherwise used as a legitimate comparative advantage and that labour standards should not be used for protectionist trade purposes.

ARTICLE 14.4

General Provisions

1. The Parties recognise the importance of the effective enforcement of their environment and labour laws.

- 2. The Parties shall endeavour to ensure that environmental and labour laws or other environmental and labour measures are not used for protectionist trade purposes between the Parties.
- 3. The Parties shall endeavour to not seek to encourage trade or investment by weakening or reducing the protection afforded in their respective environmental and labour laws.

Labour Rights

- 1. The Parties, in accordance with their laws and regulations, and their obligations as members of the International Labour Organization and the Declaration on Fundamental Principles and Rights at Work, shall endeavour to adopt and maintain the principles concerning the fundamental rights at work.
- 2. Each Party shall adopt or maintain laws and regulations, and practices thereunder, governing decent working conditions. 1
- 3. Each Party recognises the goal of eliminating all forms of forced or compulsory labour, including forced or compulsory child labour. The Parties agree to share information, experiences and good practices related to this matter.
- 4. Each Party shall encourage enterprises operating within its jurisdiction to adopt policies of responsible business conduct that contribute to achieving sustainable development in its labour dimension, and are consistent with internationally-recognised principles and guidelines that have been endorsed or are supported by that Party.

ARTICLE 14.6

Women's Economic Empowerment

- 1. The Parties recognise the importance of gender balance and the empowerment of all women in advancing sustainable and inclusive economic growth and development, including through women's participation in international trade and investment.
- 2. The Parties also recognise that gender-responsive policies and practices are important to advancing gender balance and the empowerment of all women. The Parties recognise the importance of adopting, maintaining and implementing gender balance and women's economic empowerment laws, regulations, policies and best practice, in line with the Sustainable Development Goal 5 of the UN 2030 Agenda for

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¹ As determined by each Party.

Sustainable Development. The Parties also recognise the importance of the Convention on the Elimination of all Forms of Discrimination Against Women, done at New York City on 18 December 1979, the Beijing Declaration and Platform for Action, Fourth World Conference on Women: Action for Equality, Development and Peace, adopted at Beijing on 15 September 1995, and the WTO Joint Declaration on Trade and Women's Economic Empowerment adopted at Buenos Aires on 12 December 2017.

- 3. Accordingly, each Party shall endeavour to:
 - (a) implement this Agreement in a manner that advances the full, equal and meaningful participation of women in the economy and in a manner that protects and promotes women's rights and economic well-being;
 - (b) foster women's entrepreneurship, including promoting women's access to the benefits and opportunities of this Agreement;
 - (c) promote the exchange of information and best practice related to the development and implementation of policies and programmes aimed at enhancing women's participation in economic activity, including international trade; and
 - (d) in the case of New Zealand, provide opportunities for wāhine Māori² to engage in trade activities including with a Te Ao Māori³ framework.
- 4. The Parties recognise the importance of women's economic empowerment as part of the Parties' trade and investment relationship. Accordingly, the Parties emphasise their intention to implement the provisions of this Agreement in a manner that upholds this principle and encourage inclusive participation of women in the implementation of the cooperation activities established under this Article, as appropriate.

ARTICLE 14.7 Climate Change

1. The Parties recognise the importance of achieving the objectives of the United Nations Framework Convention on Climate Change, done at New York on 9 May 1992 and the Paris Agreement under the United Nations Framework Convention on Climate Change, done at Paris on 12 December 2015, in order to address the urgent threat of climate change, and the role of trade and investment in pursuing this

² The term "wāhine Māori" refers to Indigenous women of New Zealand.

³ "Te Ao Māori" refers to the Māori world view based on a holistic approach to life

objective, and agree to cooperate to address climate change. The Parties further recognise the importance of sharing knowledge, information, good practices and expertise that supports understanding and addressing the challenges of transition to net-zero greenhouse gas emissions and climate resilient economies.

