

CHAPTER 10

GREEN ECONOMY

Section A Basic Principles and Objectives

Article 10.1: Definitions

For the purposes of this Chapter, the following definitions shall apply, unless the context otherwise requires:

- (a) **clean energy** means any energy source that generates energy resulting in low or zero greenhouse-gas emissions, including energy generated from low or zero-emission technologies that significantly reduce greenhouse gas emissions, or any solution that improve energy efficiency and conservation;
- (b) **green economy** means economic activities that promote new opportunities to support regional low-carbon economies, climate resilient development, and sustainable development;
- (c) **green skills** means a range of technical knowledge, expertise, and abilities that enable the effective use of green technologies and processes in professional settings. They draw on a range of knowledge, values, and attitudes to facilitate environmentally sustainable decision-making at work and in life;
- (d) **new energy** means any energy resource that is systematically developed and utilised on the basis of new technologies that encourages the adoption of clean and renewable energy, and enhances resilience against the impacts of climate change;
- (e) **standards, technical regulations, and conformity assessment procedures** shall have the same meanings as in the WTO Agreement on Technical Barriers to Trade; and
- (f) **sustainable finance** means public and private financial flows for activities that address climate change mitigation

and adaptation as well as other environmental issues to support green growth.

Article 10.2: Objectives

The objectives of this chapter are to:

- (a) promote a green and climate resilient economy, cultivate new growth engines such as clean and renewable energy and green industry, innovation, best available techniques, and focus on promoting high-quality development that will contribute towards low carbon, resource efficiency, and climate resilient development and sustainable development;
- (b) intensify cooperation on areas of mutual interests on green economy such as green trade, green investment, and green finance to support regional low carbon, climate resilient development, and sustainable development, to achieve common prosperity; and
- (c) jointly promote a regional energy transition and enhance technology sharing in energy efficiencies, clean, and renewable energies.

Article 10.3: Basic Principles

1. The Parties reaffirm commitment to uphold principles set by the *Stockholm Declaration on the Human Environment* done at Stockholm on 16 June 1972, the *Rio Declaration on Environment and Development* done at Rio de Janeiro on 14 June 1992, *Agenda 21 on Environment and Development* done at Rio de Janeiro on 14 June 1992, the *Johannesburg Plan of Implementation on Sustainable Development* done at Johannesburg on 4 September 2002, *The Future We Want of 2012* done at Rio de Janeiro on 22 June 2012, *Transforming our world: the 2030 Agenda for Sustainable Development* done at New York on 25 September 2015, as well as obligations under the *United Nations Framework Convention on Climate Change* done at Rio de Janeiro on 9 May 1992 and the *Paris Agreement*, and other related multilateral environmental agreements that China and ASEAN Member States are parties to.

2. The Parties recall the statements and visions put forward jointly by China and ASEAN to promote sustainable development in the region.
3. The Parties recognise the importance of upholding development as a priority, benefits for all, innovation-driven development, living in harmony with nature, as well as results-oriented actions.
4. The Parties recognise the sovereign rights of each Party to develop, set, administer, enforce and modify its laws, regulations, and policies relevant to trade and environment, and climate change accordingly.
5. The Parties recognise that it is inappropriate to use environmental standards as a disguised means of trade protectionism. The Parties also recognise that weakening or reducing levels of protection in the environmental standards to encourage trade or investment is inappropriate.
6. The Parties recognise the importance of taking action on climate change and environmental protection in a manner that promotes and not restrict trade and investment, and achieve mutually beneficial outcomes, particularly through cooperation in supply chains, standards and conformity assessment procedures, sustainable agriculture, clean energy, green finance, green technology, and the circular economy.
7. The Parties recognise the importance of cooperation in sustainable infrastructure to support individual and collective efforts to address climate change and promote environmental sustainability and green growth.
8. The Parties recognise the importance of promoting dialogue and sharing of knowledge, best practices, expertise, and information on climate action and environmental protection, increasing policy communication and experience sharing, as well as exploring common plans and strategies for sustainable development while considering national circumstances of each Party.

Article 10.4: Environmental Goods and Services

1. The Parties recognise that trade and investment are central to a green economy and that environmental goods and services are important in supporting the transition to sustainable economic

growth and development of green industries, sectors, and markets. Accordingly, the Parties will endeavour, to the extent possible, to address barriers to trade and strengthen investment cooperation for environmental goods and services.

