

Indo-Pacific Economic Framework for Prosperity (IPEF) Negotiations

Report on Negotiation Round Four: Busan 9-15 July 2023

The Fourth Negotiating Round on the Indo-Pacific Economic Framework for Prosperity (IPEF) was hosted in Busan from 9 - 15 July 2023. This round covered all chapters and pillars of the IPEF (Trade, Supply Chains, Clean Economy, and Fair Economy).

Officials from the United States, Australia, Brunei, Fiji, India, Indonesia, Japan, the Republic of Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand, and Vietnam were in attendance.

Pillar I (Trade):

- Environment: The Environment Chapter was discussed over three days during Round Four. Ahead of the negotiation round, the US prioritised a number of the Chapter's Articles for a focussed discussion, and this enabled a deeper understanding of participants' positions. Led by the United States, the three days resulted in a clear sense of where participants are aligning, and where there remains divergence. A number of New Zealand's trade policy priorities were discussed during Round Four – including incorporating Indigenous Peoples / Te Ao Māori across the Chapter and securing fossil fuel subsidy reform. However, the talks served to highlight there remain significant differences between participants on these issues. Other trade priorities for New Zealand, including Environmental Goods and Services and Fisheries Subsidies, were not discussed at length during Round Four. Discussions on Circular Economy and Climate Change as areas of cooperation are progressing and represent valuable trade and environment issues where the IPEF can add value to existing regional trade architecture.
- Trade Facilitation: A successful four-day round where the Working Group progressed all articles in the Tranche 1 (comprising 6 articles) and the Tranche 2 packages (11 articles). One article was completed and several paragraphs across the other 16 articles discussed this round, being agreed. All Parties have homework to do on reverts from Tranches 1 and 2 text, with the expectation of a Tranche 3 text package being circulated in due course, to be discussed at intercessional meetings in August.
- Inclusivity: Negotiators continued to seek common understandings on inclusive trade elements in Busan, including for Indigenous Peoples, gender equality, and how economies can work together to support MSMEs. Aiming to conclude the Chapter by November, negotiators will seek to close key articles in the next September round, using intercessional meetings to support this objective.

- Labour: There was focused discussion on specific articles in the chapter to progress those towards conclusion. There was good discussion across the Chapter, including on issues such as cooperation and public engagement.
- Digital Trade: There was a full discussion on the Digital Economy chapter, which included text attributions as well as concrete reactions from the majority of the IPEF members across the text. A number of intersessionals are expected to make progress ahead of the next round in September, particularly on articles where there is a high degree of convergence.
- Agriculture: The round made progress, albeit slowly, on a half dozen articles over three days and nights of intensive work. New Zealand sought to help find compromises on one of the more technical articles, and the round overall was able to close a number of provisions. Intersessional meetings will be convened. The scope for achieving commercially meaningful outcomes from the chapter as a whole remains uncertain at present.
- Good Regulatory Practice: The Working Group made good progress at the Round. This included substantively concluding several articles and identifying potential ways forward on several others. The discussion ranged from issues of scope to a presentation on technical assistance and economic cooperation.
- Services Domestic Regulation: SDR made good progress in Busan, with almost a third of the chapter text now stabilised. Transition arrangements were of particular focus, as negotiators work collaboratively to find ways to allow Parties new to services domestic regulation commitments to adopt these disciplines over a longer timeframe.
- Technical Assistance & Economic Cooperation: Good progress was made on the Technical Assistance and Economic Cooperation chapter, with Parties coming together and finding solutions. The Parties went through the whole text and had good discussions on areas of interest.

Pillar II (Supply Chains): The group of lawyers advanced legal scrub of the proposed IPEF Supply Chain Agreement (Pillar II).

Pillar III (Clean Economy): Partners successfully streamlined the negotiation text reducing the number of issues yet to be resolved, held a conceptual discussion of legal and institutional provisions and discussed the climate fund initiative announced by the US last month. Some representatives joined a seminar on possible carbon markets work programmes and held further discussions on the IPEF Hydrogen Supply Chain Initiative launched at the Ministerial meeting held in May.

Pillar IV (Fair Economy): The Fair Economy discussions continued for five days at this round, and made significant progress on the text, particularly on the Tax provisions.

Officials agreed to meet intersessionally to further discuss areas of the Anti-Corruption section, alongside Technical Assistance and Capacity Building Elements of the agreement before the next negotiating round.

Where can I find out more?

Further information about the IPEF is available [here](#).