- 2. The Parties also recognise the importance of removing obstacles to trade and investment in goods and services which are particularly relevant to climate change mitigation and adaptation, and which can enhance the mutual supportiveness of trade, investment and climate policies and measures.
- 3. The Parties recognise the important and unique connection Indigenous Peoples have to the environment and their right to maintain, control, protect and develop their systems of knowledge, cultural expressions, practices and values. The Parties also recognise the valuable contribution Indigenous histories, knowledge and knowledge systems, cultures and practices can make towards sustainable trade and investment, including solutions to climate change.
- 4. The Parties further recognise the role of market-based solutions to mitigate and adapt to climate change and the role of policies, programs and innovation to achieve climate goals. Accordingly, the Parties agree to promote:
 - (a) carbon markets as an effective policy tool for reducing greenhouse gas emissions efficiently, both domestically and internationally, whether those carbon markets are voluntary or compliance-based;
 - (b) environmental credibility in the development of international carbon markets;
 - (c) the role of nature-based solutions in addressing climate change;
 - (d) policies and repurposing public support which support the achievement of climate goals, including policies regarding food systems and agriculture; and
 - (e) knowledge and evidence-based innovations, including local and Indigenous knowledge, especially technological innovations, to support solutions to climate change, including sustainable agriculture production.
- 5. The Parties agree to cooperate bilaterally and in international fora, including at the WTO and the United Nations and on international environmental conventions, to:
 - (a) address matters of mutual interest with respect to trade-related aspects of climate change policies and measures; and

- (b) mitigate and adapt to climate change including through:
 - i) implementation of the Paris Agreement;
 - ii) international trade-related aspects of effective action against climate change; and
 - iii) contributing to a reduction in greenhouse gas emissions and increased climate resilience.

Sustainable Natural Resources

- 1. The Parties recognise the ecosystems most vulnerable to climate change exist within water, coastal, marine, agricultural, forestry and dryland areas. The Parties recognise the effects of climate change on these ecosystems which will impact food security and public health. The Parties further recognise their international commitments, including Sustainable Development Goals 2, 12, 14, and 15 of the 2030 Agenda. The Parties further acknowledge the importance, and positive role, of the multilateral trading system and WTO in encouraging sustainable use of resources, sustainable ecosystems, sustainability of services and sustainable long-term growth.
- 2. The Parties reaffirm their shared ambition for the WTO to advance international cooperation efforts on the WTO Agreement on Agriculture and the WTO Agreement on Fisheries Subsidies. The Parties agree to cooperate in international fora to secure a sustainable future.
- 3. The Parties recognise the harmful environmental consequences that subsidies across all sectors can have, including by encouraging unsustainable forms of production. The Parties reaffirm their rights and obligations under the SCM Agreement and Agreement on Agriculture.
- 4. The Parties also recognise the importance of cooperating to understand the implications, operations, and future direction of environmentally harmful subsidies. The Parties also recognise the importance of seeking ways to encourage dialogue, and cooperate bilaterally and in international fora to address environmental harm resulting from subsidies and explore options for reform. The Parties further recognise the importance of providing financial support to policies and practices that support environmental outcomes, for example through research and development funding or through repurposing financial support provided through subsidies.

Sustainable Agriculture

- 1. The Parties recognise the importance of strengthening policies and defining programmes that contribute to the development of sustainable, inclusive, healthy and resilient food systems.
- 2. Accordingly, the Parties recognise the following principles:
 - (a) furthering sustainable agriculture and associated public investment;
 - (b) encouraging innovation and implementing research and development in sustainable agriculture and food systems to increase resilience to climate change;
 - (c) promoting practices and policies that assist agricultural production to mitigate and adapt to climate change;
 - (d) highlighting the positive role the multilateral trading system can play in finding solutions and promoting sustainable agriculture;
 - (e) basing approaches in risk- and science-based decision-making, and recognising Indigenous values, practices and knowledge;
 - (f) avoiding unduly prescriptive measures and compliance costs when implementing sustainability measures;
 - (g) avoiding policies that undermine global food security; and
 - (h) sharing internationally recognised best practice for sustainable agriculture production, while emphasising that this be evidence-based and transparent, in order to protect the sustainability of agricultural production.
- 3. The Parties agree to identify implementing opportunities for the COP28 Declaration on Sustainable Agriculture and Food Systems, specifically focusing on ensuring sustainable production through science and evidence-based innovation and scaling up investment related to agriculture and food systems for the purpose of promoting sustainable agriculture, resilient food systems and climate action.