2. To enable and improve trade in environmental goods and services among the Parties and to expand trade and investment opportunities for businesses and industry in the green economy, the Parties will explore potential collaboration in areas, such as identifying environmental goods and services, facilitating trade including through the use of digital technologies, standards, technical regulations, and conformity assessment procedures for environmentally-friendly products, and promoting the use of more efficient, cleaner, or renewable energy sources for the production of manufactured goods.

Article 10.5: Cooperation and Capacity Building

1. The Parties are committed to strengthening cooperation in education, joint research, and development projects in priority areas, as well as to fostering demand for green products and services to stimulate innovation, competitiveness, and long-term sustainable development.
2. The Parties recognise the importance of data and evidence-based analysis and will encourage the use of this information to facilitate the implementation of our cooperation.
3. Taking into account national circumstances and respective pathways and approaches towards low greenhouse gas emissions and climate resilient development, the Parties will endeavour to work jointly to facilitate new green growth and workforce opportunities such as exploring innovative initiatives.
4. The Parties are committed to working together to build capacity and share knowledge, best practices, expertise, information exchange, technical assistance, and other forms of cooperation to promote a better understanding of the challenges of transitioning to economies, to assist in implementing the agreement and enhancing its benefits, with the intention of accelerating economic growth towards a green economy.

Section B

Priority Areas of Cooperation

Article 10.6: Green Trade

1. The Parties recognise that international trade is an engine for inclusive economic growth and poverty reduction and contributes to the promotion of sustainable development. The Parties further recognise that green trade is central to green economy, which can promote and strengthen the development of green industries, sectors, and markets through the delivery of environmental goods and services, and support the transition to sustainable economic growth.
2. The Parties recognise the importance 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 relationship.
3. 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 among the Parties.
4. The Parties are encouraged to utilise various promotional activities such as exhibitions, forums, and fairs to collaborate and to build platforms for the development of green trade and promote trade of green products and services.

Article 10.7: Green Investment

1. The Parties recognise that investment is a major driver of productivity, inclusive economic growth and job creation, and green investment can play an important role in promoting green economy towards sustainable development.
2. The Parties agree to strengthen green investment cooperation and promotion in green industry and green services, such as clean energy and environmental protection, ecological environment, ecological agriculture, green tourism, and low carbon technologies to improve the sustainable development of investment cooperation projects and contribute to the Parties efforts to transition to green economies, circular economy, and green skills development.

3. The Parties may enhance mutual understanding of green investment strategies and policies through holding meetings, seminars, and forums, among others.
4. The Parties may promote green investment cooperation in cooperation projects among China and ASEAN Member States.
5. The Parties may encourage relevant stakeholders, such as government agencies, local government, industry associations, chambers of commerce, financial institutions and enterprises, to strengthen contact, explore new cooperation opportunities in green investment, and ensure that their cooperation continues to be improved and more forward-looking.

Article 10.8: Circular Economy

1. The Parties recognise that Sustainable Development Goal 12 (ensure sustainable consumption and production patterns) in the United Nations 2030 Agenda for Sustainable Development can contribute to circular economy. The Parties will encourage and promote green consumption and production, and low-carbon ways of life.
2. The Parties encourage circular economy approaches to maintain products, materials, and resources in the economy for as long as possible, and to return the waste from production and consumption into the value chain, to minimise waste generation and environmental impacts; and contribute to more sustainable production and consumption.
3. The Parties may strengthen experience and information sharing, communication, cooperation, joint research, and endeavour to consider the possibility of transfer of technology on voluntary and mutually agreed terms in the following aspects, including:
 - (a) plastic pollution control, extended producer responsibility, facilitating circulation of materials for recycling, eco products, eco-design, eco-label, waste-to-energy, green industry implementation, and green distribution; and
 - (b) the best practices in applying circular economy models in areas such as agriculture, energy, transportation, green

building and infrastructure, waste and plastic management, and others.

