

#### **Article 12.2: Context and Objectives**

1. The Parties recognize that each Party has sovereign rights to conserve and protect its environment and sustainably manage its natural resources. They affirm their environmental obligations under their law, as well as their international obligations under multilateral environmental agreements to which they are a party.
2. The Parties further recognize the mutual supportiveness between trade and environmental policies and the need to implement this Agreement in a manner consistent with environmental protection and conservation.

#### **Article 12.3: Levels of Protection**

Recognizing the right of each Party to set its own environmental priorities, to establish its own levels of environmental protection and to adopt or modify its environmental laws and policies accordingly, each Party shall strive to ensure that those laws and policies provide for and encourage high levels of environmental protection and shall strive to continue to improve them and their underlying levels of protection.

#### **Article 12.4: Compliance With and Enforcement of Environmental Laws**

1. A Party shall not fail to effectively enforce its environmental laws, through a sustained or recurring course of action or inaction, in a manner that affects trade or investment between the Parties.
2. Each Party shall ensure that violations of its environmental laws can be remedied or sanctioned under its law through judicial, quasi-judicial or administrative proceedings.

#### **Article 12.5: Non-derogation**

Each Party recognizes that it is inappropriate to encourage trade or investment by weakening or reducing the level of protection afforded in its environmental laws. Accordingly, a Party shall not waive, or otherwise derogate from, or offer to waive or otherwise derogate from, its environmental laws, in a manner that weakens or reduces the protections afforded in those laws, to encourage trade or investment.