Sustainable Fisheries

- 1. The Parties recognise the importance of conserving and sustainably managing marine fisheries as well as promoting responsible and sustainable aquaculture, and the role of trade in pursuing these objectives.
- 2. Accordingly, the Parties agree to:
 - (a) support national, regional and international action to address IUU fishing in accordance with national and international instruments⁴, and by using relevant bilateral and international frameworks; and
 - (b) cooperate on trade-related aspects of fishery and aquaculture policies and measures bilaterally, regionally, and in international fora as appropriate, including in the WTO, FAO, United Nations General Assembly, Regional Fisheries Management Organisations, and other multilateral organisations in this field, which are important to promoting sustainable fishing practices and trade in fish products from sustainably managed fisheries.

ARTICLE 14.11

Sustainable Forestry

- 1. The Parties recognise the importance of the conservation and sustainable management of forests, and the sustainable production of forest products in providing environmental and ecosystem services, economic and social benefits, and opportunities for future generations including by addressing climate change and reducing biodiversity loss, and the role of trade in pursuing this objective.
- 2. Accordingly, the Parties agree to:
 - (a) promote the conservation and sustainable management of forests;

⁴ Regional and international instruments include, as they may apply, the *International Plan of Action to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing* of the FAO, done at Rome on 2 March 2001 ("2001 IUU Fishing Plan of Action"), the 2005 Rome Declaration on Illegal, Unreported and Unregulated Fishing, adopted in Rome on 12 March 2005 ("Declaration on IUU"), the Agreement on Port State Measures to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing, done at Rome on 22 November 2009, the FAO Global Record of Fishing Vessels, Refrigerated Transport Vessels and Supply Vessels, as well as instruments establishing and adopted by Regional Fisheries Management Organisations (RFMOs), which are defined as intergovernmental fisheries organisations or arrangements, as appropriate, that have the competence to establish conservation and management measures.

- (b) contribute to combatting illegal logging, illegal deforestation, and associated trade, including with respect to communities dependent on forests; and
- (c) promote trade in legally, and sustainably produced, commodities which could otherwise be associated with deforestation.

ARTICLE 14.12 Resource Efficient and Circular Economy

- 1. The Parties recognise the transition towards a circular economy and greater resource efficiency can reduce the adverse impacts on the environment, improve resource security, and contribute to their respective efforts to achieve their international commitments, including Sustainable Development Goal 12 of the 2030 Agenda. The Parties further recognise the role that trade can play in achieving this transition through trade in second-hand goods, end-of-life products, secondary materials or waste, as well as trade in related services.
- 2. The Parties also recognise that policy objectives to facilitate the transition to a resource efficient and circular economy include: extending product lifetimes; increasing the proportion of materials and products that are reused and recycled; and reducing waste throughout supply chains.
- 3. The Parties further recognise the importance of applying circular economy principles in sectors such as sustainable manufacturing, green infrastructure, sustainable transportation and sustainable food production and consumption. Accordingly, the Parties agree to:
 - (a) encourage, including through research and development, resource efficient product design, including the designing of products to be easier to reuse, dismantle, or recycle at end of life;
 - (b) encourage environmental labelling, including eco-labelling, to make it easier for consumers to make more sustainable choices;
 - (c) with a view to limit the generation of waste, encourage reuse, repair, and remanufacture as well as the recovery of resources where residual waste does occur, and strive to reduce the amount of waste sent to landfill; and
 - (d) encourage relevant public entities to consider the policy objectives in paragraph 2 in their purchasing decisions in accordance with improved environmental, social and labour considerations.

- 4. The Parties agree to cooperate on ways to encourage a transition towards a resource efficient and circular economy, which may include:
 - (a) developing policies and practices to encourage the transition to a resource efficient and circular economy;
 - (b) promoting and facilitating trade that contributes to a resource efficient and circular economy, including trade in secondary materials and used goods, and goods for repair, reuse, and remanufacture; and
 - (c) sharing best practices on resource efficient product design and related product information and quality standards for secondary materials and goods.