Article 10.9: Sustainable Finance

1. The Parties recognise that the establishment and improvement of sustainable finance can help bring into play the role of financial markets in optimising resources to promote green and climate resilient economy.
2. The Parties may strengthen experience sharing, communication, and cooperation in the following aspects, including sustainable financial products and market systems, sustainable finance policies and standard systems, transition finance standards, the construction of local pilot zones for sustainable finance reform and innovation and pursue cooperation with multilateral development banks to support financing and investment in green projects.
3. The Parties acknowledge the vital role of the international standards, the ASEAN Taxonomy for Sustainable Finance, China's taxonomies, and respective ASEAN Member States' Sustainable Finance taxonomies in promoting and supporting transition to circular economy, green economy, low-carbon and climate resilient economies, Sustainable Development Goals as well as the importance of advancing comparability and interoperability of taxonomies and international standards for sustainable finance in supporting more efficient, lower-cost cross-border green capital flows. The Parties shall pursue cooperation with multilateral development banks to promote knowledge sharing and capacity building in sustainable finance in general and in developing sustainable finance markets in particular for member countries through regional cooperation mechanisms.

Article 10.10: Green Technology

1. The Parties recognise that green technology is an engine for environmental protection, mitigation, and adaptation to climate change which can provide important support for the development of green economy.
2. The Parties will jointly build a closer partnership on science, technology and innovation, such as low-carbon technologies, sustainable and green infrastructure, environmental industry,

green industry through China-ASEAN Plan of Action on a Closer Partnership of Science, Technology and Innovation for Future (2021-2025) and the subsequent plans of action, and the launching of the China-ASEAN Science, Technology and Innovation Enhancing Programme, to further enhance exchanges on innovative development of science and technology of China and ASEAN Member States and foster new impetus for cooperation.

3. The Parties may strengthen experience sharing, communication and cooperation in the following aspects, including, innovation and integration of green technology, research and development of green technology equipment, development of green technology research institutions, commercialisation of green technology research findings, trial and pilot extension of green technology, support relevant stakeholders, including micro, small and medium enterprises in adopting green technology, and capacity building for green development.

Article 10.11: Green Standards, Technical Regulations, and Conformity Assessment Procedures

1. The Parties recognise that cooperation on standards, technical regulations, and conformity assessment procedures can increase compatibility and interoperability of systems and processes and reduce barriers to trade which support a well-functioning green economy. The Parties also recognise that information exchange and transparency with regard to the preparation, adoption, application, and maintaining the standards, technical regulations, and conformity assessment procedures on green economy are important for international cooperation.
2. The Parties may strengthen experience sharing, communication, and cooperation in the following aspects, including:
 - (a) encouraging, where appropriate, the harmonisation to international standards relating to green economy, in areas that are of mutual interest to the Parties; and
 - (b) promoting dialogue and cooperation on standards, technical regulations, and conformity assessment procedures related to green economy, in particular, new energy products such as new energy batteries, new energy vehicles and related components and parts, in

order to reduce trade barriers, and promote the development of green trade and investment.

3. The Parties recognise that mechanisms which facilitate the cross-border recognition of conformity assessment results can support the green economy. The Parties will endeavour to avail such mechanisms, subject to their respective laws and regulations, which include the acceptance of conformity assessment results by regulators using international recognition agreements or arrangements that both Parties are Party to, in order to reduce duplicate testings, so as to facilitate trade.
4. The Parties may encourage coordination in setting up of international standards such as the Codex Alimentarius standards and increase coherence among standards.

Article 10.12: Sustainable Energy

1. The Parties recognise the importance of accelerating the construction of a new energy system, increasing the proportion of clean energy consumption, and promoting the green and low-carbon transition of the energy structure.
2. The Parties may promote knowledge sharing in clean and low-carbon energy technologies and advance energy transition in the region, including through the proposed establishment of the China-ASEAN Clean Energy Cooperation Center, to contribute to achieve low-carbon economic development as well as green and sustainable growth.
3. The Parties agree to strengthen cooperation in the sustainable energy industries in the fields, such as wind power, hydropower, solar power, hydrogen, bio-energy, smart grid, smart energy solutions, energy storage systems, and electric vehicles, and promote trade and investment.
4. The Parties may strengthen experience sharing, communication, and cooperation in the renewable energy and carbon capture, utilisation and storage, and building more clean energy facilities that help with emission reduction.

