

Press Statement
on the Substantial Conclusion of IPEF Supply Chain Agreement Negotiations
May 27, 2023

On 27 May 2023, 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.