Environmental Goods and Services

- 1. The Parties recognise the importance of trade and investment in, and strengthening the market for, environmental goods and services as a means of improving environmental and economic performance and addressing global environmental challenges, including climate change. The Parties further recognise that facilitating trade and investment in environmental goods and services, including clean technology, is a means of improving environmental and economic performance, contributing to clean growth and jobs, and encouraging sustainable development while addressing global environmental challenges including climate change.
- 2. The Parties recognise the importance of promoting trade and investment in environmental goods and services. Accordingly, the Parties agree to:
 - (a) facilitate and promote trade and investment in environmental goods and services:
 - (b) promote trade and investment in goods and services that are related to the protection of the environment or that contribute to enhancing social conditions; and
 - (c) support transparent, factual and non-misleading sustainability schemes or other voluntary initiatives to contribute meaningfully to sustainable development.

Eco-labelling

- 1. The Parties recognise that flexible and voluntary mechanisms, such as ecolabels, which protect the environment, encourage innovation and build consumer awareness, are important for trade and investment.
- 2. The Parties further recognise the potential for eco-labels, and other environmental standards on goods and services, to be used as barriers to trade and shall endeavour to address related non-tariff barriers while encouraging the uptake of transparent, factual and non-misleading sustainability schemes, such as fair and ethical trade schemes and ecolabels.

ARTICLE 14.15

Conservation of Biological Diversity

- 1. The Parties recognise the importance of conserving, and sustainably using, biological diversity and the role of trade in pursuing these objectives, consistent with relevant MEAs to which they are a party, including the *Convention on Biological Diversity*, done at Rio de Janeiro on 5 June 1992 (hereinafter referred to as the "Convention on Biological Diversity") and its Protocols, the *Convention on the Conservation of Migratory Species of Wild Animals*, done at Bonn on 23 June 1979, *The Ramsar Convention on Wetlands*, done at Ramsar on 2 February 1971, and the *Convention on International Trade in Endangered Species of Wild Fauna and Flora*, done at Washington, D.C. on 3 March 1973, and the decisions adopted thereunder. Accordingly, the Parties agree to:
 - (a) fulfil their commitments to the Convention on Biological Diversity by implementing the Kunming-Montreal Global Biodiversity Framework, done at Montreal on 19 December 2022, through their national biodiversity strategies;
 - (b) take appropriate action to conserve biological diversity when it is subject to pressures linked to trade and investment, in particular to prevent the spread of invasive alien species; and
 - (c) take appropriate measures to protect and conserve wild fauna and flora, including critical and endangered habitats, that they have identified to be at risk within their respective territories, and measures to conserve the ecological integrity of specifically protected natural areas and critical ecosystems such as wetlands.

2. The Parties also recognise the importance of respecting, protecting, preserving and maintaining knowledge, innovations and practices of Indigenous Peoples embodying traditional lifestyles that contribute to the conservation and sustainable use of biological diversity, and the role of international trade in supporting this.

ARTICLE 14.16

Cooperation

The Parties recognise the importance of cooperation as a mechanism to implement this Chapter, to enhance its benefits, and to strengthen the Parties' joint and individual capacities to promote Trade and Sustainable Development, including as they strengthen their trade and investment relations.

ARTICLE 14.17

Contact Points

- 1. Each Party shall, within 90 days of entry into force of this Agreement, designate an office or official within its trade ministry, or equivalent entity, as a contact point to address matters related to this Chapter. Each Party shall notify the other Party promptly in the event of any change to its contact point.
- 2. The contact points shall facilitate regular communication and coordination between the Parties, and cooperate, including with other appropriate agencies of their governments, to develop and implement cooperative activities.

ARTICLE 14.18

Consultations

- 1. The Parties recognise the importance of cooperation and consultation, based on the principle of mutual respect, and shall endeavour to resolve any matter arising under this Chapter.
- 2. At any time, after making a request for information about a matter arising under this Chapter, the requesting Party may express its concern in writing to the responding Party and request consultations on the matter. Consultations between the Parties to discuss the concerns raised shall be held within 60 days after the date of delivery of the request.
- 3. The Parties shall endeavour to achieve a satisfactory resolution of the matter through consultations initiated in accordance with paragraph 2. The Parties may

request advice from an independent expert or experts chosen by them to assist. The Parties shall document any outcome.

ARTICLE 14.19 Dispute Settlement

Neither Party shall have recourse to dispute settlement under Chapter 20 (Dispute Settlement) for any matter arising under this Chapter.