Article 10.13: Coordinated Transformation for Digital and Green Development

1. The Parties recognise the importance of promoting energy efficiency improvement in emerging fields, deep integration of digital technology and green and low-carbon industries, and application of digital energy-saving and carbon reduction technologies.
2. The Parties may strengthen experience sharing, communication, and cooperation in the following aspects, including:
 - (a) promoting green and low-carbon development of digital industries such as data centres and 5G, enabling the green and digital transformation of traditional industries and micro, small and medium enterprises through digital technology, on research and development (R&D), extension of common digital and green technologies, and expansion of digital and green integration application scenarios; and
 - (b) applying digital, smart, and green technology in agricultural production, assembling and integrating green technologies to meet the needs of different crops and regions, bolstering digital development in agriculture including efforts to advance R&D and extension related to digital application scenarios, accelerating the use of big data in agriculture, and promoting smart agriculture.

Article 10.14: Other Areas of Cooperation

The Parties agree to strengthen cooperation in any other areas as mutually agreed by the Parties.

Section C Implementation Mechanism

Article 10.15: Contact Points

1. Each Party shall designate contact point or contact points to facilitate communication among the Parties for the implementation of this Chapter.
2. Each Party shall notify the other Parties in writing of its designated contact point or contact points including information of their contact details no later than 60 days after the date of entry into force of the CAFTA 3.0 Upgrade Protocol for that Party.

3. Each Party shall notify the other Parties of any change of its contact point or contact points or their contact details.

Article 10.16: Review

For the purposes of this Chapter, the Parties shall meet five years from the date of entry into force of the CAFTA 3.0 Upgrade Protocol for all Parties or otherwise agreed by the Parties to review this Chapter with a view to furthering and developing the objectives set out in Article 10.2 (Objectives).

Article 10.17: Non-Application of Dispute Settlement

1. The Agreement on Dispute Settlement Mechanism, as reaffirmed in Chapter 14 (Dispute Settlement), shall not apply to any matter arising under this Chapter.
2. Any dispute concerning the interpretation, implementation, or application of this Chapter shall be settled amicably by the Parties.

Article 10.18: Committee on Green Economy

1. The Parties hereby establish a Committee on Green Economy consisting of representatives of the Parties, to promote and monitor the implementation and administration of this Chapter.
2. The Committee on Green Economy shall meet as mutually determined by the Parties. The meetings may be conducted in person, or by any other means as mutually determined by the Parties.

Article 10.19: Disclosure of Information

Nothing in this Chapter shall require any Party to provide confidential information, the disclosure of which would impede law enforcement, or otherwise be contrary to the public interest, or which would prejudice legitimate commercial interests of particular enterprises, public or private.

Article 10.20: Confidentiality

Where a Party provides information to another Party in accordance with this Agreement and designates the information as confidential, the other Party shall maintain the confidentiality of the information. Such information shall be used only for the purposes specified by the Party providing the information, and shall not be otherwise disclosed without the specific permission of the Party providing the information, except to the extent that the Party receiving the information is required under its domestic law to provide the information to judicial proceedings.

Article 10.21: General Exceptions

Article XX of GATT 1994 and Article XIV of GATS are incorporated into and made part of this Chapter, *mutatis mutandis*.^{1, 2}

Article 10.22: Security Exceptions

Nothing in this Chapter shall be construed:

- (a) to require any Party to furnish any information the disclosure of which it considers contrary to its essential security interests;
- (b) to prevent any Party from taking any action which it considers necessary for the protection of its essential security interests, including but not limited to:
 - (i) action relating to fissionable materials or the materials from which they are derived;
 - (ii) action relating to the traffic in arms, ammunition and implements of war and to such traffic in other goods and materials as is carried on directly or

¹ The Parties understand that the measures referred to in subparagraph (b) of Article XX of GATT 1994 include environmental measures necessary to protect human, animal or plant life or health, and that subparagraph (g) of Article XX of GATT 1994 applies to measures relating to the conservation of living and non-living exhaustible natural resources.

² The Parties understand that the measures referred to in subparagraph (b) of Article XIV of GATS include environmental measures necessary to protect human, animal or plant life or health.

indirectly for the purpose of supplying a military establishment;

- (iii) action taken so as to protect critical communications infrastructure from deliberate attempts intended to disable or degrade such infrastructure;
 - (iv) action taken in time of war or other emergency in domestic or international relations; or
- (c) to prevent any Party from taking any action in pursuance of its obligations under the United Nations Charter for the maintenance of international peace and security.