

Pillar I: Trade

Digital Trade

The United States tabled proposed text on digital trade that includes a broad set of provisions designed to promote inclusive, sustainable growth of the digital economy for workers, consumers and businesses, especially MSMEs. The text includes provisions to promote trust and confidence in the digital economy; enhance access to online information and the use of the Internet; facilitate digital trade, including by avoiding unfair trade practices; support the development and use of emerging technologies; and advance resilient and secure digital infrastructure.

Digital trade can more effectively promote inclusive growth if workers, consumers, and businesses have confidence in the safety and fairness of the digital economy. The proposed text includes provisions addressing data protection, consumer protection, and artificial intelligence that support inclusive growth by promoting trust in the digital economy. It is also important that all of our people are able to fully participate in and benefit from the digital economy. The proposed text includes provisions that promote access to the Internet and online services and information and address the challenges of closing the digital divide by promoting digital equity and inclusion and investing in education and training.

The U.S. proposal includes provisions designed to avoid unfair trade practices, while recognizing the need for Parties to be able to address legitimate public policy objectives in the digital trade area. The proposed text also includes several provisions aimed at ensuring an effective legal framework for electronic transactions that is consistent with international best practices.

Finally, the infrastructure that underlies the Internet must be resilient and secure to ensure the success of digital trade and its benefits to workers, business, and consumers. The proposed text includes provisions promoting the security of the Internet and ICT infrastructure.

Labor

The United States tabled proposed IPEF Pillar I (Trade) text on Labor as referenced in the Ministerial Statement. The Ministerial Statement establishes that IPEF Pillar I (Trade) will include provisions and initiatives that benefit workers and ensure free and fair trade that contributes to promoting sustainable and inclusive growth for IPEF countries and the Indo-Pacific region.

The U.S. proposed text requires that each Party adopt and maintain internationally recognized labor rights in its labor laws. Further, the text includes provisions aimed at promoting compliance with labor laws through commitments related to non-derogation from, and the effective enforcement of, labor laws.

The U.S. text proposal also includes provisions establishing cooperative mechanisms to help the Parties support each other in achieving ambitious labor goals and to collaborate constructively on labor issues, including through capacity building, and sharing information and best practices. The Parties would identify and collaborate on emerging labor issues, including related to promoting labor rights of workers in the digital economy and inclusive and equitable workforce development. The proposed text includes a mechanism to address forced labor in supply chains. Additionally, the proposed text includes a mechanism to encourage corporate accountability in cases where an entity violates local labor laws.

Finally, the proposed text establishes processes and mechanisms for the Parties to maintain regular communication and cooperation on the implementation of the labor commitments, including with members of the public. In addition to a commitment to promote public awareness of labor laws, several provisions include mechanisms to engage with stakeholders and the public.

Environment

The United States tabled proposed IPEF Pillar I (Trade) text on Environment as referenced in the Ministerial Statement. The Ministerial Statement establishes that IPEF partners will pursue provisions and initiatives under IPEF Pillar I that meaningfully contribute to environmental protection and respond to our common sustainability challenges, including climate change. The U.S. proposed text affirms that Parties recognize that a healthy environment is integral to a healthy economy and sustainable development. Parties would strive to ensure that they provide high levels of environmental protection and continue to improve these levels. Parties would also commit to not weaken or reduce the protections afforded in domestic environmental laws in order to attract trade or investment. The proposed text also requires that Parties effectively enforce their respective environmental laws.

The proposed text focuses on environment issues that are particularly relevant to the Indo-Pacific Region, including the marine environment; forests, fisheries, and wildlife; fisheries subsidies; marine litter and plastics pollution; air quality; and biodiversity conservation. The proposed text also breaks new ground by including elements related to climate and trade, such as more resource efficient and circular economies, digital economy and environmental sustainability, renewable energy and clean energy technologies, and sustainable finance.

Finally, the proposed text establishes processes for opportunities for public participation, as well as enhanced cooperation among Parties across a broad range of covered environment topics. It calls for the establishment of an Environment Committee to oversee chapter implementation, and for a mechanism to support consultations requested between Parties on any matter arising under the Chapter.

Technical Assistance

The United States tabled proposed IPEF Pillar I (Trade) text on Technical Assistance and Economic Cooperation as referenced in the Ministerial Statement. The Ministerial Statement establishes that IPEF Pillar I (Trade) will include technical and economic cooperation to facilitate the full implementation of high-standard trade provisions in the Indo-Pacific. All partners – developed and developing – will build upon existing assistance platforms and coordinate development cooperation with the goal to implement IPEF provisions and initiatives in line with identified needs.

The proposed text lays out a set of principles and a framework to enable the Parties to identify needs and resources to support implementation of other Chapters of the IPEF Pillar I (Trade). In line with this approach, the proposed text presents technical assistance and economic cooperation as a cross-cutting theme, and discussions on technical assistance and capacity building will be guided by the outcomes from negotiations of other Chapters under the IPEF Pillar I (Trade). Further, the proposed text reaffirms provisions aimed at promoting demand-driven technical assistance reflecting the principles of aid effectiveness drawn from the OECD whole-of-government approach to effective development cooperation, including ownership of development priorities by developing countries; a focus on results; use of inclusive partnerships; and public transparency and mutual accountability.

The proposed text also includes provisions establishing a Committee on Development and Economic Cooperation whose core functions are to support developing country members to identify relevant capacity building needs and for donors to coordinate and maximize the effectiveness of limited capacity building resources.

Finally, to bring more transparency and encourage input from stakeholders, the proposed text envisages the establishment of a Working Group, under the Committee on Development and Economic Cooperation, composed of both government and non-government representatives empowered to make recommendations regarding country action plans. The proposed text incorporates an innovative approach on cooperation, based on consultations among partners, with a view to advancing concepts of regional economic inclusivity, sustainability, and resilience.

Inclusivity (summary prepared by Australia and New Zealand)

Australia and New Zealand proposed IPEF Pillar I (Trade) text on Inclusivity as referenced in the Ministerial Statement. The Ministerial Statement establishes that IPEF partners will expand “meaningful access to, and participation in, the regional economy for all segments of society, including Indigenous Peoples, minorities, women, people with disabilities, rural populations, and local communities”.

The proposed text highlights that promoting an inclusive and equitable trade and investment environment is critical to advancing sustainable economic growth and development in the Indo-Pacific. It acknowledges that each group identified in the Ministerial Statement, as well as Micro, Small and Medium-Sized Enterprises (MSMEs), face various barriers to full, meaningful and equal participation in trade and investment. Accordingly, the proposed text seeks to strengthen cooperation across the IPEF membership to reduce barriers to, and improve access and participation in, the opportunities and benefits of trade and investment.

Finally, the proposed text establishes processes for IPEF members to develop and implement cooperative activities to support all segments of society access the opportunities and benefits created by IPEF. These activities may include exchanging information, experience and evidence relating to a range of relevant initiatives, programs and policies.