

CHAPTER 15

ENVIRONMENT AND TRADE

Article 15.1: Context

The Parties reaffirm their commitments to promoting the development of international trade in such a way as to contribute to the objective of sustainable development and will strive to ensure that this objective is integrated and reflected at every level of their trade relationship.

Article 15.2: Objectives

The Parties recognize that economic development, social development and environmental protection are interdependent and mutually supportive components of sustainable development. The Parties underline the benefits of cooperation on environmental issues as part of a global approach to sustainable development.

Article 15.3: Scope

This Chapter shall apply to measures adopted or maintained by the Parties affecting trade-related aspects of environmental issues.

Article 15.4: Levels of Protection

1. The Parties reaffirm each Party's sovereign right to establish its own levels of environmental protection and its own environmental development priorities and to adopt or modify its environmental laws and policies.
2. The Parties shall seek to ensure that their environmental laws and policies provide for, and encourage high levels of environmental protection, and shall strive to continue to improve their respective levels of environmental protection.
3. In this regard, the Parties:

- (a) recognize their commitments to promote compliance and effective implementation of each Party's environmental law;
- (b) will strive to promote the conservation and sustainable use of biodiversity, and the preservation of traditional knowledge relevant to the conservation of biological diversity and the sustainable use of its components; and
- (c) reaffirm their intention to strengthen cooperation on environmental matters.

Article 15.5: 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 recognize that it is inappropriate to encourage trade or investment by weakening or reducing the protections afforded in their environmental laws and regulations. Accordingly, neither Party shall waive or otherwise derogate from such laws and regulations in a manner that weakens or reduces the protections afforded in those laws and regulations.
3. The Parties agree that environmental laws and regulations shall not be used for trade protectionist purposes.
4. Nothing in this Chapter shall be construed to empower a Party's authorities to undertake environmental law enforcement activities in the territory of the other Party.

Article 15.6: Multilateral Environmental Agreements

1. The Parties recognize that multilateral environmental agreements (hereinafter referred to as the "MEAs") play an important role globally and domestically in protecting the environment. Accordingly, the Parties reaffirm their commitments to the effective implementation in their laws and practices of the MEAs to which both Parties are party.
2. The Parties agree to dialogue and cooperate, as appropriate, with respect to environmental issues of mutual interest related to MEAs to which they are parties, in particular on trade-related issues with a view to strengthening the cooperation between them.

Article 15.7: Review of Environmental Impact

The Parties shall endeavor to review the impact of the implementation of this Agreement on environment, at appropriate time after the entry into force of this Protocol, through their respective participative processes and institutions.

Article 15.8: Cooperation

1. Recognizing the importance of cooperation in the field of environment in achieving the goals of sustainable development, the Parties commit to building on the existing bilateral agreements and to further strengthening cooperative activities in areas of common interest, as appropriate, in particular trade related environmental issues in manners that the Parties deem appropriate.
2. The Parties hereby agree to promote cooperation activities on mutual interest.
3. The Parties shall endeavor to assure that cooperation activities:
 - (a) are consistent with the programs, strategies of development, and national priorities of each Party;
 - (b) would create opportunities for the public to take part in the development and implementation of such activities; and
 - (c) would take into consideration the economy, and the legal system of each Party.

Article 15.9: Institutional Arrangements

1. With a view to facilitating the implementation of this Chapter and the related communications, the following Contact Points are designated:
 - (a) for China, the Ministry of Commerce (MOFCOM) or its successor; and
 - (b) for Nicaragua, the Ministry of Development, Industry, and Trade (*Ministerio de Fomento, Industria y Comercio (MIFIC)*) or its successor.
2. A Party may, through the Contact Points referred to in paragraph 1, request consultations within the FTA Joint Commission regarding any matter arising under

this Chapter. The Parties shall make every attempt to arrive at a mutually satisfactory resolution of the matter.

Article 15.10: Non-Application of Dispute Settlement

No Party shall have recourse to dispute settlement for any issue arising from or relating to this Chapter.