

Indo-Pacific Economic Framework for Prosperity (IPEF) Negotiations

Report on Negotiation Round Two: Bali 13-19 March 2023

The Second Negotiating Round on the Indo-Pacific Economic Framework for Prosperity (IPEF) was hosted by the Government of Indonesia in Bali from 13 – 19 March 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.

In advance of the negotiations in Bali, the US shared Pillar I (Trade) negotiating text with IPEF Partners for labour, environment, digital trade, and technical assistance. Australia and New Zealand jointly shared a text proposal on inclusivity. This is in addition to negotiating text that was shared ahead of the Brisbane round for Pillar II (Supply Chains), Pillar IV (Fair Economy), trade facilitation, agriculture, services domestic regulation, and transparency and good regulatory practices. Pillar III (Clean Economy) text was shared in advance of the special negotiating round in New Delhi.

Pillar I (Trade):

- Environment: The US led members through the zero draft Chapter text. This provided an opportunity for members to share initial thoughts on the text while domestic consultations continued.
- Trade Facilitation: Undertook a detailed discussion on the draft chapter text, identifying issues and ways to address them, and started providing attributions to elements.
- Competition Policy: Australia chaired a discussion on recent developments in regional competition policies, in lieu of Chapter text being available. This discussion will further serve to inform the objectives of the Chapter.
- Inclusivity: New Zealand and Australia co-led members through the zero draft chapter text. This provided an opportunity for members to share initial thoughts on the text, including on gender equality, Indigenous Peoples, persons with disabilities, minorities, MSMEs and cooperation activities, while domestic consultations continued.
- Labour: Chapter text for labour within the Trade Pillar was circulated shortly before the Round so discussions in Bali took the form of a first read-through of the US' zero draft text, working through the articles proposed and discussing their motivation and intended effect. Issues discussed included definitions, labour rights

and their enforcement, specific provisions that can contribute to an effective and high quality Agreement that address major current and emerging labour issues, cooperation, and consultation and dialogue mechanisms.

- Digital Trade: The US introduced its draft proposals for the Chapter, which cover a broad range of issues affecting digital trade and the digital economy. There was an exchange of initial views on the text, and the round provided an opportunity for the Parties to seek more information and clarifications on the draft proposals, to further inform their respective domestic consultations. It is expected that further discussions will take place intersessionally.
- Agriculture: Negotiators completed an initial read of almost all parts of the draft text proposed by the US together with amendments proposed by other participants. Exchanges focused on proposed provisions on sustainable agriculture, proposals on biotechnology and New Zealand proposals for the chapter to cover a fuller range of relevant non-tariff barriers, among other things. An inter-sessional virtual meeting will be held to help prepare for the next round.
- Good Regulatory Practices (GRP): There was a constructive discussion of the text, including comments and proposals tabled by various parties. Issues discussed included further elaboration of the differences in our respective systems and approaches, as well as the regulatory measures to be covered and how these might be identified for each party.
- Services Domestic Regulation: This was another constructive text-based discussion, with good engagement, as parties unfamiliar with the WTO Joint Initiative on Services Domestic Regulation sought to gain a better understanding of it. Proposed options for building on the WTO initiative were also discussed in more detail. Work on firming up views on the text will continue intersessionally.
- Technical Assistance & Economic Cooperation: Technical assistance and economic cooperation (TAEC) remains an important focus of the wider discussion of the tangible benefits under IPEF. There was productive discussion of US proposed text for a TAEC chapter within the trade Pillar.

Pillar II (Supply Chains): The Supply Chains negotiators made significant progress on text-based negotiations, with the number of outstanding brackets substantially reduced through constructive engagement among participants. Nevertheless, significant issues remain to be addressed, including proposals regarding labour in relation to the trade and economic relations covered by this pillar and coverage of legal and institutional issues. A series of inter-sessional meetings will be held to help prepare for the next round.

Pillar III (Clean Economy): Clean Economy discussions talked through partners views of the US-proposed text, and in addition, partners talked about specific elements of a cooperation programme under the Clean Economy pillar.

Pillar IV (Fair Economy): Discussion on the Pillar IV text (tabled prior to the Brisbane round in December of 2022) was text-based and technical. Partners further demonstrated commitment to create a text that will make the business climate of the Indo-Pacific region more secure for businesses and investors, through cooperation on anti-corruption and strong tax governance.

Where can I find out more?

Further information about the IPEF is available [here](#). To get in touch with us, give us your thoughts on the agreement through this link: [Have Your Say](#).