

## Article 2: General Provisions

1. Recognizing the sovereign right of each Party to establish its own levels of domestic environmental protection and its environmental development policies and priorities, and to adopt or modify accordingly its environmental laws and policies, each Party shall ensure that its environmental laws and policies provide for high levels of environmental protection and shall strive to continue to develop and improve those laws and policies.
2. Accordingly, and with the aim of achieving high levels of environmental protection, each Party shall effectively enforce, through government action, its environmental laws.
3. For the purpose of this Agreement, a Party has not failed to effectively enforce its environmental law in a particular case where the action or inaction in question by agencies or officials of that Party:
  - (a) reflects a reasonable exercise of their discretion in respect of investigatory, prosecutorial, regulatory or compliance matters; or
  - (b) results from bona fide decisions to allocate resources to enforcement in respect of other environmental matters determined to have higher priorities.
4. Neither Party shall encourage trade or investment by weakening or reducing the levels of protection afforded in its environmental laws. Accordingly, neither Party shall waive or otherwise derogate from environmental laws in a manner that weakens or reduces the protections afforded in those laws to encourage trade or investment.
5. Each Party shall ensure that it maintains appropriate procedures for assessing the environmental impacts in accordance with domestic law and policy of proposed plans and projects, which may cause adverse effects on the environment, with a view to avoiding or minimizing such adverse effects.
6. The Parties shall encourage the promotion of the trade and investment of environmental goods and services.
7. Nothing in this Agreement shall be construed to empower a Party's authorities to undertake environmental law enforcement activities in the territory of the other Party.