

PRESS STATEMENT
FOR THE INDO-PACIFIC ECONOMIC FRAMEWORK'S
CLEAN ECONOMY PILLAR, FAIR ECONOMY PILLAR,
AND
ON THE SUBSTANTIAL CONCLUSION OF
IPEF SUPPLY CHAIN AGREEMENT NEGOTIATIONS

27 May 2023

Recalling the successful launch of the Indo-Pacific Economic Framework for Prosperity (IPEF) in May 2022, today, the IPEF Partners met in Detroit, Michigan for a ministerial meeting. The IPEF Partners released summaries of the ministerial meeting for Pillars II, III, and IV as provided below.

Pillar II (Supply Chain Resilience)

Today, the 14 partners of the Indo-Pacific Economic Framework for Prosperity (IPEF) –Australia, Brunei Darussalam, Fiji, India, Indonesia, Japan, Republic of Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, the United States, and Viet Nam – **announced the substantial conclusion of the negotiations of a first-of-its-kind international IPEF Supply Chain Agreement** at the IPEF Ministerial Meeting in Detroit, Michigan. The proposed Agreement aims to increase the resilience, efficiency, productivity, sustainability, transparency, diversification, security, fairness, and inclusivity of their supply chains through both collaborative activities and individual actions taken by each IPEF partner.

Following the launch of IPEF in Tokyo, Japan on May 23, 2022, and since the release of the IPEF Ministerial Statements on September 9, 2022, the IPEF partners have worked constructively, including through four rounds of in-person negotiations, several virtual intersessional meetings, and numerous bilateral meetings. **The IPEF partners will undertake the necessary steps, including further domestic consultations and a legal review, to prepare a final text of the proposed IPEF Supply Chain Agreement.** Once finalized, the proposed Agreement will be subject to IPEF partners' domestic processes for signature, followed by ratification, acceptance, or approval.

The IPEF partners are committed to working towards **early realization of the cooperation envisioned under the proposed IPEF Supply Chain Agreement.** This includes engaging with businesses and utilizing technical assistance and capacity building to increase investment in critical sectors, key goods, physical and digital infrastructure, transportation, and workforce projects.

Under the proposed IPEF Supply Chain Agreement, **the IPEF partners seek to:**

- **provide a framework to build their collective understanding of significant supply chain risks**, supported by each partner's identification and monitoring of its own critical sectors and key goods.
- **improve crisis coordination and response to supply chain disruptions** and work together to support the timely delivery of affected goods during a crisis;

- **ensure that workers and the businesses, especially micro-, small-, and medium-sized enterprises, in the economies of IPEF partners benefit** from resilient, robust, and efficient supply chains by identifying disruptions or potential disruptions and responding promptly, effectively, and, where possible, collectively;
- better prepare businesses in the economies of the IPEF partners to **identify, manage, and resolve supply chain bottlenecks**, including by strengthening supply chain logistics and infrastructure;
- **facilitate cooperation, mobilize investments, and promote regulatory transparency** in sectors and goods critical to national security, public health and safety, or the prevention of significant or widespread economic disruptions;
- **respect, promote, and realize, in good faith, labor rights in IPEF partners' supply chains**, in recognition of the essential role of workers in achieving greater supply chain resilience;
- ensure the **availability of a sufficient number of skilled workers in critical sectors and key goods, including by upskilling and reskilling workers**, promoting inclusivity and equal access, and increasing comparability of skills credentials frameworks;
- identify **opportunities for technical assistance and capacity building** in strengthening IPEF partners' supply chains; and
- respect market principles, minimize market distortions, including unnecessary restrictions and impediments to trade, and **protect business confidential information**.

In support of these efforts, the proposed IPEF Supply Chain Agreement contemplates the establishment of **three new IPEF Supply Chain bodies to facilitate cooperation** among the IPEF partners on supply chain issues:

- **The IPEF Supply Chain Council:** The proposed Agreement would establish a mechanism for the IPEF partners to work collaboratively to develop sector-specific action plans for critical sectors and key goods to enhance the resilience of IPEF partner's supply chains, including through diversification of sources, infrastructure and workforce development, enhanced logistics connectivity, business matching, joint research and development, and trade facilitation.
- **The IPEF Supply Chain Crisis Response Network:** The proposed Agreement would establish an emergency communications channel for the IPEF partners to seek support during a supply chain disruption and to facilitate information sharing and collaboration among the IPEF partners during a crisis, enabling a faster and more effective response that minimizes negative effects on their economies.
- **The IPEF Labor Rights Advisory Board:** The proposed Agreement would establish a new advisory board, consisting of government, worker, and employer representatives, as well as a subcommittee composed of government representatives, to support the IPEF partners' promotion of labor rights in their supply chains, promotion of sustainable trade and investment, and facilitation of opportunities for investment in businesses that respect labor rights.

The **IPEF partners are committed to operationalizing this landmark Agreement as soon as practicable**, including starting preparatory work, to bolster resilient supply chains while **recognizing the different economic and geographic characteristics of the partners**.

Pillar III (Clean Economy)

Australia, Brunei Darussalam, Fiji, India, Indonesia, Japan, Republic of Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, Viet Nam and the United States, discussed the status of the negotiations and welcomed the good progress made to date. Consistent with the September 2022 Ministerial Statement setting out the scope of the negotiations, the IPEF partners are exploring ways to pursue their respective climate goals. **Together, they will advance cooperation on research, development, commercialization, availability, accessibility, and deployment of clean energy and climate friendly technologies, and facilitate investment towards climate-related projects in the region.** Partners will achieve this through connecting markets through policies and standards, ensuring that energy is sustainable, resilient, reliable, and affordable, and **promoting low-and zero-emission goods and services.** Thus far, the IPEF partners have put forward a variety of innovative ideas and approaches to accelerate their transition to a clean economy. Recognizing the importance of delivering concrete economic outcomes, the **IPEF partners are concurrently identifying and developing initiatives and proposals to advance cooperation in key areas** that are critical to realizing their unique pathways towards net zero emission economies, **whilst recognizing the unique national circumstances of each IPEF partner, including their development needs.**

In this spirit, interested IPEF partners are introducing a **regional hydrogen initiative to encourage widespread deployment of renewable and low-carbon hydrogen and its derivatives in the region.** Those IPEF partners look forward to collaboration, including through drawing upon expertise from both the public and private sectors, which expands new investment, industrialization and job opportunities, and spurs innovation and productivity, in charting their respective pathways towards net zero emissions economies. Other IPEF partners may join the initiative when ready to do so. **The IPEF partners look forward to promoting just transition through the creation of decent work, quality jobs,** and labor rights based on the ILO Declaration and exploring other future areas for collaboration as negotiations continue. To advance the collaboration, the IPEF partners are committed to enhancing their efforts to reaching a high-standard and mutually beneficial outcome in the upcoming negotiating rounds.

Pillar IV (Fair Economy)

Australia, Brunei Darussalam, Fiji, India, Indonesia, Japan, Republic of Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, the United States and Viet Nam discussed the status of the negotiations and welcomed the progress made to date to meet Pillar IV's objectives of **effectively implementing and accelerating progress on anti-corruption measures and tax initiatives, including through enhanced cooperation on capacity building and technical assistance.** The IPEF partners have made good progress toward development of the text of an agreement that will strengthen implementation of effective anti-corruption and tax measures to boost commerce, trade, and investment among IPEF economies. The IPEF partners look forward to intensifying their efforts in the subsequent negotiating rounds in order to achieve a high-standard and mutually beneficial Fair Economy Agreement.
