

MINISTERIAL STATEMENT FOR PILLAR II OF THE INDO-PACIFIC ECONOMIC FRAMEWORK FOR PROSPERITY

Indo-Pacific Economic Framework for Prosperity (IPEF)

Pillar II – Supply Chains

We, the Ministers of Australia, Brunei Darussalam, Fiji, India, Indonesia, Japan, Republic of Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, the United States, and Viet Nam, are committed to improving transparency, diversity, security, and sustainability in our supply chains to make them more resilient, robust, and well-integrated. We recognize the importance of and reaffirm our commitment to fair and open markets and the rules-based multilateral trading system with the WTO at its core. We recognize the need to ensure secure and resilient supply chains and to minimize disruptions and vulnerabilities, which may require evolving our public institutions and improving coordination with the private sector. Recognizing the different economic characteristics and capacity constraints of Members, we seek to coordinate crisis response measures and to expand cooperation to better prepare for, and mitigate the effects of, disruptions to better ensure business continuity and improve logistics and connectivity, particularly in critical sectors.

We intend to promote labor rights based on the ILO Declaration on Fundamental Principles and Rights at Work, which the Partners have adopted, support workforce development, promote private sector exchanges, and mobilize investments and technical cooperation, including to build the capabilities of micro, small, and medium enterprises (MSMEs), as part of our efforts to strengthen our supply chains and ensure a reliable supply of goods and related essential services for critical sectors. We are committed to working together in an open and inclusive manner, and we recognize the important role that local and other communities, women, and indigenous peoples, play in realizing our shared goals.

To achieve our collective goal of resilient supply chains that can anticipate, withstand, or rapidly recover from shocks and strengthen the competitiveness of our economies within the Indo-Pacific region, we intend to undertake the following. In all cases, we intend to work to minimize market distortions, protect confidential business information, promote regulatory compliance, respect market principles, and act consistently with our respective WTO obligations.

- *Establish Criteria for Critical Sectors and Goods.* We acknowledge that jointly establishing criteria to identify critical sectors and goods will facilitate cooperation among IPEF members in the event of a major supply chain disruption affecting one or more IPEF members; and can help prepare our governments to respond urgently and effectively. We intend to pursue provisions and initiatives, including but not limited to: establishing criteria to identify sectors critical to our national security, the health and safety of our citizens, and economic resilience through the prevention of significant or widespread disruptions to our economies; establishing criteria to identify key goods that fall within those sectors; and developing a process to identify the related raw material inputs, manufacturing, or processing capabilities, logistics facilitation, and storage needs.

- *Increase Resiliency and Investment in Critical Sectors and Goods.* We acknowledge that supply chain resiliency may require strengthening the capacity and capability of industries to prepare for and recover quickly from unexpected disruptions. We also acknowledge the critical role of the private sector in ensuring well-functioning supply chains. We intend to pursue provisions and initiatives, including but not limited to: enabling the identification of sole sources or chokepoints within supply chains; strengthening our industries and supporting trade and investment in critical sectors; promoting and supporting investments to improve physical and digital infrastructure; supporting investment in supply chain resilience strategies; exploring tools and institutions to promote a diversity of sources across the region, which may include economic development programs, technical cooperation, and capacity building; promoting and supporting investment in advanced manufacturing techniques and other modernization efforts to strengthen existing and develop potential suppliers; and promoting more circular economies to help reduce the need to create new sources of goods.
- *Establish an Information-Sharing and Crisis Response Mechanism.* We acknowledge that timely information sharing between governments and with private sector actors will promote earlier warning of supply chain disruptions and more efficient, proportionate, and effective responses. We intend to pursue provisions and initiatives, including but not limited to: establishing a mechanism for government-to-government coordination on supply chain vulnerabilities and disruptions, including response measures that would facilitate the efficient movement of goods and related essential services in critical sectors; outlining an information sharing process that encourages the use of technology to facilitate the secure exchange of data and accounts for confidentiality, regulatory compliance, and capacity considerations of individual governments; designating national coordination points, as appropriate, to manage information intake and crisis response in the event of supply chain vulnerabilities and disruptions; on an ongoing basis, identifying mitigation measures, sharing best practices and considering improvements to policies or processes, where appropriate; and engaging with relevant stakeholders to mitigate the impact of disruptions.
- *Strengthen Supply Chain Logistics.* We recognize that strengthening logistics in supply chains, including land, air, waterway, maritime, shipping and port infrastructure, can have broad-based, positive effects by making our economies more efficient, resilient, and sustainable. Working closely with the private sector, we intend to pursue provisions and initiatives, including but not limited to: collecting and utilizing relevant data on supply chain logistics, while accounting for and protecting the confidentiality of business information; seeking to understand vulnerabilities; facilitating investments and technical cooperation to support improvements to supply chain logistics including infrastructure; maintaining border and transport links subject to our national laws; fostering the development of common frameworks to improve the resilience of supply chains; and considering ways to address existing or potential bottlenecks.
- *Enhance the Role of Workers.* We recognize that skilled workers and employers who comply with national labor laws and promote labor rights based on the ILO Declaration on Fundamental Principles and Rights at Work, which the Partners have adopted, are critical to building supply chain resilience. We intend to pursue provisions and initiatives that invest in training and development opportunities necessary to ensure a sufficient number of skilled

workers in supply chains for critical sectors. We also intend to promote labor rights based on the ILO Declaration on Fundamental Principles and Rights at Work, which the Partners have adopted, to ensure that workers and communities share in the benefits of increased supply chain resilience.

- *Improve Supply Chain Transparency.* We recognize that transparency throughout our supply chains in critical sectors can improve visibility into risks and also promote respect for environmental, social, and corporate governance. We therefore intend to pursue provisions and initiatives, including but not limited to: facilitating the development of tools and measures to advance transparency across supply chains in critical sectors, without imposing unnecessary costs on MSMEs; and working with the private sector to address, alleviate, and mitigate risks.

We will advance these areas of cooperation in an expeditious and steadfast manner. We intend to assist Members to implement programs and goals through training, technical cooperation, and capacity building.

We look forward to working together to strengthen resilience in our global supply chains, especially in the critical sectors that underpin our economies, and ensure broadly shared economic growth for our workers, companies, and people.